



Legislation Details (With Text)

File #: ID 23-1799 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 12/6/2023 **In control:** Pending Approval

On agenda: 12/14/2023 **Final action:** 12/14/2023

Title: Actions pertaining to the disposition and development of a 7.94-acre parcel (APN 477-060-04T) at the southeast corner of East Florence and Plumas Avenues for Heritage Estates, a 33-unit single-family housing development:

1. ***RESOLUTION -Finding Substantial Community Benefits that justify a price less than fair market value pursuant to Fresno Municipal Code Section 4-204 relating to the disposition of real property (Subject to Mayor's veto)
2. Approve a Disposition and Development Agreement between the City of Fresno in its capacity as Housing Successor and Fresno Housing Authority.

Sponsors: Successor Agency to the Redevelopment Agency, Miguel Angel Arias

Indexes:

Code sections:

Attachments: 1. Resolution- Heritage 4-204, 2. Disposition and Development Agreement

Date	Ver.	Action By	Action	Result
12/14/2023	1	City Council	ADOPTED	Pass

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

FROM: MARLENE MURPHEY, Executive Director

MIGUEL A. ARIAS, Councilmember
District 3

SUBJECT

Actions pertaining to the disposition and development of a 7.94-acre parcel (APN 477-060-04T) at the southeast corner of East Florence and Plumas Avenues for Heritage Estates, a 33-unit single-family housing development:

1. ***RESOLUTION -Finding Substantial Community Benefits that justify a price less than fair market value pursuant to Fresno Municipal Code Section 4-204 relating to the disposition of real property (Subject to Mayor's veto)
2. Approve a Disposition and Development Agreement between the City of Fresno in its capacity as Housing Successor and Fresno Housing Authority.

RECOMMENDATION

It is recommended that the City of Fresno in its capacity as Housing Successor to the Redevelopment Agency (FHS), approve a Resolution Finding Substantial Community Benefits Resulting from the disposition of property to Fresno Housing Authority for less than fair market value and approve a Disposition and Development Agreement with Fresno Housing Authority (Housing Authority) for Heritage Estates, a 33-unit single family housing development.

EXECUTIVE SUMMARY

The FHS is proposing a Disposition and Development Agreement (DDA) with the Housing Authority for the construction of 33 single family homes in southwest Fresno located at the southeast corner of Florence and Plumas Avenues. The Agreement provides for the contribution of a 7.94-acre FHS-owned vacant parcel and a \$1.2 million FHS loan to assist with construction and first-time home buyer mortgage assistance. In accordance with the Surplus Land Act (SLA) and as required by various funding sources, the homes will be eligible to households from a range of income levels and affordable units will be covenanted for owner-occupancy and affordability requirements for up to 45 years. The estimated project cost of \$11,550,000 will be funded from conventional financing and public sector housing assistance. The contribution of land for less than fair market value is critical to project feasibility and results in substantial community benefits as cited in the attached Resolution.

BACKGROUND

The Housing Authority and FHS have a long history of working together for revitalization of southwest Fresno. Their collaboration produced the Hope VI Master Plan in which the subject parcel along with other nearby sites were identified for single family home development.

On September 29, 2022, the City Council declared the site exempt surplus land subject to the Surplus Land Act (SLA) and directed staff to proceed with negotiations for a Disposition and Development Agreement with Housing Authority for Council consideration. A description of the proposed project and DDA follows.

The Development is planned for three and four-bedroom, two bath, two car garage homes averaging about 1600 square feet with flexibility for alternative bedroom options based on market demand. The City's Universal Design Elements will be incorporated into the homes along with energy efficient design and drought tolerant landscaping.

The approximate 8-acre development will include both on and off-site infrastructure improvements including new utilities, landscaping, streets, sidewalks, curbs, gutters and lighting. In addition, the subdivision includes an approximately .25-acre neighborhood park and 26-foot-wide set aside along East Florence Avenue for a future trail.

The Sources and Uses Budget estimates project cost of \$11,550,000 proposed to be comprised of: \$1,200,000 from FHS Low Moderate Income Housing Fund, \$3,062,688.71 from PLHA funds, \$1,379,710 in CalHome funds, \$150,000 in FHLB Affordable Housing Program funds and \$5,673,601.29 in conventional financing.

The \$1.2 million in FHS funds will be provided to the Housing Authority for construction costs at 3% interest during construction. Following construction, the Housing Authority will transfer ownership of each affordable home and parcel to an eligible homebuyer and the FHS funds will be conveyed to the

homebuyer as a forgivable second mortgage at 0% interest during a 45-year term.

The 7.94-acre site purchased for housing development by FHS will be contributed to the project at a nominal cost of one thousand dollars to achieve economic feasibility resulting in substantial community benefit through the provision of single-family affordable housing, infrastructure improvements and the productive use of long vacant land. A Broker's Opinion of Market Value of the Property as-is was \$518,799 as of March 7, 2023.

The units will be sold at market rate and available to households at a range of income levels. In accordance with the Surplus Land Act (SLA) and the requirements of various project funding sources of the 33 units, seven are designated for households with income no greater than 50% of AMI at the time of occupancy, seven units are designated for households with income no greater than 60% of AMI at the time of occupancy; 16 units are designated for households at 80% of AMI at the time of occupancy and three units are designated for households at 100% of AMI. The affordable units assisted with housing funds will be owner-occupied with up to 45-year affordability covenants.

The Performance Schedule anticipates the close of financing and start of on- and off-site construction by April 15, 2024, The Schedule phases construction and the sale of homes in groups of five with project completion by September 15, 2026.

ENVIRONMENTAL FINDINGS

The City, as Lead Agency, prepared a Mitigated Negative Declaration for the Heritage Estates Project, identified as Environmental Assessment No. T-6392/P23-02692, which was adopted by Planning Commission on November 15, 2023. The Mitigated Negative Declaration analyzed several components of the Heritage Estates Project, including but not limited to development of 33 single-family homes, a 0.25 acre neighborhood park, and the installation of corresponding utilities and facilities such as streets, curb, gutters, sidewalks, lighting, and landscaping.

An analysis has been performed pursuant to CEQA Guidelines Section 15162 to determine whether subsequent environmental review is required for this project. Based upon this analysis, the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the project which will require major revisions to the Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There have been no changes proposed and this approval is to implement a portion of the project.
2. No substantial changes occurred with respect to the circumstances under which the project is undertaken which will require major revisions to the Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. No changes are being proposed.
3. There is no new information, which was not known and could not have been known at the time of the previous Mitigated Negative Declaration showing that:
 - a. The project will have one or more significant effects not discussed in the previous Mitigated Negative Declaration;

- b. Significant effects previously examined will be substantially more severe than shown in the previous Mitigated Negative Declaration;
- c. Mitigation measures or alternatives previously found to be not feasible are now feasible and would substantially reduce one or more significant effects of the project.
- d. There are no mitigation measures which are considerably different from those analyzed in the previous Mitigated Negative Declaration which would substantially reduce one or more significant effects on the environment.

Based upon these findings, it has been determined that no additional environmental analysis is required

FISCAL IMPACT

Funds are available in the Housing Successor's Low Moderate Income Housing Fund budget.

Attachment:
Resolution
Disposition and Development Agreement