



Board Agenda Item 28

DATE: May 3, 2022

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Subrecipient Agreements - State and Local Fiscal Recovery Funds Habitat for Humanity Fresno Incorporated, Riverdale

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute Subrecipient Agreement for American Rescue Plan Act State Local Fiscal Recovery Funds with Habitat for Humanity Fresno Incorporated (Riverdale) in the amount of \$540,000 to assist with unanticipated construction costs for the construction of the eight-affordable homes to be built in the unincorporated Community of Riverdale.

Approval of the recommended action will allocate \$540,000 of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to Habitat for Humanity Fresno Incorporated (Subrecipient) to construct eight affordable homes in the unincorporated community of Riverdale (Program). The eight affordable homes will be made available to rural families that qualify for the Home Investment Partnerships Program (HOME), which restricts eligibility of potential buyers to those who are at or below 80% of the Area Median Income (AMI) for Fresno County, as annually reported by the United State Housing and Urban Development (HUD), and who are each willing to volunteer 500 hours of "sweat equity" to help build their own future home. The Subrecipient's Program is responsive to address the needs of individuals and families impacted by the COVID-19 pandemic by providing a path forward that supports durable, affordable, and sustainable homeownership. This item pertains to District 4.

ALTERNATIVE ACTION(S):

If your Board were not to approve the recommended action, SLFRF would not become available to the Subrecipient to fund the development of eight affordable homes in response to the housing needs of individuals and families impacted by the COVID-19 pandemic.

FISCAL IMPACT:

There is no increase in Net County Cost associated with recommended actions. Costs for recommended actions will be funded through Auditor-Controller/Treasurer-Tax Collector Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021.

DISCUSSION:

The American Rescue Plan Act of 2021 (ARPA) established the SLFRF Program, which delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.

The Department of the Treasury's 31 CFR Part 35 Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule ("Interim Final Rule") (for expenditures before April 1, 2022) and Final Rule ("Final Rule") establish a framework for determining the types of programs and services that are eligible under the ARPA. SLFRF may be used for eligible activities under four general categories:

- A. Respond to the COVID-19 public health emergency or its negative economic impacts;
- B. Provide premium pay for essential workers;
- C. Replace public sector revenue loss, subject to certain limitations; and
- D. Make necessary investments in infrastructure investments in water, sewer, and broadband.

The Final Rule permits SLFRF to be used to cover costs for eligible activities within those four general categories for the period that begins March 3, 2021, and ends on December 31, 2024. Recipients, including the County, and its subrecipients, must return any funds to the U.S. Department of the Treasury which are not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

On February 1, 2022, your Board approved the Ad-Hoc Committee's expenditure plan which earmarked funds for proposals that may be funded either in whole or in part by the County's \$194,063,657 allocation of SLFRF. The approved expenditure plan included \$540,000 to fund affordable housing in the unincorporated Community of Riverdale.

Under Section 602(c)(3) of the ARPA, the County may transfer SLFRF to private nonprofit organizations for eligible uses for the purpose of meeting ARPA's goals. The Subrecipient is a private nonprofit 501(c)(3) organization.

The Final Rule specified that while many households suffered negative economic outcomes as a result of the COVID-19 pandemic and economic recession, households with low incomes were impacted in disproportionate and exceptional ways, including reporting being housing insecure at rates more than twice as high as higher income households, and low and moderate-income households reported housing quality hardship at rates statistically greater than the rate for higher income households. The Final Rule also provides categorical eligibility for impacted households, which include households that qualify for the HOME Program, which restricts eligibility to potential buyers whose income is at or below 80% of the AMI for Fresno County, as annually reported by HUD.

The Final Rule designates investment to address the lack of affordable housing and housing challenges, and promotion of the development of affordable housing to increase long-term housing security for impacted communities as an eligible use of SLFRF, and responsive to the negative economic impacts of the COVID-19 pandemic when provided to disproportionately impacted households and communities. County staff has reviewed the Subrecipient's proposal, and based on the Subrecipient's representation, it appears that there is no known alternative funding source at this time, and the proposal meets the eligibility requirements to receive SLFRF.

The Subrecipient facilitates the construction of new affordable homes for families in need, which have the ability to pay a monthly affordable mortgage, and the willingness to invest 500 hours of volunteer labor "sweat equity" into partnering with the Subrecipient to construct their future home. The Subrecipient targets, through its self-help program, impacted rural families that meet the eligibility requirements of the HOME Program.

The Subrecipient has requested SLFRF from the County to fund unanticipated construction costs of \$540,000, for the construction of the eight affordable homes in the Country Meadows Subdivision in the Community of Riverdale. In 2021, the Subrecipient received a \$450,000 loan from the County's HOME Funds Program for the implementation of this proposal; however, due to increased costs in materials and construction, the Subrecipient is unable to complete the project without the provision of the requested SLFRF.

SLFRF provided under the recommended Subrecipient Agreement will close the project's deficit and provide funding for construction costs including: land grading and staking, rough plumbing, foundation, framing, and trusses to construct the eight affordable homes. The Subrecipient anticipates that construction of the eight affordable homes will be complete by September 2023.

The County's grant of SLFRF through the recommended Subrecipient Agreement is reasonably designed to support a strong and equitable recovery from the COVID-19 pandemic and economic downturn by making investment to fund the construction of high-quality affordable housing that will benefit impacted rural families in Fresno County.

REFERENCE MATERIAL:

BAI #3, February 1, 2022

BAI #7, August 24, 2021

BAI #7, July 13, 2021

BAI #36.1, May 25, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement

CAO ANALYST:

Yussel Zalapa