

FREMONT CITIZENS ADVISORY COMMITTEE MEETING

AGENDA

**Admin Training Room
3300 Capitol Avenue, Building B
Wednesday, December 1, 2016
6:00 p.m.**

1. SECRETARY CALL FOR QUORUM
2. CALL TO ORDER
3. ROLL CALL
4. APPROVAL OF MINUTES of the October 19, 2016 meeting
5. OLD BUSINESS
6. NEW BUSINESS
 - a. Presentation: FY 2017-18 CDBG Funding Orientation – Understanding the Community Development Block Grant Process
 - i. Public Hearing: Opportunity for public to speak about possible projects, community needs, or other Community Development Block Grant topics
 - ii. Proposal Review: Question and Answer Session
 - b. Public Hearing: Amendment of FY 2012-13 Action Plan and Reallocation of CDBG Funds Awarded to Habitat for Humanity Central Commons Project

Background

In FY 2012, the City of Fremont awarded a total of \$553,000 in CDBG funds to the Habitat for Humanity's Central Commons project to acquire a piece of vacant land located at 4369 Central Avenue to develop 27 units of affordable homeownership housing. Of the twenty-seven (27) units, thirteen (13) units would be affordable to Very Low Income (VLI) households (those earning up to 50% Area Median Income) and fourteen (14) units would be affordable to Low Income (LI) households (those earning up to 80% Area Median

Income). Habitat subsequently proposed three additional units, bringing the total number of units to 30, with 50% of the units for households at VLI and 50% of the units for households at LI. The entire \$553,000 CDBG funds were expended for acquisition (\$530,000) and pre-development work (\$23,000) in FY 2013.

In the spring of 2016, Habitat sought construction loan financing for the project. In order to qualify for a \$6 million construction loan to build the first phase of the project, the potential lender asked the City to agree that in the event of a default by Habitat, the lender could sell all of the units above the 80% AMI level. Habitat has approached two other lenders who have proposed similar default requirements. Since these lenders' conditions could result in a scenario (should Habitat default on the loan) in which the City would fail to fulfill the Low Mod-Income Housing objective of CDBG, the City proposes to replace the CDBG funding with unrestricted City Affordable Housing funds. It should be noted that at the time the project was proposed, the City did not have Affordable Housing funds available to commit to the project.

Analysis

The proposed reallocation of CDBG funds constitutes a substantial amendment to the FY 2012-13 Action Plan, which requires a 30-day public comment period, CAC consultation and City Council approval. The proposed action plan amendment was advertised in the Tri-City Voice on November 8, 2016 for a 30-public comment period. The required public comment period will end on December 8, 2016. Staff and CAC recommendation is scheduled to go to City Council for consideration on December 13, 2016. At the end of the citizen consultation process public comment period, the City may replace the CDBG funds with unrestricted City Affordable Housing funds, terminate the CDBG loan agreement with Habitat, and terminate and release the deed of trust and the affordability covenant related to the CDBG funding. The City would then return the CDBG funds to its CDBG line of Credits and allocate them to future project(s) that furthers the CDBG national objectives. Staff has received concurrence from HUD regarding this proposed action plan amendment.

Recommendation

Along with Staff, recommend the City Council approve the FY 12/13 Action Plan amendment as described above.

7. ADJOURN