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Title: Actions pertaining to approximately 8.02 acres of property located on the north side of East Annadale Avenue approximately 440 feet west of South Elm Avenue (APNs 479-270-02T, -03T, -04T, -05T, -06T, -15T, -16T, -24T)

1. Adopt a Mitigated Negative Declaration, pursuant to Sections 15070 - 15075 of the CEQA Guidelines, for the development of single family residences and affordable senior rental housing located at Annadale and Elm Avenues, on property currently owned by the City of Fresno in its capacity as Housing Successor.

2. Approve a Disposition and Development Agreement between the City of Fresno in its capacity as Housing Successor and Self-Help Enterprises for property located at Annadale and Elm Avenues within the Southwest Fresno GNRA Redevelopment Project Area

Sponsors: City in its capacity as Housing Successor to the Redevelopment Agency and Fresno Revitalization Corporation

Sponsors:

Indexes:

Code sections:

Attachments: 1. ID 17-548_Vicinity Map Attachment.pdf, 2. Self-Help DDA.pdf, 3. MND_Self Help Enterprises_Annadale.pdf

Date	Ver.	Action By	Action	Result
4/13/2017	1	City Council	approved	Pass

REPORT TO THE CITY IN ITS CAPACITY AS HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO AND FRESNO REVITALIZATION CORPORATION

April 13, 2017

FROM: MARLENE MURPHEY, Executive Director

SUBJECT

Actions pertaining to approximately 8.02 acres of property located on the north side of East Annadale Avenue approximately 440 feet west of South Elm Avenue (APNs 479-270-02T, -03T, -04T, -05T, -06T, -15T, -16T, -24T)

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RECOMMENDATION

It is recommended that the City of Fresno in its capacity as the Housing Successor to the Redevelopment Agency (FHS) approve of a Disposition and Development Agreement with Self-Help Enterprises.

EXECUTIVE SUMMARY

The FHS is proposing to execute a Disposition and Development Agreement with Self-Help Enterprises. The proposed agreement will include affordable housing covenants and help the FHS meet the affordable housing goals of SB 341.

BACKGROUND

The former Redevelopment Agency made investments in land for the purpose of affordable housing and other development. One such investment is the approximate 8 acre FHS -owned site located on the north side of East Annadale Avenue to the west of South Elm Avenue. The site's long history with the former Agency began with acquisition of about 10 acres next to the Sequoia Health Clinic for the purpose of providing for Clinic expansion, residential and other development. In 2007 the Clinica Sierra Vista (formerly Sequoia) completed its last major component-a dental center --and the Agency committed to develop the remaining 8 acres with affordable housing. Following an RFP the Agency entered an ENA with EAH Affordable Housing Developers for about 270 multi-family units. In 2010 the unexpected dissolution of California Redevelopment Agencies began to get traction and by 2011 dissolution was the law. The Housing Assets, both the Annadale real property and Housing Set aside funds (HSA) were to be dissolved and transferred out of affordable housing status and distributed to taxing entities. In February 2014 Fresno prevailed in the Sacramento Superior Court to retain the Annadale property successfully arguing that it was intended for and belonged among the assets of the HSA now called the LMIHAF. At that time no future LMIHAF funding source was available for affordable housing until the passage of AB 1484 which provided the potential to secure funds through the payback of City/Agency loans.

The Annadale project was positively impacted by FHS's success in securing limited funds through AB1484; and, through the work of Southwest Fresno Community members who sought an actionable plan to address a broad range of neighborhood concerns. The resulting Southwest Fresno Specific Plan helped to reshape the specific development being proposed.

Annadale Project Proposal

Working with Councilman Bain's office and the Southwest Fresno Specific Plan concept, the Annadale Project proposal introduces a much desired single family development along with a senior housing component that integrates with the adjacent Clinica Sierra Vista Medical Center. The project concept is guided by policies to maximize resources by giving priority to the development of FHS-

owned housing property and by leveraging the proximity of community resources and investments.

Setting

The full service Clinica Sierra includes medical, dental and behavioral health care services and pharmacy. In addition to the Clinic, the 8 acre FHS-owned project site is located near other amenities that benefit both single family and senior housing that include the Mary Ella Brown Park and Community Center, the West Fresno Branch Library, the EOC Foster Grandparents Senior Center, sheltered FAX Bus Stops; two charter schools, four elementary schools, two middle schools and one high school.

The Developer-SHE

Based upon the Southwest Fresno Community goals, the FHS and Councilman worked with Self Help Enterprises (SHE) a nationally recognized community development organization with extensive experience in both single family and multi-unit development.

In the San Joaquin Valley, SHE has helped over 6,000 families construct their own homes through mutual self-help. They have developed and operate over 1300 multi-unit rentals and currently manage 608 units dedicated as senior housing. They retain ownership long term and provide professional on-site management. The experience and capacity of SHE provides the opportunity to create a quality, intergenerational neighborhood of affordable family home ownership and senior rental housing at Annadale.

Single Family Home Ownership

The developer proposes to build the single family home ownership phase on the western 4 acres of the 8 acre site. The proposed homes are 3 and 4 bedroom/2 bath from about 1250 to 1450 sq. ft. The project includes construction of all required infrastructure to develop 26 buildable lots for SHE's mutual Self-Help housing program where families help each other build their houses with skilled guidance from SHE construction staff. The process helps to build strong, enduring neighborhoods. The FHS intends to provide \$300,000 to be used in technical assistance support for families during construction. SHE will conduct outreach and recruitment through local community based groups. Participating owner-to-be families contribute sweat equity that is used as down payment. SHE obtains infrastructure and construction financing and assists each family with securing permanent financing. The homes will be marketed to first time home buyers at or below 80% of area median income (AMI). The 45 year covenants require that the units remain owner occupied.

Senior Rental Housing

The developer proposes to build 40 affordable senior housing units on the eastern 4 acres of the site located adjacent to Clinica Sierra Vista Medical Center. The single story design includes a community building, computer lab and an all-purpose room for on-site services to seniors. The plan includes an outdoor shaded green open space and gives pedestrian access to the Clinic through a dedicated walkway. The unit mix will be 80% one-bedroom and 20% two-bedroom. At least 30% of the units will be for households at 30% of AMI with the balance of units covenanted for between 30-60% of AMI. The covenants will run for 55 years.

Financing

The total affordable housing project cost of \$16,440,886 represents \$12,032,886 for the Senior Rental Housing and \$4,420,000 for Single Family Home Ownership. The Senior Affordable Housing is proposed to be financed from the following sources: \$2.9 million from a FHS residual receipt loan at 1% interest; \$325,000 from SHE Sponsor Loan and the balance of \$8,807,886 in leveraged capital from 9% LIHTC tax credit and Home Funds. The developer will purchase the land for the Senior

Housing at FMV with seller financing at 1% interest and the land for the Single Family Home portion will be contributed. The Single Family Residential component is proposed to be funded from the following sources: a \$300,000 FHS contribution; \$266,436 She Capital contribution; and the balance of \$3,852,691 from a conventional construction loan.

ENVIRONMENTAL FINDINGS

In compliance with CEQA guidelines, staff has performed an environmental assessment of this project and prepared Mitigated Negative Declaration (Environmental Assessment No. EZ-17-003).

LOCAL PREFERENCE

NA

FISCAL IMPACT

Funds are available in the Fresno Housing Successor's LMIHA fund budget.

The Annadale Project helps to meet property development time limits and the stringent expenditure requirements of SB 341. The FHS must initiate activity for the development of affordable housing within 5 years of the date the Department of Finance (DOF) approved such property as a housing asset, consequently, the deadline for the Annadale property is August 2017. While 5 year extensions may be sought it is highly unlikely that there would then be sufficient LMIHAF funds to carry out the project based upon the rate, schedule and expiration of loan repayment (source of the funds); and, SB 341's requirements for the type and timing of expenditures. The law requires that at least 30% of the LMIHAF funds must be spent for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. Failure to comply with the 30 % AMI requirement can result in an increase to 50% of net program income until the target requirement is met. Fifty percent of LMIHAF must be spent for households earning 60% or less of AMI; and, no more than 20% of AMI may be spent for households earning between 60 and 80 % of AMI.

Generally, the funding gap is larger for projects that must meet lower income levels, the project feasibility is harder to reach and takes longer to achieve. The Annadale Senior Housing component provides 30% of the units at 30% of AMI and 70% of the units at or below 60%. The Single Family Housing component commits 26 units at 80% of AMI or below. The proportion of project funding designated for each income level closely aligns with SB 341 requirements. This is an important outcome. In addition to meeting targets, the opportunity to offer home ownership to a family earning 80% of AMI is rare and challenging. This project provides that opportunity.

Summary

The proposed development helps to meet the goals of the Southwest Fresno Specific Plan concept; it transforms a large vacant lot into much needed affordable housing, it uses an existing real property asset to stretch resources; it leverages the use of nearby existing community services; it meets the restrictive SB 341 targeted income requirements; it provides an affordable opportunity for homeownership; and, it delivers a quality intergenerational development to Southwest Fresno bringing both affordable senior rental housing and affordable home ownership.

Attachment: Vicinity Map
Disposition and Development Agreement
MND (EA-17-003)