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Title: Actions pertaining to HOME Investment Partnerships Program, Community Housing Development Organization Agreement with Habitat for Humanity Fresno County, Inc.:
1. Adopt a finding of Categorical Exemption pursuant to Section 15332/Class 32 of the California Environmental Quality Act Guidelines and
2. Approve a \$392,000 HOME Investment Partnerships Program, Community Housing Development Organization Agreement for the construction of two affordable single-family houses to be located on N. Barcus Avenue between W. Rialto Avenue and W. San Gabriel Avenue in northwest Fresno (District 1)

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Exhibit A - CEQA Categorical Exemption form, 2. Exhibit B - HOME CHDO Agreement, 3. Exhibit C - Project Location Map, 4. Exhibit D - Project Sources and Uses of Funds

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

December 10, 2020

FROM: JENNIFER K. CLARK, Director
Planning and Development Department

THROUGH: THOMAS MORGAN, Manager
Housing and Community Development Division

BY: Corrina Nunez, Project Manger
Housing and Community Development Division

SUBJECT

Actions pertaining to HOME Investment Partnerships Program, Community Housing Development Organization Agreement with Habitat for Humanity Fresno County, Inc.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15332/Class 32 of the California Environmental Quality Act Guidelines and
2. Approve a \$392,000 HOME Investment Partnerships Program, Community Housing Development Organization Agreement for the construction of two affordable single-family

houses to be located on N. Barcus Avenue between W. Rialto Avenue and W. San Gabriel Avenue in northwest Fresno (District 1)

RECOMMENDATION

Staff recommends the City Council: 1) Adopt a Finding of Categorical Exemption pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15332 (Exhibit "A" - CEQA Categorical Exemption form); and 2) Approve a \$392,000 HOME Investment Partnerships (HOME) Program, Community Housing Development Organization (CHDO) Agreement (Exhibit "B" - HOME CHDO Agreement) with Habitat for Humanity Fresno County, Inc. (Habitat), for the construction of two single-family houses to be located on the west side of N. Barcus Avenue between W. Rialto Avenue and W. San Gabriel Avenue in northwest Fresno (Exhibit "C" - Project Location Map).

EXECUTIVE SUMMARY

On May 6, 2019, Habitat was selected through a January 17, 2019, Notice of Funding Availability (NOFA) to receive \$392,000 in 2019-2020 HOME CHDO funds for its proposed Central Lots Phase II Single-Family Housing Project. Habitat is a City-certified CHDO eligible to receive the HOME CHDO funding for its proposed Project.

BACKGROUND

On January 17, 2019, the Housing and Community Development Division released a NOFA for 2019-2020 HOME and CHDO funding. In response to the NOFA, the City received five applications one of which was Habitat's Central Lots Phase II Single-Family Housing Project.

The estimated project cost is \$653,237 (Exhibit "D" - Project Sources and Uses of Funds), which equates to approximately \$326,619 per housing unit at a cost of approximately \$132 per square foot. Habitat will contribute \$261,237 from in-house reserves and private donations to complete financing of the two houses to be located on the west side of N. Barcus Avenue between W. Rialto Avenue and W. San Gabriel Avenue. The anticipated completion of construction is August 30, 2021, with the homebuyers closing escrow by October 30, 2021. Should the project encounter any minor delays, the HOME CHDO Agreement contains a clause that provides for an administrative extension of up to 180 days.

Habitat will enter into a HOME CHDO Agreement for the \$392,000 at 2% interest, which shall convert, to 0% interest upon conveyance of the loan to the two homebuyers. Once the houses are constructed, Habitat will transfer ownership of each parcel through escrow to a low-income homebuyer. The \$392,000 in CHDO loan funds will be proportionally conveyed to the two homebuyers as mortgage assistance in the amount of \$196,000 for each home and will hold a no worse than a second position lien. Upon transfer of the properties to the homebuyers through escrow, Habitat will be released from any further obligation under the Promissory Note. Also, since appraisal of the homes at completion are estimated to be approximately \$203,000, the City will forgive \$48,000 of the homebuyers' conveyed portion of \$196,000, to make the mortgages more affordable for the low-income homebuyers. The \$148,000 designated as mortgage assistance will be in line with the amount provided as mortgage assistance to the homebuyers in the first phase of the development.

Habitat owns the subject site located on the west side of N. Barcus Avenue between W. Rialto

Avenue and W. San Gabriel Avenue. The two houses will be constructed as 3-bedroom/2-bath units with approximately 1,241 square feet. Habitat will utilize its “sweat equity” building technique and incorporate the City’s Universal Design elements into each house. The “sweat equity” method requires that each household member contribute at least 500 hours to help build the houses. Habitat will also provide homeownership training in the areas of home maintenance, home improvement, interior design, budgeting, and consumer awareness.

Habitat has been a leading non-profit housing development organization in Fresno County since 1985 and continues to provide safe, decent, and affordable housing for lower income residents. Habitat’s home building strategy is to partner with low-income households to help ensure that homeownership is a life-long positive and successful experience for all members of the family. The project partners include Pacific Gas and Electric, Wells Fargo Bank, Premier Valley Bank, Bank of the Sierra, Bank of the West, Mitchell Aire, Hunter Douglas, Val-Spar, Cargill, and the San Francisco Federal Home Loan Bank.

Once the project is complete, these two single-family housing units will assist the City in meeting its affordable housing goals as identified in the Housing Element of the 2035 General Plan, Consolidated Plan, and HOME Program funding priorities for new housing development. The project is also expected to make a positive impact to the neighborhood by offering new, in-fill, quality, durable, affordable housing.

ENVIRONMENTAL FINDINGS

On August 1, 2020, the proposed HOME CHDO project activities were found to be Categorically Exempt from CEQA, pursuant to Section 15332 as Infill Development. Staff has determined that none of the exceptions to the Categorical Exemptions set forth in CEQA guidelines, Section 15300.2 apply to this project. Additionally, on June 9, 2020, a National Environmental Policy Act assessment of the HOME CHDO project activities resulted in a Finding Of No Significant Impact.

LOCAL PREFERENCE

Local preference was not used based on conditions of federal funding.

FISCAL IMPACT

The HOME CHDO Program funds for Habitat’s proposed Central Lots Phase II Single-Family Housing project were appropriated to the Planning and Development Department as part of its fiscal year 2020 Budget.

Attachments:

- Exhibit A - CEQA Categorically Exemption form
- Exhibit B - HOME CHDO Agreement
- Exhibit C - Project Location Map
- Exhibit D - Project Sources and Uses of Funds