

*Distributed
during the meeting
File ID 16-068*

Andrew Sanchez

From: Marlene Murphey
Sent: Thursday, January 14, 2016 6:41 AM
To: Andrew Sanchez
Subject: High priority

Andrew,

There are three errors in the staff report. Please correct the errors and make 15 copies of just the staff report that can be given to the clerk hand early morning to hand out.

The corrections are:

1. In the second paragraph under the heading of Proposal it reads ...eight (9) units shall be available to households earning 30% or less of AMI.

It should read ...nine (9) units...

2. On page 2 under performance schedule it reads ...with an award date of October 2015.

It should read ...October 2017.

3. On page 2 under OPA highlights under number 4 it reads October 15, 2018 .

It should read October 15, 2017.

Thanks

Sent from my iPad

**REPORT TO THE HOUSING SUCCESSOR TO THE
REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
AND FRESNO REVITALIZATION CORPORATION**

DATE: January 14, 2016

FROM: MARLENE MURPHEY, Executive Director

SUBJECT

..Title

JOINT MEETING OF CITY (IN ITS CAPACITY AS HOUSING SUCCESSOR) AND FRESNO
REVITALIZATION CORPORATION

Actions pertaining to an Owner Participation Agreement related to a mixed-use development at
Blackstone and McKinley Avenues (City action only):

1. Adopt a finding of No Possibility pursuant to Article 5, Section 15061(b)(3) of the California
Environmental Quality Act (CEQA).
2. Approve an Owner Participation Agreement with 1501 N. Blackstone Avenue, L.P.

..Body

RECOMMENDATION

The City of Fresno in its capacity as the Housing Successor to the Redevelopment Agency
recommends approval of a finding of No Possibility exemption and an Owner Participation
Agreement for property located at 1501 -1531 N. Blackstone Ave.

EXECUTIVE SUMMARY

The Housing Successor is proposing to enter into an Owner Participation Agreement with 1501
N. Blackstone L.P. for a mixed use of affordable housing and retail development located on the
west side of Blackstone between McKinley and Home Avenues. The proposed project will help
meet the affordable housing goals of SB 341 and will help redevelop an underutilized,
unattractive infill site with a mixed use development that provides affordable housing and retail
uses along the Blackstone Avenue BRT Corridor with proximity to transportation, job centers
and schools including Fresno City College.

BACKGROUND

PROPOSAL

Integrated Community Development LLC, a real estate development company, and the
Corporation for Better Housing, a 501 (c)(3) are experienced affordable housing developers
headquartered in Woodland Hills California. Together they have constructed over 3,900 units in
59 projects throughout California since 1997. Locally they have 330 units in operation in Fresno
County.

Integrated Community Development LLC Principal, Ben Lingo, and Senior Vice President, Jake
Lingo have proposed that the Housing Successor enter into an Owner Participation Agreement
which would lead to the development of ninety one (91) residential apartments and 8,500
square feet of ground floor retail in a four story building served by one hundred and thirty six
(136) on grade, on-site parking spaces. The site of approximately three acres is located on the
Bus Rapid Transit (BRT) Corridor on the west side of Blackstone between McKinley Avenue on
the north and Home Avenue on the South.

The residential portion of the development is proposed to consist of thirty one (31) one bedroom units, thirty (30) two bedroom units, twenty nine (29) three bedroom units and one (1) manager's unit. In terms of affordability eighty one (81) units shall be available to households earning 60% or less of Area Median Income (AMI) and nine (9) units shall be available to households earning 30% or less of AMI. The affordable units will be covenanted for a period of fifty five (55) years.

The mixed use project would be developed and owned by 1501 N Blackstone L.P. a California Limited partnership comprised of: the Corporation for Better Housing as the Non-Profit General Partner; Integrated Community Development LLC as the Administrative General Partner; and, the Limited Partner, Kavigem Inc., who will be replaced at the time of tax credit syndication by the tax credit investor.

FINANCING

The total project costs are estimated at \$27,212,896. The financing plan envisions \$5,780,387 from the Affordable Housing Sustainable Communities (AHSC) program administered by the California Housing and Community Development Commission (HCD); \$1,500,000 committed by the OPA from the Housing Successor's affordable housing funds; \$1,432,400 from permanent conventional loan financing; \$167,965 from an impact fee exemption (FMC 12-4.1400); \$17,861,274 from tax credit equity from the low income housing 9% tax credit program (TCAC); and, \$470,789 in deferred development fees.

The City Housing Successor loan terms provided in the OPA are as follows: the principal amount of the loan will be 1,500,000; the loan will mature fifty-five years after the "payment commencement date" (May 15 of the year immediately following the Certificate of Occupancy); and, the loan will bear a 3% per annum interest rate with interest accruing as of the payment commencement date. Repayment of the loan starts on May 15th of the year that is one year after the certificate of occupancy and is based upon residual receipts. At loan maturity the entire remaining unpaid balance of principal with interest is due and payable.

PERFORMANCE SCHEDULE

The performance schedule (Exhibit B) estimates the AHSC funding application date of February 2016 with an estimated award date in the summer of 2016. The TCAC application date is estimated to be March 2017 for Round 1 with the award announcement estimated to be in June 2017. Should a TCAC award for 9% tax credits not be obtained in Round 1, the Performance Schedule allows for an application in Round 2 estimated to be in July 2017 with an Award date in October 2017. If the Owner is not awarded 9% tax credits by October 15, 2017, the OPA terminates.

OPA Highlights

The OPA sets forth conditions precedent to the City Housing Successor's obligation. Chief among these conditions are the following:

1. The Owner provides acceptable evidence of property ownership;
2. The Owner has entered into (and provides evidence of) agreements with any and all funding sources and the general contractor for the project;
3. The Owner has provided evidence that the combined monies from the funding sources are not less than the greater of the total development cost or the amount which the City Housing Successor determines is necessary to complete the project;
4. If the Owner fails to obtain both a funding commitment from AHSC (or equivalent funding) and a 9% tax credit award by October 15, 2017, the agreement terminates.

ENVIRONMENTAL FINDINGS

In accordance with Section 15061(b)(3) of the CEQA Guidelines, the project has been determined not to be subject to the requirements of CEQA as City staff can state with certainty that there is no possibility that the Owner Participation Agreement may have a significant adverse effect on the environment. Therefore, the agreement is not subject to CEQA.

LOCAL PREFERENCE

N/A

FISCAL IMPACT

Funding for the proposed project is available in the adopted FY 15-16 budget. The proposed project helps fulfill the new SB 341 goals and expenditure requirements primarily wherein at least 30% of the Housing Successor's program income funds must be spent for the development of rental housing affordable to and occupied by extremely low income households earning 30% or less of AMI. Nine of the proposed units are at 30% AMI and all of the units are at or under 60% of AMI.

In addition to the above cited requirement for 30% of program income, the proposed project is consistent with other expenditure provisions of SB 341 wherein up to 50% of program income may be spent for households earning 60% or less of AMI; and, no more than 20% of program income may be spent on households earning between 60 and 80 % of AMI.

Attachments:

- A – Environmental Finding of No Possibility
- B – OPA-1501 N. Blackstone Avenue, L.P.
- C – Vicinity Map-Project Summary
- D – Conceptual Site Plan
- E – Elevations