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Title: Actions pertaining to the purchase of three parcels located at the corner of B Street and Amador Street:

1. Adopt a finding of Categorical Exemption pursuant to Section 15303/Class 3 (new small structures) and Section 15332/Class 32 (infill development) of the California Environmental Quality Act Guidelines;
2. Approve a Purchase and Sale Agreement with Will C. Milam Jr., as Trustee of the Will C. Milam and Angelina L. Milam Family Trust dated September 24, 1990, for A.P.N.s 465-161-12 and 465-161-13 in the amount of \$144,000; and
3. Approve a Purchase and Sale Agreement with Francis Scott, as Executor for the Estate of the James J. Repape property, APN 465-161-14 in the amount of \$120,000.

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Exhibit A - Purchase and Sale Agreement and Joint Escrow Instructions (Milam), 2. Exhibit B - Purchase and Sale Agreement and Joint Escrow Instructions (Repape), 3. Exhibit C - Property Location Map, 4. Exhibit D - Parcel Map, 5. Exhibit E - Photograph of Existing Structures, 6. Exhibit F - CEQA

Date	Ver.	Action By	Action	Result
6/2/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

June 2, 2016

FROM: JENNIFER K. CLARK, Director
Development and Resource Management Department

THROUGH: KELLI FURTADO, Assistant Director
Development and Resource Management Department

BY: CORRINA NUNEZ, Project Manager
Housing and Resource Management Division

SUBJECT

Actions pertaining to the purchase of three parcels located at the corner of B Street and Amador Street:

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3. Approve a Purchase and Sale Agreement with Francis Scott, as Executor for the Estate of the James J. Repape property, APN 465-161-14 in the amount of \$120,000.

RECOMMENDATION

Staff recommends the City Council adopt a finding of Categorical Exemption pursuant to Section 15303/Class 3 (new small structures) and Section 15332/Class 32 (infill development) of the California Environmental Quality Act Guidelines, approve *Purchase and Sale Agreements* with Will C. Milam Jr., as Trustee of the Will C. Milam and Angelina L. Milam Family Trust dated September 24, 1990, and Francis Scott as Executor for the Estate of the James J. Repape property (Exhibits “A” and “B”) totaling \$264,000 for purchase of three contiguous parcels located at the corner of B Street and Amador Street (Exhibit “C” - Property Location Map, and Exhibit “D” - Parcel Map) in southwest Fresno and authorize the City Manager to execute escrow documents subject to approval as to form by the City Attorney’s Office.

EXECUTIVE SUMMARY

The Housing and Community Development Division proposes to purchase three parcels located at B Street and Amador Street in southwest Fresno for the future construction of four single-family houses. The requested purchase price for the three parcels is \$270,000, of which the City will pay the fair market appraised value of \$264,000. The Housing Successor Agency (formerly RDA) is proposing to pay the \$6,000 difference in order to facilitate the provision of four single-family affordable homes on the assembled land. Staff is currently in discussions with the representatives for the property owners to enter into a *Real Property Purchase and Sale Agreement and Joint Escrow Instructions* that provides for the City to complete its due diligence review of the parcels prior to close of escrow.

BACKGROUND

As part of the former Redevelopment Agency’s West Fresno Urban Renewal Plan, the properties were rezoned from R-4 (1973) and then to R-2A; Low Density Multi-Family. According to Mr. Milam, the property owners were provided a 40-year variance at the time; however, no improvements or expansions could be made to the existing structures. The owners tried to sell/lease their property but were informed that could not be done as the waiver had since expired. Due to the statements from the owners, they believed their property had no value in the current condition and began contacting the City to buy the land for a more compatible use with the neighborhood. Mr. Milam stated that he had continually contacted the City and Planning Commission to set a new course of action at these properties that reflected the wishes of the West Fresno residents to promote homeownership in the area.

Mr. Rapape agreed to the sale of his property at the fair market appraised value of \$120,000. Since the initial offer to sell, Mr. Rapape passed away. Francis Scott is now the executor of his estate, including this property, and will be signing escrow documents. Mr. Milam is requesting \$150,000 for

his property, about 4.1% above the appraised value. The Housing Successor Agency proposes to pay the \$6,000 difference in order to facilitate the provision of affordable housing covenanted for 55 years. The HOME Investment Partnerships (HOME) Program will subsequently reimburse the City for payment of the appraised value once a developer has been selected to redevelop the sites and a HOME Agreement has been approved by the Council. Staff is therefore requesting approval to enter into a *Real Property Purchase and Sale Agreement and Joint Escrow Instructions* with the two representatives for purchase of the properties. Approval of this item will also represent Council's acceptance of the properties' deeds in accordance with Government Code section 27281.

An appraisal of the properties was completed on December 8, 2014, by James G. Palmer Appraisals, Inc. The appraised fair market value and purchase price of the properties are as follows:

<u>Owner</u>	<u>Assessor's Parcel No.</u>	<u>Appraised Value</u>	<u>Purchase Price</u>
Milam	465-161-12/13	\$144,000	\$144,000
Repape	465-161-14	\$120,000	\$120,000

After the City purchases the three properties, the City will demolish the former auto parts shop and two small structures that currently occupy the sites (Exhibit E - Photograph of Existing Structures). The former auto parts shop is over 50 years old and is currently used as a storage warehouse. Once the demolition of the structures is complete, the City will create four "shovel ready" residential lots and then select a developer to redevelop the sites into four single-family housing units. The lots are currently zoned R-2-A and will not need to be rezoned.

Tentative discussions suggest that Habitat for Humanity Fresno County may be the non-profit developer ideal for this type of project. A Disposition and Development Agreement along with a HOME Investment Partnerships Program, Community Housing Development Organization Agreement for the redevelopment of the sites will be presented to the Housing and Community Development Commission and the Council at a later date.

The construction of new housing units at these sites will help make a positive visual impact to the block as well as the overall neighborhood. New construction of single-family housing will fit well into the community as the entire neighborhood consists of single-family housing. Fink White Playground is located within a few feet of the subject sites and will provide for a nice amenity. Also, the construction of new housing on these parcels will help increase the City's stock of affordable housing and create additional revitalization in this underserved area. Purchase and development of the three parcels will also bring the City closer to meeting its Housing Element goals of the 2035 General Plan and the Consolidated Plan to HUD.

The Housing and Community Development Commission recommended approval of the purchase on May 27, 2015.

ENVIRONMENTAL FINDINGS

In anticipation of the purchase and proposed project, staff completed an environmental assessment on March 7, 2016, and determined this project is exempt under Section 15303/Class 3 (new small structures) and Section 15332/Class 32 (infill development) of the California Environmental Quality Act (CEQA) Guidelines (Exhibit F - CEQA). A National Environmental Policy Act Finding of No Significant Impact was completed on January 27, 2016.

LOCAL PREFERENCE

Local preference was not considered because the purchase and sale of real property does not include a bid or award of construction or services contract.

FISCAL IMPACT

HOME CHDO funding for the proposed purchase is available in the Development and Resource Management Department's Fiscal Year 2016 Budget.

Attachments

- Exhibit A - Purchase and Sale Agreement and Joint Escrow Instructions (Milam)
- Exhibit B - Purchase and Sale Agreement and Joint Escrow Instructions (Repape)
- Exhibit C - Property Location Map
- Exhibit D - Parcel Map
- Exhibit E - Photograph of Existing Structures
- Exhibit F - CEQA Finding