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Title: Actions pertaining to the sale of approximately ±3.39 acres of vacant land at the intersection of Ventura Avenue and South 7th Street (APN 470-052-01T, 470-052-02T, 470-052-03T) to MM Shirin Properties, LLC.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15301/Class 1, Section 15312/Class 12, and Section 15332/Class 32 of the California Environmental Quality Act (CEQA) Guidelines.
2. Approve the Disposition and Development Agreement with MM Shirin Properties, LLC for the sale of approximately ±3.39 acres of vacant land at the intersection of Ventura Avenue and South 7th Street (APN 470-052-01T, 470-052-02T, 470-052-03T) to MM Shirin Properties, LLC for \$575,000 (District 5)

Sponsors: Office of Mayor & City Manager

Indexes:

Code sections:

Attachments: 1. Disposition and Development Agreement.pdf

Date	Ver.	Action By	Action	Result
12/6/2018	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 6, 2018

FROM: WILMA QUAN-SCHECTER, City Manager
Office of the Mayor & City Manager

BY: LAURA GLORIA, Deputy City Manager
Office of the Mayor & City Manager

SUBJECT

Actions pertaining to the sale of approximately ±3.39 acres of vacant land at the intersection of Ventura Avenue and South 7th Street (APN 470-052-01T, 470-052-02T, 470-052-03T) to MM Shirin Properties, LLC.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15301/Class 1, Section 15312/Class 12, and Section 15332/Class 32 of the California Environmental Quality Act (CEQA) Guidelines.
2. Approve the Disposition and Development Agreement with MM Shirin Properties, LLC for the sale of approximately ±3.39 acres of vacant land at the intersection of Ventura Avenue and

South 7th Street (APN 470-052-01T, 470-052-02T, 470-052-03T) to MM Shirin Properties, LLC for \$575,000 (District 5)

RECOMMENDATION

Staff recommends the Council adopt a finding of Categorical Exemption pursuant to CEQA Guidelines Sections 15301/Class 1, 15312/Class 12, and 15332/Class 32; approve the Disposition and Development Agreement (DDA) with MM Shirin Properties, LLC. (Buyer) for the sale of vacant land located at the intersection of Ventura Avenue and South 7th Street (Property), which includes APN 470-052-01T, 470-052-02T, and 470-052-03T for \$575,000; and authorize a) the City Manager, or her designee, to sign all documents necessary to complete the transaction for APN 470-052-02T and 470-052-03T; and b) the Executive Director of the City of Fresno in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno (Housing Successor) to sign all documents necessary to complete the transaction for APN 470-052-01T.

EXECUTIVE SUMMARY

The Asset Management Act establishes the organization and parameters for citywide assets managed by a selected real estate brokerage firm based on a competitive process. The purpose of the Act is to provide an independent, objective analysis of City assets. The City Manager's Office works directly with the Asset Managers to negotiate competitive leases, identify potential tenants, market properties, analyze and compare offers, and optimize opportunities. As such, the Property was identified as surplus land; the City met all the requirements of the Surplus Land Act and subsequently proceeded to market the property for sale.

The City received a letter of interest from the proposed Buyer for the Property and subsequently entered into negotiations for its disposition and development with an "AS IS" sales price of \$575,000. The Buyer proposes to construct a mixed used development with retail and live-work areas, blending office with residential units. This aligns with the general plan which envisions increased density and vibrant mixed-used centers along Bus Rapid Transit (BRT) corridors.

BACKGROUND

The Strategic Real Estate Plan prepared by the Asset Managers pursuant to the Asset Management Act included recommendations on underutilized and/or surplus properties, disposition recommendations, and prioritization of these actions based on City goals. The City-owned vacant land parcels located at Ventura and South 7th Street were identified as candidates for disposition. Before proceeding to market the Property, the City complied with the Surplus Land Act which requires local agencies, prior to disposing of surplus land, to send a written offer to sell or lease the Property to local agencies for uses such as affordable housing, transit, parks and open space. On August 25, 2017, the City sent the above-noted letters to the corresponding agencies. The City did not receive any letters of interest to purchase or lease within the 60-day required timeframe and therefore proceeded to market the Property for sale.

The City received a letter of interest from the proposed Buyer for the Property. The City's Asset Managers surveyed the market and prepared a Broker Opinion of Value (BOV) for the parcel and negotiated fair market value at \$575,000. The proposed development will deliver a mixed used development with retail and live-work areas, blending office with residential units along the BRT corridor. Buyer confirms it is purchasing the Property in "AS IS" condition and in reliance upon its

own investigation of the present condition the property and all governmental laws and ordinances which might affect its use and development. In order to ensure that the property is developed in a manner that complements the City's public infrastructure investments, the DDA is linked to an aggressive performance schedule which keeps the property in escrow until the Buyer receives all the required entitlements, permits, and approvals required for the construction of the project, and includes a safeguard that reconveys the land to the City if the Buyer does not deliver a completed project.

ENVIRONMENTAL FINDINGS

Staff has performed a preliminary environmental assessment of this project and has determined that it falls within Categorical Exemptions set forth in CEQA Guidelines Sections 15301/Class 1 (Existing Facilities), 15312/Class 12 (Surplus Government Property Sales), and Section 15332/Class 32 (Infill Development). Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

LOCAL PREFERENCE

Local preference was not considered because the acquisition of this property does not include a bid or award of construction or services contract.

FISCAL IMPACT

Sale proceeds of \$575,000 less customary escrow fees and broker commission will be deposited as follows: \$75,000 shall be distributed directly to the Housing Successor for deposit into its Low and Moderate Income Housing Asset Fund for the sale of APN 470-052-01T and the remainder shall be deposited into the Asset Sale Reserve Fund (10310) pursuant to the Reserve Management Act.

Attachment:
Disposition and Development Agreement