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Title: Actions pertaining to approximately 3.06 acres consisting of one parcel generally located at the southwest corner of Florence and Walnut and seven parcels located at the northwest corner of Florence and Plumas Avenue.

1. Adopt a finding of Categorical Exemption pursuant to Article 19, Section 15332 (Class 32-Infill) of the California Environmental Quality Act (CEQA)
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 the southwest corner of Florence and Walnut Avenues and the northwest corner of Plumas and Florence Avenues.

Sponsors: Successor Agency to the Redevelopment Agency of th

Indexes:

Code sections:

Attachments: 1. Aerial Vicinity Map.pdf, 2. Walnut-Florence Disposition and Devl Agreement.pdf

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY IN ITS CAPACITY AS HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO AND FRESNO REVITALIZATION CORPORATION

October 22, 2020

FROM: MARLENE MURPHEY, Executive Director

SUBJECT

Actions pertaining to approximately 3.06 acres consisting of one parcel generally located at the southwest corner of Florence and Walnut and seven parcels located at the northwest corner of Florence and Plumas Avenue.

1. Adopt a finding of Categorical Exemption pursuant to Article 19, Section 15332 (Class 32-Infill) of the California Environmental Quality Act (CEQA)
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 the southwest corner of Florence and Walnut Avenues and the northwest corner of Plumas and Florence Avenues.

RECOMMENDATION

It is recommended that the City of Fresno in its capacity as the Housing Successor to the Redevelopment Agency (FHS) adopt a finding of Categorical Exemption pursuant to Article 19, Section 15332 (Class 32 - infill) and approve a Disposition and Development Agreement with Self-Help Enterprises.

EXECUTIVE SUMMARY

The FHS is proposing to execute a Disposition and Development Agreement (DDA) with Self-Help Enterprises (SHE). The proposed agreement will provide for the construction of 16 single family homes with 8 homes marketed to first time home buyers at or below 80% of AMI and 8 homes marketed to first time home buyers at or below 60% of AMI. The DDA provides for the contribution of the FHS-owned vacant land, funding assistance and includes covenants for affordability. The proposed DDA complies with and helps FHS meet the requirements of SB 341 and advances community goals for affordable home ownership.

BACKGROUND

To provide affordable housing and eliminate blight the former Redevelopment Agency purchased properties with Housing Set Aside funds (HSA) including the subject parcels located at the southwest corner of Florence and Walnut and the northwest corner of Florence and Plumas Avenues “Florence Avenue Parcels”. As part of the former Agency’s dissolution Fresno prevailed in litigation to retain housing-related real property. The subsequent passage of AB 1484 provided a means to secure future funds for affordable housing. The retention of housing parcels and the success in securing limited funds through AB 1484 enable single family affordable housing development of the Florence Avenue Parcels

Project Proposal

Self Help Enterprises (SHE) has submitted a proposal for affordable single family home ownership on FHS-owned vacant land. SHE proposes to develop the “Florence Avenue Parcels” totaling approximately 3.06 acres into 16 single family homes. Eight of the homes would be marketed to first time home buyers at or below 80% of AMI and eight of the homes would be marketed to first time buyers at or below 60% of AMI. Each home would carry a 45-year affordability covenant as required for property benefited by assistance.

The property consists of a single .82 acre parcel located at the southwest corner of Florence and Walnut Avenues and seven parcels of about 2.24 acres located at the northwest corner of Florence and Plumas Avenues. It is anticipated that the single parcel will yield 5 single family lots and the seven parcels will yield 11 single family lots. SHE proposes to develop the 11 lots at Florence and Plumas Avenues through the Self-Help Homeownership Program and the 5 lots at Florence and Walnut Avenues through the Infill New Construction Program. The proposed homes will have three or four bedrooms and two baths, and are expected to be in the 1250 to 1450 square foot range. SHE would complete required onsite and offsite infrastructure improvements that include public improvements to Walnut, Florence and Geary Avenues.

Setting

The property is within the Downtown Neighborhood Community Plan area and is zoned residential single family medium density (RW-5). The property is both near and adjacent to existing single family homes located along the west side of Walnut south of Florence and the north side of Geary west of Plumas Avenues. New housing construction in the area includes the Legacy Commons multi-family

development. Residential development is served by nearby Edison High School as well as Edison Computec and the new Gaston Middle School. The 40,000 plus square foot West Fresno Regional Center and Library along with retail development are within walking distance. Both underground infrastructure and circulation have been significantly improved with the widening of California Avenue and improvements to Plumas and Florence Avenues.

The Developer-SHE

Self-Help Enterprises is a nationally recognized community development organization whose mission is to work together with low-income families to build and sustain healthy homes and communities. In the San Joaquin Valley, SHE has helped over 6,000 families construct their own homes through mutual self-help and has developed and operates over 1300 multi-unit rentals including senior housing. SHE has recently completed the Annadale Commons 39 unit senior housing development that will be followed by adjacent development of 20 single family homes at Annadale and Elm Avenues. Their Self-Help Homeownership Program enables families to help each other build their homes with skilled guidance from SHE construction staff. The labor hours or “sweat equity” is used as the down payment thus reducing the cost for a new home the family could otherwise not afford. SHE also assists each applicant with securing loans needed to build their homes.

Financing

The total project cost is approximately \$4,440,000. In order to enable financial feasibility and meet FHS funding requirements to assist households at or below 60% and 80%, FHS will provide \$320,000 in first time homebuyer assistance at 0% interest for 45 years to be repaid by the home buyer to FHS; \$360,000 in grant funds for SHE to construct all required on and off-site public infrastructure improvements such as curb, gutter, sidewalk, street lights, underground utilities, sewer, water and street pavement that includes Walnut, Florence, and Geary Avenues; and the contribution of land valued at approximately \$318,400.

The total FHS contribution of \$680,000 averages \$42,500.00 per unit and leverages about \$2,850,000 in private equity, \$800,000 from other sources and \$110,000 in sweat equity for the construction of 16 homes with a total project cost of about \$4,440,000.

FHS assistance will enable the creation of 16 homes at an average price of \$255,000 that will be affordable to families at or below 60% and 80 % of AMI. The opportunity to offer home ownership to a family earning 60% to 80% of AMI is rare and challenging. This project provides that opportunity. SHE will work to ensure adequate secondary financing from other sources to meet the affordability targets of the project. The potential sources include CDBG, CALHOME or HOME.

ENVIRONMENTAL FINDINGS

Staff has performed a preliminary environmental assessment of this project and has determined that it falls within the Categorical Exemption set forth in CEQA Guidelines Section 15332 as 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 this agreement does not include a bid or award of a construction or services contract.

FISCAL IMPACT

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

Attachments:

Aerial Vicinity Map

Disposition and Development Agreement

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