

Regular Council Meeting

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December 7, 2023

2023 DEC -5 P 3:29

FRESNO CITY COUNCIL

CITY OF FRESNO
CITY CLERK'S OFFICE



Supplement Packet

ITEM(S)

1-DD (ID 23-1773)

Approve Amendment to Owner Participation Agreement with Essayons, LP relating to the Hye Court Project located at 450 M Street to provide up to an additional \$94,277 for unexpected costs associated with ensuring the historic integrity of the Project (City as Housing Successor and FRC Action).

Contents of Supplement: Staff Report and 1st Amendment to OPA

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

JOINT MEETING OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY, THE CITY OF FRESNO IN ITS CAPACITY AS HOUSING SUCCESSOR, AND THE FRESNO REVITALIZATION CORPORATION

DATE: December 7, 2023

FROM: MARLENE MURPHEY, Executive Director

SUBJECT

Approve Amendment to Owner Participation Agreement with Essayons, LP relating to the Hye Court Project located at 450 M Street to provide additional funds for unexpected costs associated with ensuring the historic integrity of the Project (City as Housing Successor and FRC Action).

RECOMMENDATION

Approve an Amendment to the Owner Participation Agreement with Essayons LP for the Hye Court Project to increase the Sources and Uses Budget up to \$103,369.00.

EXECUTIVE SUMMARY

The rehabilitation of three historic resource residential structures at 450 M Street is approximately 80% complete. Additional funding assistance is necessary for the installation of all wood frame windows to ensure historic integrity of the Project in accordance with approved plans and permits. All necessary funding in the amount of \$103,369.00 has been allocated from Council District 3's Infrastructure Budget. An amendment to the Owner Participation Agreement to increase the Sources and Uses Budget and Promissory Note is attached.

BACKGROUND

The rehabilitation of three historic resource residential structures at 450 M Street has been underway since April of this year. The Project is approximately 80% complete and scheduled for occupancy in February of 2024. Essayons, LP has requested assistance for the cost of all wood frame windows consistent with approved plans, permits and the façade covenant. Work performed in compliance with the permits is deemed in compliance with the facade covenant. The requested amount of \$103,369 includes 39 wood frame windows and the associated costs of installation (e.g., labor, painting, architect fees and insurance). The Developer is responsible for additional costs, including security. The funding assistance will help the Project ensure historic integrity, enhance rehabilitation, maintain financial feasibility, and proceed to completion.

ENVIRONMENTAL FINDINGS

City planning staff reviewed this project and finds that no new environmental document is required, as the project was previously assessed under Mitigated Negative Declaration C-02-061, adopted November 19, 2002, and Subsequent Environmental Impact Report (SEIR)

SCH#2001051046, dated February 7, 2008. The current action is to approve funding for an already approved and entitled project that was previously assessed, and the project is proceeding consistent with those entitlements. No substantial changes are proposed which will require major revisions of the previous environmental documents.

LOCAL PREFERENCE

N/A

FISCAL IMPACT

Funds are available in the FY 23/24 Council District 3 Infrastructure Budget.

Attachments:

First Amendment to OPA

RECORDING REQUESTED BY:

City of Fresno
No Fee-Gov't. Code Sections
6103 and 27383

WHEN RECORDED, MAIL TO:

City of Fresno as Housing Successor to the
Redevelopment Agency of the City of Fresno
848 M Street, Third Floor
Fresno, CA 93721
Attention: Executive Director

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT

by and between

City of Fresno in its capacity as Housing Successor to the Redevelopment Agency of the
City of Fresno,
a municipal corporation

and

Fresno Revitalization Corporation, a California Nonprofit Public Benefit Corporation

and

ESSAYONS, LP, a California Limited Partnership, or assignee

Hye Court
450 M Street (APN 468-223-20T)
Fresno, CA 93721

**FIRST AMENDMENT TO
OWNER PARTICIPATION AGREEMENT**

THIS FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT (Amendment) is entered as of December ____, 2023 (Effective Date), between the CITY OF FRESNO, IN ITS CAPACITY AS HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO, a municipal corporation, FRESNO REVITALIZATION CORPORATION, a California Nonprofit Public Benefit Corporation (collectively referred to herein as Agency), and ESSAYONS, LP, a California Limited Partnership, or assignee (Owner).

RECITALS

A. WHEREAS, Agency and Owner entered into an Owner Participation Agreement dated October 4, 2022, for property located at 450 M Street (Property) wherein Owner proposed to purchase and rehabilitate three vacant residential structures to provide single-family rental residential Affordable Units at a cost of \$1,221,100 to be funded with Agency funds (Project). Said Owner Participation Agreement was recorded in the Official Records on October 27, 2022, as Document Number 2022-0122214 which was supplemented, certified and updated by that certain notice and consent to revisions to performance and payment schedule letter dated April 7, 2023 (as supplemented and updated, the "OPA" or "Original Agreement").

B. WHEREAS, the Property was transferred with a covenant that the facades be maintained to their period of significance.

C. WHEREAS, additional funding is required for the acquisition, labor, painting, architect fees and insurance of 39 wood frame windows. Agency and Owner hereby understand the procurement and installation of 39 wood frame windows may extend the time of Project completion.

D. WHEREAS, the Agency and Owner now desire to amend the terms of the OPA to increase funding to assist Owner with work relating to the wood frame window acquisition and installation.

NOW, THEREFORE, BE IT RESOLVED, that the Agency and Owner hereby amend the terms of the OPA as follows:

1. The development costs shall be increased by an amount not to exceed \$103,369.00. The Loan shall be modified to mean the principal sum of \$1,324,469. The additional funding of up to \$103,369.00 shall only be used for purchase, installation, and associated costs (e.g. labor, painting, architect fees and insurance) of wood frame windows of which \$55,288 shall be made available to Owner upon execution of this Amendment and the amended Promissory Note and the balance of \$48,081 shall be made available upon Completion of Construction.

2. Exhibit "C" of the OPA is deleted in its entirety and replaced with the attached "Revised Exhibit C."

3. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the OPA. On and after the Effective Date, all references to the "Agreement" or "OPA" in the OPA and this First Amendment shall be deemed as a

reference to the Original Agreement as modified by this First Amendment.

4. Except as expressly set forth herein, the terms and conditions of the OPA shall remain in full force and effect.

5. In the event of a conflict between this Amendment and the OPA, the terms of this Amendment shall control.

6. The recitals section and exhibits attached hereto are incorporated herein by reference.

IN WITNESS WHEREOF, Agency and Owner have signed this Amendment effective as of the date first above written.

City of Fresno in its capacity as Housing
Successor to the Redevelopment Agency of the
City of Fresno

By: _____
Name: Marlene Murphey Date
Title: Executive Director

Fresno Revitalization Corporation, a California
Nonprofit Public Benefit Corporation

By: _____
Name: Marlene Murphey
(Attach notary certificate of acknowledgment)

Essayons, LP, a California limited
partnership, or assignee

By: Pentori, a California corporation, its
General Partner

By: Thomas G. Richards
Name: Thomas G. Richards,
Title: President

Date: 12/5/2023

APPROVED AS TO FORM:

ANDREW JANZ

City Attorney

By: Tracy N. Parvanian
Tracy N. Parvanian Date 12-5-23
Supervising Deputy City Attorney

ATTEST:

TODD STERMER, CMC

City Clerk

By: _____
Deputy

Attachment: Revised Exhibit C – Sources and Uses

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies on the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF FRESNO

On December 5, 2023 before me, Leta M Ciavaglia, Notary Public, personally appeared THOMAS G. RICHARDS who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Leta M Ciavaglia
Leta M Ciavaglia

[SEAL]



EXHIBIT "C"
Budget and Financial Plan

SOURCES AND USES

Sources of Funds	<i>Amount</i>
Developer Equity	\$66,000
HAS Funds	\$662,486
FRC Funds	\$558,614
Council District 3 Infrastructure Budget	\$103,369
Total Sources of Funds	\$1,390,469
Uses of Funds	<i>Amount</i>
Acquisition Costs	\$66,000
Construction Costs	\$883,773
Contingencies (Hard & Soft)	\$80,185
Soft Costs (permits/impact fees/etc.)	\$169,000
Technical Fees	\$94,500
RE Taxes, Insurance	\$30,751
Reserves	\$20,000
Developer Fees	\$46,260
Total Uses of Funds	\$1,390,469