

POTENTIAL DEVELOPMENT ON CITY PARKING LOT NO. 3

FREQUENTLY ASKED QUESTIONS (FAQ)

Answers are shown in **RED**

HOUSING

1. Is there an option where no housing is included?

Azure: Option 3 has no housing, it is 100% commercial.

2. How will the HOA be bonded so the city will not be responsible for future structural maintenance to the structure (i.e., water proofing and general maintenance)?

Azure: Since these are homeownership housing (for sale homes), an HOA will be established and monthly HOA fee will be collected from all property owners to fund the cost of maintenance of the exterior of the structures, all common areas, and all infrastructure by the HOA.

3. Why are homes being included when this was intended to be an entertainment project?

Azure: The Azure team conducted a market study and found that the City of San Fernando is in need of affordable, for sale homes, which is why this option is included as part of Azure's response to the RFP.

4. At one point the conversation of creating the old JC Penny into housing was discussed and it was mentioned that San Fernando's infrastructure would not allow the increase of population to add housing. How is it different now?

City: Azure will be required to upgrade all infrastructure needed to support the uses on this site, including upgrading sewer capacity to accommodate increase of population if housing is approved on this site.

5. Affordable housing is providing most of the funding of the first two options, right?

Azure: Correct.

6. Will there be a provision if housing happens, that no City employees or City Council or family members benefit from this?

Azure: A covenant will be required and restriction can be included. Eligibility will be a policy decision and determined by City Council.

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7. If tenants/owners of the town homes surpass the income threshold while occupying the home (or within the 5 years) would they be forced out?

Azure: They will not be forced out.

8. How much will the homes cost?

Azure: Home prices are set by State income guidelines. The grant funding being proposed to create *Cielo* restricts the sale of the homes based on family size as follows:

| Family Size | Annual Income |
|-------------|---------------|
| 1 | \$ 66,750 |
| 2 | \$ 76,250 |
| 3 | \$ 85,800 |
| 4 | \$ 95,300 |
| 5 | \$ 102,950 |

Qualifying families pay no more than 30% of this annual income on their mortgage, insurance, and property tax combined. The sale price cannot be set until we get closer to completion, but we expect the homes to sell between \$385,000 to \$500,000. *Cielo* will be seeking grant funding for each home to use a \$100,000 silent second down-payment. This means that residents will pay on mortgages between \$285,000 and \$400,000. All numbers are estimates as the State updates guidelines annually.

Azure is a non-profit housing development company and does not receive additional profit from higher sales prices.

9. Are you going to prohibit rental properties?

Azure: The grant funding being used to create *Cielo* prohibits the rental of the housing units. The townhomes must be owner-occupied and are subject to losing their down-payment assistance funding if they do not comply with *Cielo's* guidelines.

10. How long do the units remain affordable?

Azure: The grant funding being used to create *Cielo* requires that we file a Covenant on the property to restrict the sale to eligible working families or seniors for 55 years.

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PARKING/INFRASTRUCTURE

11. How is parking being addressed?

Azure: Options 1 and 2 are designed with a 2-story parking structure to replace all existing 144 public parking spaces, provide additional parking to meet parking requirements for new uses at *Cielo*, and provide additional public parking spaces. Option 3 is also designed to replace all existing 144 public parking spaces, but does not meet the parking requirements for the new uses at *Cielo*. Option 3 will also have a 2-story parking structure, but it will be 60 parking spaces short of the parking requirements.

12. Has an environmental impact study been completed? Does the City have the infrastructure (water, sewer, lighting, etc.) to support this large project? Will the Police Department be adequately funded for the increase resources needed? How will security be maintained and assured? Has a traffic study been completed?

Azure: If the City Council approves one of the Site Plan Options, Azure team will conduct a full analysis on the infrastructure improvements that will be required. Azure knows, as detailed in the Downtown Specific Plan, that the sewer capacity is limited and we have anticipated those upgrades in the project cost.

13. What infrastructure improvements will be required and who will pay for the improvements?

Azure: If the City Council approves one of the site plan options, Azure team will conduct a full analysis on the infrastructure improvements that will be required. Azure knows, as detailed in the Downtown Specific Plan, that the sewer capacity is limited and have anticipated those upgrades in the project cost.

THEATER

14. Where else has Azure developed a two screen or one screen theater?

Azure: Azure is currently working on a project for the Reseda Theater that will have the same concept.

15. What theatre is coming? Is there a commitment from a mainstream theater?

Azure: No operator has been identified at this time. If the San Fernando City Council approves one of the proposed plans, the Azure team will seek Letters of Interest from theater operators. Initial discussions with various operators have been positive.

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16. Is there a guarantee that the developer will not permit the theater space to become a swap meet?

Azure: The City will require a covenant and restriction of certain uses can be included.

17. What is the occupancy of the theater per screen as currently planned? Are there any examples of profitable/successful two-screen theaters?

Azure: The current design plan includes two 50-seat screens. If the San Fernando City Council approves one of the proposed plans, the Azure team will seek Letters of Interest from theater operators. Initial discussions with various operators have been positive.

GENERAL

18. How many developers responded to the project and what were the parameters for selecting Azure?

City: The City received one proposal. The developer was selected through a Request for Proposals process made available to all developers. The City's procurement policy requires a formal solicitation process. It does not require a minimum number of proposals. You can find more information by viewing the July 20, 2020 City Council meeting staff report, found at this link: <https://ci.san-fernando.ca.us/wp-content/uploads/2020/07/7-20-20-CC-Packet.pdf>

19. Will the presentation from the outreach be available online?

City: The entire virtual meeting and presentation is available on the City's website: www.sfcity.org/community-development/

20. JC Penney is being developed as a food hall/ public market as a private development. Why do we need two food hall/public market?

Azure: If the JC Penny building will be a food hall/public market, Azure will be happy to remove the food hall from and develop a project that complements JC Penny's food hall/public market.

21. Is there a 4th Option with none of the three site plan options, and let a master plan and visioning plan occur before the City embarks on a project?

Azure: Currently there is not, but Azure is open to a 4th option if directed by City Council.

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22. Is this a prevailing wage project and have you considered residents of San Fernando to work on this project?

Azure: Development on this site will be subject to prevailing wage. Azure plans to conduct local hiring.

23. Will local small businesses have an opportunity to occupy the new retail spaces?

Azure: If the City Council approves one of the site plan options, Azure will outreach to local businesses and residents when the commercial component is ready for leasing.

24. Can you restrict chain businesses to a certain percentage to allow for more small businesses?

Azure: For *Cielo* to be successful and for financing purposes, Azure will have to attract a project anchor that will draw local families and visitors to Downtown. Azure goal is to find a balance of a national anchor and incorporating small businesses from the local community. Azure is experienced in securing grant funding for small businesses to obtain fixtures and equipment, and will use those tools in the creation of *Cielo*.

25. Can we have a nicer and charming design?

Azure: The project is not yet designed as it is very early in the development process. The community has determined that we adopt "Spanish-style" architecture but there is a significant amount of design work to come. The community will be invited to participate in the entitlement phase of the project that will have much more information than what is available today.