



Legislation Details (With Text)

File #:	ID 22-143	Version:	1	Name:	
Type:	Action Item	Status:		Passed	
File created:	1/12/2022	In control:		City Council	
On agenda:	1/27/2022	Final action:		1/27/2022	
Title:	Approve an \$800,000 HOME Investment Partnerships Program, Community Housing Development Organization Agreement with Self-Help Enterprises for the construction of its proposed Walnut-Florence Scattered Site Single-Family Housing Project consisting of 17 affordable single-family houses in southwest Fresno (District 3)				
Sponsors:	Planning and Development Department				
Indexes:					
Code sections:					
Attachments:	1. Exhibit A - HOME CHDO Agreement, 2. Exhibit B - Project Location Maps, 3. Exhibit C - Proposed Exterior.pdf				

Date	Ver.	Action By	Action	Result
1/27/2022	1	City Council	APPROVED ON CONSENT CALENDAR	Pass

REPORT TO THE CITY COUNCIL

January 27, 2022

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SUBJECT

Approve an \$800,000 HOME Investment Partnerships Program, Community Housing Development Organization Agreement with Self-Help Enterprises for the construction of its proposed Walnut-Florence Scattered Site Single-Family Housing Project consisting of 17 affordable single-family houses in southwest Fresno (District 3)

RECOMMENDATION

Staff recommends the City Council approve an \$800,000 HOME Investment Partnerships Program (HOME), Community Housing Development Organization (CHDO) Agreement (Exhibit "A" - HOME CHDO Agreement) with Self-Help Enterprises (SHE) for the construction of its proposed Walnut-Florence Scattered Site Single-Family Housing Project consisting of 17 affordable single-family housing units in southwest Fresno (Exhibit "B" - Project Location Maps), of which 11 will be HOME CHDO-funded and, authorize the City Manager to execute all implementing documents.

EXECUTIVE SUMMARY

On September 15, 2020, Self-Help Enterprises (SHE) was selected through a June 14, 2020, Notice of Funding Availability (NOFA) to receive \$800,000 in 2020-2021 HOME CHDO funds for its proposed Walnut-Florence Scattered Site Single-Family Housing Project. SHE is a City-certified CHDO eligible to receive the HOME CHDO funding for its proposed Walnut-Florence Scattered Site Single-Family Housing Project.

BACKGROUND

On June 14, 2020, the Housing and Community Development Division released, through the City's Planet Bids, a NOFA for 2020-2021 HOME and CHDO funding for the development of affordable housing. In response to the 2020-2021 NOFA, the City received four applications one of which was SHE's Walnut-Florence Scattered Site Single-Family Housing Project. After preliminary underwriting, technical and program evaluation of the applications, the Walnut-Florence Scattered Site Single-Family Housing Project was determined to be one of the most viable projects and was therefore recommended to receive 2020-2021 HOME CHDO loan funds in the amount of \$800,000.

SHE will enter into a HOME CHDO Agreement with the City for the \$800,000 at 2% interest. Once the houses are constructed, SHE will transfer ownership of each parcel through escrow to a low-income homebuyer. Upon the transfer, the \$800,000 in HOME CHDO loan funds will be conveyed as follows: two at \$71,500 (3-bedrooms) and nine at \$73,000 (4-bedrooms) as a second mortgage at 0% interest with a 30-year balloon due at loan maturity. Also, upon transfer of the properties to the homebuyers through escrow, SHE will be released from any further obligation under the Promissory Note. Qualifying homebuyers occupying the houses will have an income from 60% to 80% of the Fresno area median income as determined annually by HUD.

On October 26, 2020, the City of Fresno in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno, (Housing Successor) approved a Disposition and Development Agreement with SHE for its proposed Walnut-Florence Scattered Site Single-Family Housing Project. The updated State of California Surplus Land Act requirements did not apply to this property since SHE and the Housing Successor were in transfer negotiations since March 6, 2019. The Housing Successor also approved the transfer of the vacant parcels in southwest Fresno to SHE for the development of the Walnut-Florence Scattered Site Single-Family Housing Project. In addition to the proposed \$800,000 in HOME CHDO funds, other sources of funds include Housing Successor Agency funds in the amount of \$630,000, conventional construction loan in the amount of \$2,850,000, and Sweat Equity in the amount of \$110,000. The estimated project cost is \$4,390,000.

The 11 HOME CHDO-funded single-family houses will consist of two 3-bedroom/2-bathroom units with 1,200 sq. ft. and nine 4-bedroom/2-bathroom units with 1,500 sq. ft (Exhibit "C" - Proposed

Exterior). SHE 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 of “sweat equity” to help build their house and the other houses in the development. SHE will also provide homeownership training in the areas of home maintenance, home improvement, interior design, budgeting, and consumer awareness.

SHE has been a leading non-profit housing development organization in Fresno County since 1965 and continues to provide safe, decent, and affordable housing for lower income residents. Its mission is to work together with low-income families to build and sustain healthy homes and communities. Since its inception, SHE has assisted over 55,000 families achieve affordable homeownership housing. All of SHE’s newly built communities are located near amenities such as transit, shopping, banking, and services. Also, all of SHE’s new builds feature energy efficient appliances, gas stoves and ovens, a dishwasher, refrigerator and central heating and air.

Once the project is complete, the single-family houses will assist the City in meeting its affordable housing goals as identified in the Housing Element of the 2035 General Plan and 2020-2024 Consolidated Plan. The project is also expected to make a positive impact to the neighborhood by offering new, in-fill, quality, durable, affordable single-family housing.

ENVIRONMENTAL FINDINGS

On October 22, 2020, the City adopted a finding that this project is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Class 32/Section 15332 (Infill) of State CEQA Guidelines. None of the exceptions to exemptions set forth in section 15300.2 have occurred. The project has not changed and as such no further assessment under CEQA is required at this time.

Additionally, on September 9, 2020, pursuant to the National Environmental Policy Act (NEPA) guidelines, a review of the project activities resulted in a Finding of No Significant Impact. The Housing and Community Development Division received authorization to use grant funds from the U.S. Department of Housing and Urban Development on November 30, 2020.

FISCAL IMPACT

The HOME CHDO Program funds for the proposed Walnut-Florence Scattered Site Single-Family Housing project were appropriated to the Planning and Development Department as part of its fiscal year 2021 Budget.

Attachments:

Exhibit A - HOME CHDO Agreement
Exhibit B - Project Location Maps
Exhibit C - Proposed Exterior