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Title: Approve an Exclusive Negotiation Agreement to prepare a Disposition and Development Agreement for City-owned property located at Willow Avenue and Byrd Avenue to Habitat for Humanity for the development of affordable housing (Council District 5)

Sponsors: Planning and Development Department

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REPORT TO THE CITY COUNCIL

December 15, 2016

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SUBJECT

Approve an Exclusive Negotiation Agreement to prepare a Disposition and Development Agreement for City-owned property located at Willow Avenue and Byrd Avenue to Habitat for Humanity for the development of affordable housing (Council District 5)

RECOMMENDATION

Staff recommends the City Council approve an Exclusive Negotiation Agreement (ENA) to prepare a Disposition and Development Agreement for City-owned property located at Willow Avenue and Byrd Avenue to Habitat for Humanity for the development of affordable housing and authorize the City Manager to execute implementing documents.

EXECUTIVE SUMMARY

Habitat for Humanity (Habitat) has inquired about the disposition of a City-owned 10.24-acre property located at the southwest corner of Willow Avenue and Byrd Avenue in southeast Fresno (District 5) for the future development of affordable housing. The attached ENA provides terms to prepare a Disposition and Development Agreement for development of the site. Upon approval of the DDA, the City will agree to transfer the property to Habitat for its newly created California Community Land Trust (CCLT). Since the ENA is for exclusive negotiations leading up to a DDA, the DDA will be presented to the Council at a later date.

BACKGROUND

In 1999, the City officially closed out the former Rental Rehabilitation Program with the U.S. Department of Housing and Urban Development (HUD), but continued to receive program income from loan payments and or payoffs. On June 30, 2005, the Housing and Community Development Division (Division) used some of the accumulated Rental Rehabilitation Program income to purchase a 10.24-acre site from the Fresno Irrigation District for the development of future housing. The site located at Willow Avenue and Byrd Avenue was purchased in the amount of \$335,000; the July 1, 2004, fair market appraised value of the property.

In an effort to facilitate affordable housing, in July 2006, the Division released a Request for Proposal (RFP) seeking a developer for the site. There were no proposals received in response to that RFP. However, in 2007, the Division received a proposal to develop Del Valle Homes, a seventy-four unit single-family subdivision. In 2008 the Division received another proposal to develop Cienna Commons, a 141-unit rental housing development. Both developers decided against moving forward with their proposed projects.

To help facilitate sale of the property for housing, the Division worked on off-site improvements from 2007 to 2010, finally contracting with Cornerstone Structural Engineering Group to widen a portion of the Willow Avenue Bridge. The Willow Avenue Bridge spans over the canal and is located approximately 850 feet north of East Jensen Avenue, adjacent to the subject property. The west half of the bridge and roadway approaches was widened to match the existing Willow Avenue roadway width to the north and south. Improvements also included sidewalk, curb and gutter, and construction of minor transition paving and installation of a concrete barrier. The Division used three State Work Force Housing grants to complete the widening/street project. Also to help facilitate development of the parcel, in October 2007, the Division rezoned the property from *Exclusive Five Acre Agriculture Urban Growth* to *Single Family Residential Urban Growth Management*.

The Division also released an internal memo in October 2010 offering sale of the property, at the 2004 appraised value, for another City use. In early 2011 the Division received only one inquiry from the Department of Public Utilities; however, later that same year there was no longer interest in the site.

The Division attempted to sell the property to the private sector. In order to expedite the sale, the Division released two public notices (December 5, 2010, and April 14, 2011) for the sale of the City-owned surplus property to the general public. There were no interested buyers as a result of those publications.

In early 2016 Habitat approached the City inquiring if the City would be interested in donating the site to a newly formed CCLT that would allow for land banking of property until future plans were made to develop the site with affordable housing. The newly formed CCLT, Habitat's California Community Land Trust (Trust), is still in the development stage but recently received its 501(C)(3) status. Therefore, if a DDA is ultimately prepared and approved, the City will transfer the site to Habitat, and

Habitat will subsequently transfer the site to the Trust, once it is fully operational. The 2016 request for donation of the property, led to the proposed ENA with Habitat for the preparation of a Disposition and Development Agreement for the site. Since the ENA is for exclusive negotiations leading up to a Disposition and Development Agreement, a Disposition and Development Agreement will be presented to Council at a later date for approval.

The creation of a Community Land Trust was a recommendation in the City of Fresno 2016 *Analysis of Impediments of Fair Housing Choice* as an action to address the disparity in mortgage loan denials in the southwest, southeast, and city center areas. Typically a land trust owns the land in perpetuity and a low-income resident can buy and build equity in the housing structure. The homebuyer can sell the structure at a later date to another low-income resident as affordable housing. The development of a Community Land Trust intersects well with the recently adopted Housing Element goals for the creation of affordable housing.

On November 9, 2016, Division staff met with Habitat to discuss the terms and conditions of the ENA. Habitat informed staff a minimum of six months will be needed to prepare the DDA. The City will not transfer the site until a DDA has been approved, and fully executed and recorded. In an effort to expedite execution of the ENA before the end of the year, Habitat and the City agreed to forego an updated appraisal so the estimated value at this time is \$335,000. An updated appraisal will be included in the DDA that will be presented to Council at a later date.

As outline in the City's Housing Element, this infill site is ideal for affordable housing and is the best use for the site as it is surrounded by single-family housing to the north and south, an approximate 5-acre lot to the west and the Willow Mobile Home Park to the east. The City has other housing investments just south of the subject site. In May 2008, the Oak Park Senior Villas project, a 68 unit senior apartment complex, was completed. In addition, Self-Help Enterprises completed 30 single-family starter homes just west of Oak Park Senior Villas. Habitat also completed nine single-family homes just south of the site formerly known as Little Long Cheng.

ENVIRONMENTAL FINDINGS

This is not a project for the purposes of the California Environmental Quality Act (CEQA), pursuant to CEQA guidelines Section 15378.

LOCAL PREFERENCE

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

FISCAL IMPACT

Habitat will pay for escrow fees for transfer of the site through escrow.

ATTACHMENT:

Exhibit A - Exclusive Negotiation Agreement