



Board Agenda Item 4

DATE: June 9, 2020

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: HOME Agreement with Self Help Enterprises, Inc. for the Reedley Homeownership Project in the City of Reedley

RECOMMENDED ACTION(S):

- 1. Conduct public hearing to receive testimony on proposed single family affordable housing development;**
- 2. Amend the County's FY 2019-2020 Action Plan and 2015-2019 Consolidated Plan to add single family affordable housing development as an eligible activity under the County's HOME-funded Affordable Housing Development activity (Attachment 1);**
- 3. Approve and authorize the Chairman to execute an Agreement with Self Help Enterprises, Inc. for HOME Investment Partnerships Program funds for the development of the Reedley Homeownership Project, an affordable housing project in the City of Reedley (\$535,000); and**
- 4. Authorize the Director of the Department of Public Works and Planning, or designee, upon review and approval by County Counsel as to legal form to execute all loan and related necessary documents for the Reedley Homeownership Project, including any amendments thereto, as shall be necessary for the purpose of developing the Project.**

Approval of the recommended actions will approve a loan in Federal HOME Investment Partnerships (HOME) funds for the development of the Reedley Homeownership Project (Project), an affordable housing project in the City of Reedley. The total development cost is estimated at \$4,920,000. The balance of funds needed to complete the financing of the Project will be from non-County funds and include a variety of other public and private funding sources. The HOME agreement is with Self Help Enterprises, Inc (Borrower), a California non-profit public benefit organization. The recommended agreement expends the funds, over two phases, funding 20 single-family residences affordable to households at and below 80% of the average median income for Fresno County. The completed development will build sixty-seven (67) single-family residences in multiple phases over four years. Additionally, the Director of the Department of Public Works and Planning, or designee, will be authorized to execute all loan and related documents necessary for the Project, and any amendments for the loan agreement, subject to the approval of the County Counsel as to legal form. This item pertains to a location in District 4.

ALTERNATIVE ACTION(S):

Your Board may deny the recommended agreement, or make any changes, as appropriate, and consistent

with the Federal regulations governing the HOME Program. If HOME funds are not approved, the housing development may not be able to be developed.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The total estimated Project cost is \$4,920,000. The recommended agreement reserves loan funds in the amount of \$535,000 from the County's Federal HOME Grant for the Project. Sufficient appropriations and estimated revenues are included in the Department's - Grants Org 5512 and County Counsel's Org 0710 FY 2019-2020 Adopted Budget.

Additional funding for the estimated \$4,920,000 total cost of the housing project will come from a variety of funding sources.

Estimated Source of Funds:

1. Construction Loan	\$3,376,000
2. County of Fresno HOME Loan Funds	535,000
3. Sweat Equity	200,000
4. Other Secondary Financing (CalHome, Joe Serna)	809,000
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Estimated Total Project Costs:	\$4,920,000

DISCUSSION:

Federal HOME funds may be used to strengthen public-private partnerships, and to expand the supply of decent, safe, and affordable housing for very low-income and low-income households.

The recommended agreement reserves HOME funds in the amount of \$535,000, for a loan that will be secured by a Promissory Note and Deed of Trust, carrying restrictions that will run with the land. The HOME funds will be provided as a no-interest, deferred payment, 5-year term development loan consistent with the guidelines, regulations, and Board's policies governing the HOME Program. The County may accept any of the following as repayment of HOME funds disbursed to the Borrower for construction of the Project; a) cash payments from the Borrower; b) secondary financing security documents in the form of promissory notes and deeds of trust to eligible homebuyers in aggregate of \$535,000. The acceptance of secondary financing security documents in the form of promissory notes and deeds of trust in lieu of cash repayment is consistent with the County's HOME-funded Affordable Housing Development Program.

The Project will be located along West Evergreen, West Muir, North Riverview, North Hope, North Klein, North Church, Hollywood Drive, and Acacia Drive, northeast of the intersection of North Reed Avenue and West Aspen Avenue, in the City of Reedley (see attached Location Map). The Project will house persons earning no more than 80% of the area median income (AMI) for Fresno County. The Project will consist of a mix of three and four-bedroom single-family residences. All residences will be subject to the AMI restrictions. Construction must meet all applicable local building codes, the County's Board-adopted rehabilitation/construction standards for the Affordable Housing Program, and property standards, as identified in the HOME regulations for new construction, to ensure longevity and safety.

The recommended agreement also provides for the Borrower to require commercial, general, and professional liability insurance limits of \$1,000,000 per incident, and \$2,000,000 aggregate for any contracts associated with the Project, and to secure a performance bond and labor and material bond or other equivalent security instrument approved by the County in an amount sufficient to ensure full completion of the Project.

The Borrower has a strong history of affordable housing development within the County and Central California. Based on criteria established under the Federal HOME Program, the Borrower is eligible to apply

for HOME funding for affordable housing development projects as an eligible Community Housing Development Organization. The Borrower, its members, and the Project have been reviewed by Department staff, and were determined to meet the threshold criteria for funding under the County's Affordable Housing Development Program.

Release of County HOME funds is contingent upon the Borrower securing all other funding to complete financing for the Project. The Project is supported by the City of Reedley, and is consistent with the County's General Plan, which directs residential growth to cities. The Borrower is requesting \$535,000 of HOME funds to assist with the construction of 10 HOME-funded single-family residences.

Due to the complex financing and time-sensitive nature of this housing development, it is not unusual for the Project's other funding sources to change as the Borrower solidifies financing from a variety of public and private funding sources. The County's lien position for the HOME Agreement will not be lower than the second lien position.

The Phase 1 of the Project is expected to commence construction in June 2020, with construction completion by June 2022.

OTHER REVIEWING AGENCIES:

The recommended agreement has been reviewed and approved by the Borrower.

REFERENCE MATERIAL:

BAI #14, June 4, 2019

BAI #23, May 5, 2015

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment 1

Location Map

On file with Clerk - HOME Agreement with Self Help Enterprises, Inc.

CAO ANALYST:

Debbie Paolinelli