

AGENDA ITEM NO.:

COUNCIL MEETING: March 25, 2008

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

March 25, 2008

FROM: NICK P. YOVINO, Director
Planning and Development Department

BY: KEITH BERGTHOLD, Interim Manager
Housing and Community Development Division

SUBJECT: APPROVAL OF A HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM
COMMUNITY DEVELOPMENT HOUSING ORGANIZATION (CHDO) AGREEMENT IN
THE AMOUNT OF \$2,000,000 WITH PARC GROVE COMMONS II LP AND BETTER
OPPORTUNITIES BUILDERS, INC. FOR THE PARC GROVE COMMONS II AFFORDABLE
MULTI-FAMILY DEVELOPMENT

KEY RESULT AREA

One Fresno

RECOMMENDATION

Staff recommends Council approve a HOME funding agreement in the amount of \$2,000,000 with Parc Grove Commons II LP and Better Opportunities Builders, Inc. for the construction of the 215-unit Parc Grove Commons - Phase II affordable multi-family housing development, and authorize staff to negotiate and finalize the agreement for the project, subject to City Attorney approval to form.

EXECUTIVE SUMMARY

The City has received a HOME funding request in the amount of \$2,000,000 from Better Opportunity Builders, a City-certified Community Housing Development Organization (CHDO) and the City of Fresno Housing Authority for its proposed Parc Grove Commons - Phase II apartments. The proposed project is located in central Fresno (See Exhibit A - Project Map) near the southeast corner of Fresno Street and Clinton Avenue. The project will consist of 213 affordable rental housing units, of which all will be available to very-low and low-income families, and two manager's units. The HOME Program loan will carry a 5% interest rate, with a 55-year affordability period. Principal and interest will be payable from residual receipts from the project's net operating income.

KEY OBJECTIVE BALANCE

The approval of HOME Program funds for the Parc Grove Commons Phase II project presents an opportunity to make a positive impact to the Customer Satisfaction, Employees Satisfaction, and Financial Management Key Objectives. The project approval impacts the Customer Service aspect by demonstrating the City's commitment to strengthening local partnerships to ensure adequate and affordable housing for households at or below 60% of area median income. The approval also attributes to Employee Satisfaction by supporting efforts that help to achieve the Housing Element goals of producing affordable housing. In addition, it demonstrates creative and resourceful Financial Management by encouraging the practice of leveraging local, state and federal funds to develop affordable housing.

BACKGROUND

The Housing Authority and Better Opportunities Builder (BOB), a City of Fresno Community Housing Development Organization (CHDO) and local non-profit affordable housing developer, have applied to the City of Fresno for \$2,000,000 in gap financing for the Parc Grove Commons Phase II project. The Housing Authority and BOB have extensive experience in the development and management of affordable housing for low-income families. Over the years, BOB has successfully obtained competitive housing program awards and worked effectively to leverage these with other public and private funding sources.

The project will be owned by Parc Grove Commons II, LP. The Housing Authority of the City of Fresno is the General Partner, its non-profit arm, Silvercrest, Inc., is the Managing General Partner. The tax credit investor, to be selected in the future, will be a Limited Partner. BOB is the project's developer.

The total project cost is estimated at \$33.6 million. Other projected sources of financing are permanent bonds, 4% tax credits, deferred developer fee, AHP – Affordable Housing Program, MHP – Multifamily-Housing Program, and a general partner loan. The requested HOME CHDO funds will provide gap financing to complete the project.

The \$2,000,000 in HOME loan funds will carry a 5% interest rate, will be repaid with residual receipts derived from the net operating income of the project and will be secured by a deed of trust recorded against the property.

A total of 100 units will be designated as very-low and low-income HOME-funded units available to households at or below 60 percent of area median income as defined annually by the U.S. Department of Housing and Urban Development (HUD) for the Fresno metropolitan area. The remaining units will also be available to very low and low-income households, and two units will be reserved for on-site managers. The total project will have 30 one-bedroom units, 103 two-bedroom units, 75 three-bedroom units, and 7 four-bedroom units. The project will remain affordable to very-low and low-income families for a minimum of 55 years.

The project is located near the southeast corner of Fresno and Clinton Streets, in central Fresno. The site previously held 200 public housing units, and has now been demolished for the development of this project. The three-phased project will construct a total of 464 units for very low-, low- and moderate-income families. The recommended action requests funding approval for Phase II. The two other phases are in the planning stages.

A site map of the area, preliminary architectural elevations and site plan are shown in Exhibit A. The 10.39-acre site will be comprised of two and three-story buildings. Project amenities will include a community building, swimming pool, basketball courts, tot-lots, volleyball court, BBQ areas and laundry facilities. The units will be constructed using green building technology and will feature solar panels, structural insulated panels and passive solar design.

Development of the Parc Grove Commons Phase II apartments helps to fulfill the affordable housing goals and objectives of the Housing Element of the 2025 General Plan and the 2006-2010 Consolidated Plan to HUD.

Environmental review consistent with both state regulations (CEQA) and federal funds (NEPA) has been completed. Based on CEQA guidelines, the project was found to be within the scope of the Master Environmental Impact Report No. 10130 prepared for the 2025 Fresno General Plan, and to have no significant impact on the environment based on NEPA guidelines.

REPORT TO CITY COUNCIL
RE: HOME FUNDING APPROVAL FOR PARC GROVE COMMONS PHASE II
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HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

The Housing and Community Development Commission considered and recommended approval of this item on March 12, 2008.

FISCAL IMPACT

HOME CHDO funds for this proposed project are budgeted in the Planning and Development Department's FY 2008 Budget.

APPENDICES

Exhibit A - Project Map, Elevations, Site Plan



Exhibit A - Project Map