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Title: Approve a \$110,000 Community Development Block Grant Agreement with Habitat for Humanity Fresno County, Inc., for acquisition, closing costs, and a Fresno Irrigation District Fee related to the new construction of two affordable 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 (District 1)

Sponsors: Planning and Development Department

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Attachments: 1. Exhibit A - CDBG Agreement.pdf

Date	Ver.	Action By	Action	Result
4/21/2022	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

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SUBJECT

Approve a \$110,000 Community Development Block Grant Agreement with Habitat for Humanity Fresno County, Inc., for acquisition, closing costs, and a Fresno Irrigation District Fee related to the new construction of two affordable 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 (District 1)

RECOMMENDATION

Staff recommends the City Council approve a \$110,000 Community Development Block Grant (CDBG) Program Agreement (Exhibit "A" - CDBG Agreement) with Habitat for Humanity Fresno County, Inc., (Habitat), for acquisition, closing costs, and a Fresno Irrigation District fee related to the new construction of two affordable single-family houses to be located on the west side of N. Barcus Avenue between W. Rialto Avenue and W. San Gabriel Avenue.

EXECUTIVE SUMMARY

If approved, the \$110,000 in CDBG funds will be provided to Habitat as a grant for acquisition,

closing costs, and a Fresno Irrigation District (FID) fee. Since entering into the HOME Investment Partnerships (HOME) Program, Community Housing Development Organization (CHDO) Agreement on January 24, 2021, Habitat has realized additional project costs and is requesting additional funding to complete the project.

BACKGROUND

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 that consists of two new affordable single-family housing units across the street from Phase I.

On November 2, 2021, Housing and Community Development Division staff met with Habitat to discuss additional funding options for the Project due to the unforeseen FID fee in the amount of \$37,000 and the substantial increase in material and trade labor costs due to the pandemic. The FID did not collect the fee at the time the former church completed construction on a community center on its parcel. Now, the FID will not allow Habitat to split the lots from the church's parcel until the \$37,000 fee is paid-in-full. The new church says it was not aware that the former church incurred this cost and has stated to Habitat that it will not pay the \$37,000 fee. Habitat then requested that the FID waive the fee, but that request was denied. On February 10, 2022, Housing and Community Development Division staff agreed to prepare a CDBG Agreement with Habitat to assist with the increased project costs, while maintaining the original intent of the HOME CHDO funds to the project which was approved by Council on December 10, 2020.

If approved, Habitat will enter into a CDBG Agreement for \$110,000 to pay the FID fee, land acquisition, and closing costs, thereby stretching other project resources to account for the increased material and labor costs. The anticipated completion of construction is August 30, 2023, with the homebuyers closing escrow by October 30, 2023.

Currently, Habitat is in the process of recording two single-family lots from the church's approximately 35,000 square foot parcel. The proposed houses will be constructed as 3-bedroom/2-bath units with approximately 1,241 square feet of living space. 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 two housing in the project. 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, Bank of America, Noble Credit Union, Central Valley Community Bank, Hunter Douglas, Sherwin Williams, Cargill, and the San Francisco Federal Home Loan Bank.

Once the project is complete, these two single-family housing units will assist the City with meeting its affordable housing goals as identified in the Housing Element of the 2035 General Plan, Consolidated Plan, and HOME and CDBG Program funding priorities for affordable housing. 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 project activities were found to be Categorical Exempt from CEQA, pursuant to Section 15332 as Infill Development. City staff determined that none of the exceptions to the Categorical Exemptions set forth in CEQA guidelines, Section 15300.2 apply to this project. On June 9, 2020, a National Environmental Policy Act assessment of the HOME CHDO project activities resulted in a Finding of No Significant Impact. The Housing and Community Development Division received Authorization to Use Grant funds from HUD on August 30, 2020. Additionally, on February 14, 2022, the Housing and Community Development Division completed a supplemental assessment in accordance with the National Environmental Policy Act for the CDBG grant funds to the project which was determined to be Categorical Excluded not Subject to 58.5 as the decision to increase funding is an administrative/managerial activity.

LOCAL PREFERENCE

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

FISCAL IMPACT

The CDBG 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 2021 Budget.

Attachments: Exhibit A - CDBG Agreement