



Legislation Details (With Text)

File #:	ID 20-001685	Version:	1	Name:	
Type:	Action Item	Status:		Agenda Ready	
File created:	12/3/2020	In control:		City Council	
On agenda:	12/10/2020	Final action:			
Title:	Approve an Owner Participation Agreement with the Reza Assemi Trust and Massoud and Johanna Assemi Trust relating to the residential rental project at 1740 Van Ness Avenue (APN 466-132-10 & 11) (District 3)				
Sponsors:	Successor Agency to the Redevelopment Agency of th				
Indexes:					
Code sections:					
Attachments:	1. 12-4-20 CLEAN MURAL DISTRICT LOFTS OPA CAO ID 20-001685.pdf, 2. 1740 Van Ness Site Map ID 20-001685.pdf, 3. 1740 Van Ness Vicinity Map ID 20-001685.pdf				

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

December 10, 2020

SUBJECT

Approve an Owner Participation Agreement with the Reza Assemi Trust and Massoud and Johanna Assemi Trust relating to the residential rental project at 1740 Van Ness Avenue (APN 466-132-10 & 11) (District 3)

RECOMMENDATION

It is recommended the City of Fresno Successor Agency and City in its capacity as Housing Successor to the Redevelopment Agency approve an Owner Participation Agreement with the Reza Assemi Trust and Massoud and Johanna Assemi Trust (Owner/Developer) for the Mural District Lofts project (Project) located at 1740 Van Ness Avenue located generally on the east side of Van Ness Avenue between Amador and San Joaquin Streets.

EXECUTIVE SUMMARY

The Owner Participation Agreement (OPA) for development of the Project will provide funding assistance for the construction of 28 multi-family units with no less than 6 affordable units serving individuals whose annual household income is no greater than 80% of Annual Medium Income (AMI). The Owner/Developer will provide affordability covenants on the six units for a period of 55 years.

BACKGROUND

Project Proposal

The Owner/Developer is proposing an OPA with the City of Fresno Successor Agency and City in its capacity as Housing Successor for the Project. The Project site consists of two parcels of approximately .43 acres and is located on the east side of Van Ness Avenue between Amador and San Joaquin Streets. The OPA will provide for the construction of a three-story 28-unit multifamily development. The ground floor is comprised of 6 live/work units fronting onto Van Ness Avenue along with 8 studio flats that together average about 360 square feet per dwelling unit. The second floor consists of 2 studio flats and 12 two-story one bedroom/loft units that together average about 550 square feet per unit. The development will include laundry facilities, a landscaped courtyard area with outdoor BBQ stands and a fenced 17 space parking area with alley access. The mixed income development will offer twenty-two units at market rate and six affordable units restricted to a household income level at or below 80% of AMI for a 55 year period.

Setting

The location of the property is shown on the Merger No. 1 Redevelopment Area Map. The property has long been vacant. The site of approximately .43 acres is within the boundaries of the Downtown Neighborhood Community Plan (DTNCP) and the Fulton Corridor Specific Plan. The Land use Designation is Downtown Neighborhood and the Zone is District is DTN (Downtown Neighborhood). The Development Permit Application was approved on March 2, 2020.

The DTNCP Area is one of the largest job centers in the region holding over approximately 30,000 jobs. It is the hub of the region's transportation network and is home to a wide range and mix of commercial uses including small business, large government agencies and an emerging technology sector. The education and medical service sectors are prominent and include the Community Regional Medical Center Campus and the University of San Francisco Medical Education Center. Downtown is also an arts and entertainment center with major facilities such as the convention center and multi-purpose stadium.

The Downtown lacks a variety and supply of housing. The Project seeks to help fill a need for market rate and affordable housing units that are efficiently sized to serve smaller households including singles, couples, empty nesters and seniors. The unit size will serve the large and varied downtown workforce that includes medical service providers, students and professionals as well as retired and other household types that seek urban, walkable environments.

Financing

The total Project cost is approximately \$4,842,322. The construction and permanent financing is estimated at \$3,760,350 and the Developer equity is estimated at \$599,472 with a modest capitalization rate of about 4%. In order to enable financial feasibility and meet Housing/Successor Agency funding requirements to assist households at or below 80% the Agency will provide a \$482,553.48 grant in consideration for no less than 6 units serving individuals whose annual household income is no greater than 80% of Annual Medium Income (AMI). The affordability covenants will be for a period of 55 years. Agency assistance will enable the creation of 28 units at an average per unit cost of \$ \$172,940. As part of a larger capital improvement program objective the City is assisting with water related improvements to replace and improve aging infrastructure that will serve to help meet requirements for this development and provide a critical foundation for Downtown's future growth and revitalization.

Summary

The proposed Project will help alleviate blight, develop an underutilized vacant parcel to productive, intensified use, support greater use of transit and walkable communities and provide much needed market rate and affordable housing efficiently sized to help serve small households. The Project will stimulate further investment and help address downtown's varied residential needs generated by its employment base, educational institutions, medical service community, arts and entertainment areas and other sectors of the economy.

ENVIRONMENTAL FINDINGS

On March 2, 2020, the Planning and Development Department adopted a finding that the Project is categorically exempt from the requirements of CEQA pursuant to Class 32/CEQA Guidelines Section 15332 (infill development), and that none of the exceptions to exemptions set forth in section 15300.2 have occurred. The Project has not changed and this approval is to implement a portion of Project. As such no further assessment under CEQA is required at this time.

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 planned from the Bonds Proceeds Expenditure Agreement approved by the City Council on November 14, 2019.

Attachments:

1740 Van Ness Site Location-Merger 1 Plan Area Map
Vicinity Map
Owner Participation Agreement