

**CORRESPONDENCE  
FOR  
MAY 21, 2007  
COUNCIL MEETING**



**CENTURY HOUSING**  
A NONPROFIT CORPORATION

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May 7, 2007

The Honorable Mayor Bill Bogaard and Members of the City Council  
City of Pasadena  
117 E. Colorado Blvd.  
Pasadena CA 91105

Delivered via Facsimile

**RE: Heritage Square Development Exclusive Negotiating Agreement (ENA)**

Century Housing has been proud to invest over \$300 million in the development of housing affordable to persons and families of low- and moderate-incomes throughout the Southern California metropolitan area. We remain committed to working with a broad spectrum of public, private and nonprofit organizations to help meet the needs of the communities we serve. That is why Century entered into a joint proposal with The Bakewell Company to design, finance and build the Tom Scott Villages at Heritage Square in response to the City of Pasadena's Request for Proposals.

**We were proud to be informed that our joint proposal for the "Tom Scott Villages at Heritage Square" was independently ranked highest of four good proposals, winning community support from the Fair Oaks Project Area Committee, receiving the highest scores in all categories from the Developer Selection Committee and achieving the highest score from the Staff/Consultant Review Team.**

Based on these reviews and the quality of our proposal, we fully expected to be unanimously selected to enter into an Exclusive Negotiation Agreement so that we could continue to work out the details of the design and financing of the Tom Scott Villages at Heritage Square, leading to a Disposition and Development Agreement before the end of the summer.

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Consequently, it was of considerable concern when we learned that the City Council not only failed to approve entering into the Exclusive Negotiating Agreement with our team, but also debated selecting another developer which had significantly lower rankings from the Developer Selection Committee, did not have the support of the Fair Oaks Project Area Committee, and was not recommended by the Northwest Commission or the Community Development Committee.

Based on our understanding of the discussion held by the City Council, it appears that there has been a misunderstanding of the action being recommended, and the purpose of the preliminary financial analysis performed by Keyser Marston Associates.

**It is our understanding that the action before the City Council/Community Development Commission was only to enter into a short-term (60 days) agreement between a development team and the City.** During the term of this agreement, the development team and the City would refine the proposal, addressing the issues identified by the Developer Selection Committee, the Fair Oaks Project Area Committee, the Community Development Committee and the City's independent advisors, Keyser Marston. **The Bakewell Company/Century Housing team were the choice of every review body that evaluated the competitors.**

Keyser Marston's analysis was not intended, nor could it, provide the City with final information on the fiscal or economic impact of the different proposals. The proposals will change as they are further refined during the negotiations envisioned by the ENA process. Keyser Marston's work provides a general analysis of the strengths and weaknesses of each proposal and, within the context of the City's development preferences described in the Request for Proposals, evaluates the ability of each developer to achieve success. Keyser Marston identified issues and concerns with each of the four proposals reviewed. None of the proposals was found to be infeasible, and all had room for improvement, just as one would expect from such preliminary project plans.

**The Keyser Marston analysis was not performed upon a detailed and complete development plan, and should not be relied upon to choose the development team.** As I believe the Keyser Marston associate attending the City Council/Community Development Commission meeting stated, the details will change during the negotiations, especially the financial details.

Century's review of the comments provided by the groups who evaluated the proposals indicates that there are ways in which the draft Tom Scott Villages at Heritage Square development can be improved, and we look forward to working

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with the City and your consultants in working to refine our proposal. **That is the purpose of the ENA, to provide a period of time for the two parties to further negotiate terms and refine the proposal to best achieve the goals of the parties.**

For example, Keyser Marston notes that our proposal does not utilize New Markets Tax Credits, but also notes that creation of the Qualified Community Development Entities (QCDE) would be required. Century Housing has already formed a QCDE and is very familiar with the use of New Markets Tax Credits. During the negotiations pursuant to the ENA, we would expect to fully explore the feasibility of their use in the Tom Scott Villages at Heritage Square, assuming Congress appropriates funds for this program.

It is our hope that the City will calendar this unresolved issue for the next available hearing date, and agree to enter into the Exclusive Negotiation Agreement with The Bakewell Company/Century Housing team so that detailed negotiations can begin. During that time, I fully expect that an honest and open exchange of ideas and concerns will result in an even better final proposal for eventual approval by the City.

If you have any questions or concerns, please do not hesitate to contact me or Laurence Richards, Vice President for Real Estate at Century Housing.

Sincerely,



G. Allan Kingston

Cc: C. Kurtz  
D. Bakewell, Jr.  
L. Richards.