



Legislation Details (With Text)

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Title: Actions pertaining to the development of Avalon Commons Phase I, a 60-unit affordable multifamily housing project to be located at 7521 N. Chestnut Avenue in northeast Fresno (District 6).
1. Approve a \$2,654,771 HOME Investment Partnerships Program Agreement with Fresno Avalon Commons Phase I, LP for 11 HOME-assisted units within the project; and
2. Authorize the City Manager to execute a Permanent Local Housing Allocation Agreement with Fresno Avalon Commons Phase I, LP in the amount of \$345,229, approved as to form by the City Attorney’s Office; and
3. Authorize the City Manager to sign all implementing documents required by the United States Department of Housing and Urban Development and the California Department of Housing and Community Development.

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Exhibit A - HOME Agreement.pdf, 2. Exhibit B - Sources and Uses of Funds.pdf, 3. Exhibit C - Project Location Map.pdf, 4. Exhibit D - Site Plan and Elevations.pdf

Date	Ver.	Action By	Action	Result
3/30/2023	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

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Planning and Development Department

THROUGH: PHIL SKEI, Assistant Director
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Housing and Community Development Division

SUBJECT

Actions pertaining to the development of Avalon Commons Phase I, a 60-unit affordable multifamily housing project to be located at 7521 N. Chestnut Avenue in northeast Fresno (District 6).

1. Approve a \$2,654,771 HOME Investment Partnerships Program Agreement with Fresno Avalon Commons Phase I, LP for 11 HOME-assisted units within the project; and
2. Authorize the City Manager to execute a Permanent Local Housing Allocation Agreement with Fresno Avalon Commons Phase I, LP in the amount of \$345,229, approved as to form by the City Attorney’s Office; and
3. Authorize the City Manager to sign all implementing documents required by the United States

Department of Housing and Urban Development and the California Department of Housing and Community Development.

RECOMMENDATION

Staff recommends the City Council Approve a \$2,654,771 HOME Investment Partnerships (HOME) Program Agreement (Exhibit "A" - HOME Agreement) with Fresno Avalon Commons Phase I, LP for the development of Avalon Commons Phase I, a 60-unit affordable multifamily housing project of which 11 units will be HOME-assisted; and Authorize the City Manager to approve and execute a Permanent Local Housing Allocation (PLHA) Agreement with Fresno Avalon Commons Phase I, LP in the amount of \$345,229, approved as to form by the City Attorney's Office; and Authorize the City Manager to sign all implementing documents required by the United States Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD).

EXECUTIVE SUMMARY

On August 10, 2022, the Planning and Development Department selected the Housing Authority of the City of Fresno's Avalon Commons Phase I project through a 2022 Affordable Housing Notice of Funding Availability (NOFA) to be recommended for \$2,654,771 in 2022-2023 HOME Program funds and \$345,229 in Permanent Local Housing Allocation (PLHA) funds. Avalon Commons Phase I will consist of 59 affordable rental housing units and one on-site manager unit and be located at the 7521 N. Chestnut Avenue in northeast Fresno (Exhibit B - Project Location Map). The estimated project cost is \$43,500,000, of which \$3 million is proposed to be funded with HOME/PLHA Program funds, representing approximately 7% of the total project cost. Once completed, Avalon Commons Phase I will provide 60 newly constructed units of which 11 will be HOME/PLHA-assisted and reserved as affordable for a period of 55-years through a declaration of restrictions recorded on the property.

BACKGROUND

On June 8, 2022, the Housing and Community Development Division (Division) released a NOFA for 2022-2023 Affordable Housing funding through Plant Bids No. 10122. In response to the NOFA, the Division received eight applications, one of which was the Avalon Commons Phase I project. After preliminary underwriting and technical assessment of the applications, the Avalon Commons Phase I project was determined to be one of the most shovel ready and is therefore being recommended for funding in the amount of \$3 million in HOME/PLHA funds. Both the HOME and PLHA funds will be provided as a residual receipts loan with a 4th and 5th position lien, at 3% interest, with the balance due and payable in full at the 55-year maturity date.

Avalon Commons Phase I project cost is estimated at \$43,500,000: \$3,300,000 conventional bank construction loan, \$30,200,000 tax credit equity, \$1.8 million Housing Relinquished Fund Corporation loan, \$2,200,000 County of Fresno loan, \$3 million HOME/PLHA Program loans, and \$3,000,000 in deferred fees (Exhibit "C" - Sources and Uses of Funds).

Avalon Commons Phase I will be the first Housing Authority project located in northeast Fresno. The units will be contained within five two-story garden style residential structures (Exhibit "D" - Site Plan and Elevations) at the northeast corner of E. Alluvial Avenue and N. Chestnut Avenue. In total, the project will have 59 affordable rental units and one on-site manager unit (8 one-bed/one-bath, 32 two-bed/one-bath, and 20 three-bed/two-bath). Unit sizes will range from 720 square feet for the one-

bedrooms, 887 square feet for the two-bedrooms, and 1,116 square feet for the three-bedrooms. Eleven of the units will be HOME/PLHA-assisted floating units (11 three-bed/two-bath) and be reserved as affordable for a period of 55-years through a declaration of restrictions recorded on the property. The development will include a 3,429 square foot community room, half basketball courts, 107 on-grade covered/uncovered parking spaces, drought resistant landscaping, on-site laundry, and office space. The community room will serve as a resource center and include a management office, multi-purpose room, kitchen, restroom facilities, and a recreation area. In addition, construction materials will be durable and environmentally friendly and incorporate the City of Fresno Green building standards and Universal Design features. The City's Housing and Community Development Division will inspect the completed property annually for housing quality standards and overall property management.

Qualifying tenants' income will range from 20% to 80% of the area median income. Eleven units will be reserved for homeless individuals with serious mental illness and have an income at 20% to 30% of the area medium income. Proposed project rents will range from \$292 to \$1,494 per unit depending on bedroom size and location.

The ownership structure consists of Fresno Avalon Commons Phase I, LP, the development and a California limited partnership; Wells Fargo the tax credit investor and a limited partner; Silvercrest, Inc., a nonprofit affiliate of Housing Authority and the Managing General Partner; Fresno Avalon Commons Phase I, AGP, LLC, the Administrative General Partner and a California limited liability corporation of which the Housing Authority of the City of Fresno is the sole member.

Project partners consists of Ballard Spahr, LLP (attorney) Novogradac, LLP (CPA), California Housing Partnership (non-profit partner), James G. Palmer (Appraiser), R.L. Davidson (Architect), Brown Construction (General Contractor), Melas Engineering (Energy Consultant), Wells Fargo (tax credit investor), Laurin & Associates (Market Analyst), and GSF Properties (Property Management Company).

Over the past 60 years, Housing Authority has constructed, rehabilitated, managed, and owned thousands of affordable housing units for lower income households. As part of its mission to create vibrant communities, the Housing Authority provides service rich social programs to its residents to help promote self-sufficiency. Some of its most recent projects include the Fenix Apartments in the Lowell neighborhood, Alegre Commons, Bridges at Florence, and City View Apartments at Van Ness Avenue and Inyo Street in downtown Fresno.

The approximate completion date of Avalon Commons Phase I project is July 1, 2025. In the event an extension of time is needed, the HOME Agreement provides for an administrative extension of up to 180 days. An extension beyond 180 days will require an amendment to the agreement which will be brought forth to Council for approval. Once completed, Avalon Commons Phase I will assist the City of Fresno with its affordable housing goals and objectives as outlined in the Housing Element of the 2035 General Plan, 2020-2024 Consolidated Plan, and the City's One Fresno Housing Strategy.

ENVIRONMENTAL FINDINGS

The Developer has requested a streamlined Ministerial Approval pursuant to Government Code Section 65913.4. On June 25, 2021, the Planning and Development Department determined that the project as described was exempt from California Environmental Quality Act (CEQA) under Sections 15268 and 153001.1 of the CEQA Guidelines. There is no further environmental assessment

required at this time.

In addition, on January 18, 2023, a National Environmental Policy Act assessment for the project activities resulted in Finding of No Significant Impact. On March 20, 2023, HUD issued the Authorization to Use Grant Funds for the proposed Avalon Commons Phase I project.

LOCAL PREFERENCE

Local preference was not used based on the conditions of federal funding.

FISCAL IMPACT

The HOME and PLHA Program funds for the proposed Avalon Commons Phase I Project were appropriated in the Planning and Development Department fiscal year 2023 Budget.

Attachments:

Exhibit A - HOME Agreement

Exhibit B - Sources and Uses of Funds

Exhibit C - Project Location Map

Exhibit D - Site Plan and Elevations