



# Board Agenda Item 38

DATE: August 18, 2020

TO: Board of Supervisors

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

SUBJECT: HOME Agreement with Habitat for Humanity Fresno, Inc. for the Country Meadows II Project in the unincorporated community of Riverdale, California

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute an Agreement with Habitat for Humanity Fresno, Inc. for HOME Investment Partnerships Program funds for the development of the Country Meadows II Project, an affordable housing project in the unincorporated community of Riverdale, California (\$450,000); and**
- 2. 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 Country Meadows II 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 Country Meadows II Project (Project), an affordable housing project in the unincorporated community of Riverdale, California. The total development cost is estimated at \$1,880,000. 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 Habitat for Humanity Fresno, Inc. (Borrower), a California non-profit public benefit organization. The recommended agreement will fund eight single-family residences affordable to households at or below 80% of the average median income for Fresno County. 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 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 \$1,880,000. The recommended agreement reserves loan funds in the amount of \$450,000 from the County's Federal HOME Grant for the Project. Sufficient appropriations and estimated revenues will be included in the Department of Public Works and Planning - Grants Org 5512-2008 FY 2020-21

Recommended Budget.

Additional funding for the estimated \$1,880,000 total cost of the housing project will come from a variety of funding sources, including any additional funds required from developer due to an increase in construction costs.

Estimated Source of Funds:

1. County of Fresno HOME Loan Funds	\$ 450,000
2. <u>USDA RD financing</u>	<u>1,430,000</u>
Estimated Total Project Costs:	\$1,880,000

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 \$450,000, 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 \$450,000. 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 developed on eight (8) individual lots that are part of an approximately 16.14 acre site (the "Property") located along Wilda, Pendelton and Earl Streets, east of Troutdale Lane, and north of Stathem Street, in the unincorporated community of Riverdale, California (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 unincorporated community of Riverdale, and is consistent with the County's General Plan, which directs residential growth to existing Fresno County unincorporated communities and cities. The Borrower is requesting \$450,000 of HOME funds to assist with the construction of eight 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 Project is expected to commence construction in May 2021, with construction completion by November 2022.

OTHER REVIEWING AGENCIES:

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

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map

On file with Clerk - HOME Agreement with Habitat for Humanity Fresno, Inc.

CAO ANALYST:

Debbie Paolinelli