

MINUTES
HOUSING AND COMMUNITY DEVELOPMENT COMMISSION (HCDC)
Meeting – June 22, 2011
Fresno City Hall, Room 2165-A (2nd Floor)
2600 Fresno Street
Fresno, California 93721

A. CALL TO ORDER

With a quorum being present, the meeting was called to order by Chair Cox at 5:12 p.m.

Commissioners

Present: Rogenia Cox, CHAIR
Judge Armando Rodriguez, VICE-CHAIR
Connor Murphy, Commissioner
Daniel Payne, Commissioner

Absent: Bobby Bliatout, Commissioner

Staff

Present: Claudia Cázares, Manager
Housing and Community Development
Kathy Cornell, Recording Secretary
Bonnie Christian, Staff Assistant

Absent: Craig Scharton, Assistant Director
Development and Resource
Management Department

B. COMMUNICATIONS

Claudia Cázares prefaced the meeting with the following: Item D-1 was taken off the agenda and will be re-submitted for a future meeting. Commissioner Izzy Einsidler has resigned. Bonnie Christian, Staff Assistant with the Housing Division, was welcomed, and she will be taking over the duties of Recording Secretary for approximately three months. The by-laws require that we have a special annual meeting to elect the Chair and Vice-Chair. At the first meeting in July that should take place. That will be on the next agenda.

C. APPROVAL OF MINUTES

The Minutes of the May 25, 2011 meeting, as presented, were approved by the Commission.

D. GENERAL ADMINISTRATION

1. Item Number 1 was not addressed at this meeting, and will be re-submitted for a future meeting.
2. RECOMMEND APPROVAL OF A MODIFICATION OF AN OWNER PARTICIPATION AGREEMENT (OPA) BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO AND JOSE L. IBARRA AND IVETTE C. IBARRA, OR DESIGNEE, TO MODIFY THE SCOPE OF DEVELOPMENT FOR A RESIDENTIAL PROJECT LOCATED AT 1045 "U" STREET, LOCATED WITHIN THE URBAN RENEWAL PLAN FOR MARIPOSA PROJECT. Presented by Debra Barletta, with the Redevelopment Agency.

Ms. Barletta presented the Amendment of an Executed Owner Participation Agreement, which was approved by the Housing and Community Development Commission on November 10, 2010, and the Agency Board on November 18th. The purpose of the amendment is to modify the scope of development from a four-story, 25,234 square-foot building, consisting of 37 residential units, to a two-story, 13,500 square-foot building, consisting of 22 residential units. It would modify the 55-year covenant restrictions from 16 to 21 moderate income units. The developer, Concord Development, proposes to self-finance the construction of the project; however, to make it feasible, the size of the development must be reduced.

Ms. Barletta provided a packet of pictures, floor and site plans, to the Commissioners, including a couple of pictures of an apartment complex, which will be very similar in architectural design to the project that's being proposed at Mariposa and "U".

Total development cost is approx. \$2.9 million. The financing plan calls for a permanent loan of \$1,265,000, once the project is completed, \$800,000 of Agency assistance, and \$834,000 of developer equity. The developer will be self-financing \$2.1 million for the construction loan. The Agency will benefit from receipt of 55-year affordability restrictions on the 21 moderate income units. The development is also designed to service the employees at Community Regional Medical Center.

Commissioner Connor Murphy stated if money can't be borrowed on this project, it's probably wrong timing on it. He also stated that parking availability was not per code. Vice-Chair Armando Rodriguez stated that other downtown tenants have told him parking is a concern and the City's projects need to meet requirements of the development code. Ms. Barletta responded that the project, with the 37 units went through the planning and development process, and was approved by the City of Fresno. Housing Manager Claudia Cázares explained the Planning Development's process gives them leeway to reduce the parking requirements.

Commissioner Murphy pointed out that in this zone you can only build housing if it's a mixed-use project, meaning it has to be combined with businesses, and this is not a mixed-use project.

Commissioner Murphy asked if the Agency also dropped their contribution when the builders cut the living spaces in half. Ms. Barletta stated no, they are still providing \$800,000. Originally there were a total of 37 units and 16 of them were affordable. Now 21 units are affordable and one is reserved for the onsite manager.

Chair Cox asked if there were any questions or comments from the public. Christina Hathaway, with Central California Legal Services, asked how the covenants for the 21 affordable housing units work. Ms. Barletta explained the covenants that are recorded on the property run 55 years from the date the certificate of completion is recorded on the property. There are annual compliance requirements, to make certain the rents are compliant with the income affordability. It's under the California Health and Safety Code.

Commissioner Murphy asked if the apartments were to look like the pictures that were passed out earlier. Ms. Barletta said she would defer to Mr. Moghaddam, but it's her understanding the project would look like those pictures. Mr. Moghaddam said the pictures are as the apartments are going to look, except they will bring it down two stories. He also stated that most of the staff of Community Hospital has a parking space provided to them by the medical center. Tenants could walk from the hospital to the complex. Commissioner Murphy remarked that the parking lot is provided to them for when they are working at the hospital, and not while they are at home.

Chair Cox stated she has worked in communities like this in the past, so the thing to do would be to check with the hospital and they might be able to set up an agreement. She would welcome a project like this in that area.

Vice-Chair Rodriguez asked if Mr. Moghaddam's company is going to be doing the building, and the answer was yes.

Mr. Murphy stated that he believed \$800,000 is too much money to give to a developer, especially when the project cannot be financed through private financing. Mr. Murphy asked what guarantee does the City have that this is going to be a long-term investment and that it won't be sold in the next two or three years. Mr. Moghaddam said, with his covenant, it still stays with the next owner. Mr. Moghaddam said he is not looking at selling the project as it's a long term investment for him.

Commissioner Daniel Payne asked Mr. John Quiring, with the Redevelopment Agency, when this was cut in half, why they remained with the \$800,000. Mr. Quiring stated that the developer was willing to make most of the project moderate income restricted, instead of having half, or more than half, be market rate. The developer is willing to put 70% of their own cash into the project to make the project work.

Commissioner Murphy stated that he ran a cost estimating program on the internet, and found a construction cost figure of \$1,474,000. Mr. Moghaddam stated the costs you get from the computer aren't in tune with the real estate market in Fresno.

Motion: A motion was made to recommend approval of item D2 by Commissioner Daniel Payne.

Seconded: Vice-Chair Rodriguez seconded the motion.
Ayes: Cox, Rodriguez and Payne
Noes: Murphy

3. CONSIDER RECOMMENDING APPROVAL OF THE FOLLOWING ACTIONS RELATED TO THE PURCHASE AND SALES AGREEMENT FOR PROPERTY LOCATED AT OLIVE AND WEBER:
 1. ADOPT A FINDING OF A CATEGORICAL EXEMPTION PURSUANT TO SECTION 15332 CLASS 32 OF THE CEQA GUIDELINES, FOR THE DEVELOPMENT OF A NEW 8,000 SQUARE FOOT COMMERCIAL RETAIL STORE LOCATED AT OLIVE AND WEBER AVENUES, CURRENTLY OWNED BY THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO, A PUBLIC BODY CORPORATE AND POLITIC.
 2. RECOMMEND APPROVAL OF A PURCHASE AND SALE AGREEMENT (PSA) BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO AND AUTO ZONE, INC. FOR PROPERTY LOCATED AT OLIVE AND WEBER AVENUES, LOCATED WITHIN THE FREEWAY 99-GOLDEN STATE CORRIDOR REDEVELOPMENT PROJECT AREA. Presented by Lupe Perez, with the Redevelopment Agency.

Ms. Perez passed out a resolution not originally included in the packet, labeled Item 3, along with a supplemental summary report that needed to be included. On the title, they would add to be considered to approve and authorize Executive Director to enter into a disposition and development agreement between the Redevelopment Agency of the City of Fresno and Auto Zone Development Corporation, a Nevada Corporation, for property located on Olive and Weber Avenues, located within the Freeway 99-Golden State corridor redevelopment project area.

Ms. Perez stated this project is for the sale of the two agency-owned parcels, totaling 1.14 acres, at Olive and Weber Avenues, in the amount of \$580,000. The development will lead to an estimated 8,000 square-foot commercial retail building, located at that site, within the Freeway 99 corridor. The property is situated at a highly visible corner of two major streets, on the site which was the former Bel Air Motel and the Wesson Home. Those properties had long been considered a leading cause of blight in the area, and at times it generated a number of calls to the Police Department, and DARM also had a lot of code enforcement cases with it.

The Redevelopment Agency purchased those properties over five years ago, and they raised two dilapidated buildings. They intended to transfer the land to the City for use by the PARCS Department, but due to lack of funding, that transfer was never completed. The Agency paid approximately \$1,200,000 for the property, which included demolition, clearing and relocation of about 10 to 15 tenants. On April 15th, the Agency issued a request for proposals for the development of that site, and they received one from Auto Zone and one from Family Dollar Stores.

The Agency held interviews, and Auto Zone was the selected group. They propose to build an estimated 8,000 square-foot building on the site. David Hamilton appraised the property on May 27, 2011 at \$580,000, and that's how the sale price was determined. Ms. Perez stated under Redevelopment Law they have to sell it for what the fair market value is.

Commissioner Rodriguez stated he read about employing local people, and asked how many total employees are going to be hired. Ms. Perez replied that Auto Zone employs full- and part-time employees, and they would hire three to seven per shift, so they are estimating 20 to 30 employees for that store. She also stated they stipulate in their development agreements that they look to hire locally. Mr. Rodriguez was concerned that nobody tells the Commission the actual number of persons that were hired. Ms. Perez said they have to report those numbers on an annual report to the State. Mr. Quiring stated until recently job creation was never a stated goal of Redevelopment. Their mission first is blight removal and redevelopment, but they consider job creation to be an important secondary one. The Fresno RDA has been averaging, for the last two fiscal years, direct job creation in non-construction, of all of their projects, about 495 jobs per year, in terms of companies they help directly, such as industrial companies wanting to expand. Last year their full-time equivalent construction jobs

were about 212 jobs per year. That is separated out from the regular jobs because those are not permanent, they're just for the construction period, totaling about 700 per year.

Commissioner Murphy stated that auto parts is a major industry, so it's going to bring in a lot of sales tax, it's going to provide jobs, not particularly a whole lot of new jobs, a lot of these jobs are being transferred from other places. Other stores could go out of business.

There were no public comments received.

Motion: A motion was made to recommend approval of item D3 by Vice Chair Rodriguez.

Seconded: Commissioner Payne seconded the motion.
Ayes: Cox, Murphy, Payne, and Rodriguez
Noes: None

E. INFORMATIONAL REPORTS

None

F. COMMISSIONERS' ITEMS

Chair Cox will be on vacation from July 9 through July 25, 2011. She will not attend the July 13 meeting.

G. UNSCHEDULED ORAL COMMUNICATIONS

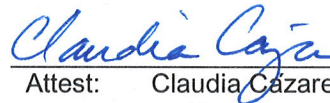
After the motion was made, seconded, and approved, Ms. Perez pointed out that Auto Zone would be paying cash for the project.

H. ADJOURNMENT

There being no further business to bring before the Housing and Community Development Commission, the meeting adjourned at 6:17 p.m.

Next Regularly Scheduled Commission Meeting: July 13, 2011.

Attest: Armando Rodriguez, Vice-Chair



Attest: Claudia Cazares, Manager
Housing and Community Development