

DATE: JANUARY 22, 2001

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

**FROM: CYNTHIA J. KURTZ
CHIEF EXECUTIVE OFFICER**

**SUBJECT: FIRST AMENDMENT TO OWNER PARTICIPATION
AGREEMENT (OPA) (AGREEMENT NO. CDC-333) WITH
BEACON HOUSING, INC. (DEVELOPER) FOR THE
INSTALLATION OF A NEW ROOF AT 445 N. GARFIELD AVE.,
PASADENA**

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission (Commission) take the following actions:

1. Approve the terms and conditions of the First Amendment to the Owner Participation Agreement (OPA) (Agreement No. CDC-333) with Beacon Housing, Inc., a California non-profit corporation, to provide an additional \$50,500 in Low and Moderate Income Housing Trust Funds for the installation of a new roof on the apartment building located at 455 N. Garfield Avenue, Pasadena, and
2. Approve a journal voucher transferring \$50,500 from the Low and Moderate Income Housing Trust Fund (Account No. 810-684120-51301) to the Beacon Housing Project (Account No. 810-684120-51307) in accordance with the terms and provisions of the OPA.
3. Authorize and direct the Chief Executive Officer to take all necessary actions and to execute and the Secretary to attest the First Amendment.

ADVISORY BODIES:

The subject recommendation was reviewed and approved by the Northwest Commission (NWC) on January 3, 2001 and the Pasadena Community Development Committee (CDC) on January 11, 2001. The CDC also suggested that the following issues be considered in the origination of housing production loan requests:

- Where existing buildings are involved, an in depth, detailed construction inspection done to determine the projected scope of work to be performed. A written inspection report should be prepared to document the required rehabilitation. The inspection should be made available to the CDC at or before approval of the loan.

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8.B.

- Loan underwriting criteria shall require amortized repayment unless it is determined that the project may not otherwise proceed without deferred repayment.
- Incremental loan requests in excess of the original loan amount should be amortized for a specified loan term and not added to the original loan..

BACKGROUND:

On June 14, 1999, the Pasadena Community Development Commission (Commission) entered into an Owner Participation Agreement (Agreement) with Beacon Housing which provided \$455,000 in financial assistance (\$320,000 Loan and a \$135,000 Grant) for the rehabilitation and conversion of seventeen units to ten larger, two-bedroom units at the Garfield Park Apartments, 445 N. Garfield Avenue, Pasadena. The existing Commission Loan bears no interest during the first five years with simple interest at the rate of 2% per annum to accrue commencing in year six. All outstanding principal and interest shall be due and payable on the 40th anniversary of the loan term. The additional \$50,500 will be added to the existing Commission Loan under the same terms.

Beacon Housing was not able to obtain private market financing for the roof repairs due to its negative cash flow of \$72,129 for the nine months ended September 30, 2000, (Exhibit 1).

The Developer, Beacon Housing, is a non-profit, affordable housing development company serving families in urban neighborhoods. The Developer provides a variety of affordable housing opportunities under a “housing continuum” that encompasses three levels of housing need: 1) transitional housing, 2) single/multi-family rental housing, and 3) home ownership. The housing continuum strategy was developed to assist families as they strive to achieve greater financial independence and self-sufficiency.

Staff will attempt to address the above-mentioned concerns made by the CDC; however, the actual terms of each loan will be determined on an individual basis.

FUNDING REQUEST:

At the end of October, the first seasonal rains revealed numerous leaks in the thirty-eight year old, existing gravel roof of the apartment building. About fifteen years ago, portions of the roof were repaired and, over time, the rains apparently leaked into the seams where the two systems were joined. The installation of a new roof was not anticipated under the original Commission Agreement. However, with the onset of winter and potential rains, the need to replace the roof, at this time, is critical. If the roof is not replaced, future rains will cause significant damage to the newly renovated apartments.

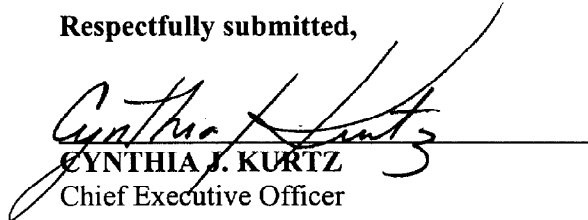
HOUSING IMPACT:

The Project meets the goals and objectives of the Commission's Five-Year Implementation Plan 1999-2004, the Commission's Priority Work Program, the City of Pasadena's General Plan (Housing Element) and the Consolidated Plan 2000-2005.


FISCAL IMPACT:

The additional \$50,500 requested for the Beacon Housing Project will be allocated from the Commission's Low and Moderate Income Housing Trust Fund Account No. 810-684120-51301. The current balance in this account is \$116,800.

Respectfully submitted,


CYNTHIA J. KURTZ
Chief Executive Officer

Prepared by:


STELLA LUCERO
Project Planner

Approved by:


RICHARD BRUCKNER
Director, Housing & Development
Department