

LEGAL LANGUAGE SERVICES

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Tape 1 Side B

John: Correction, if there is no further questions from the community. You've already had an opportunity to address it, but if there's someone else who has not addressed the committee who you could provide that comment or question to I'd be more than happy to entertain that. Finally are there any other questions or anyone who would like to-

UF1: [UI]

John: Thank you. This will be the final presenter.

Terry: Good morning Mr. Chair and selection committee, my name is Terry Reed, and I'm also a new member of the Northwest Project Area Committee, and our question is who is the demolition company that is going to be coming into-

UF2: It's already there.

Terry: Okay, that's already there, and what was the other part.

John: Let me just, let me, let just, let me address that so we can move forward.

Terry: Okay.

UF2: [UI]

John: The committee, the committee, the DSC committee has no-

UF3: Authority

John: Authority if you will, to even deal with that. That should be dealt directly with the city of Pasadena instead.

UF2: Well, well, who-

Terry: Okay.

John: Okay? This is not the forum for that in other words.

Terry: So I bring that question up-

John: I, I would suggest that you share that comment question with staff and also at the city council level.

Terry: Thank you.

John: Thank you. Okay. At this point I'd ask staff to assist us in going to the next part of our agenda, which would require that the public be asked politely to leave the room. Please take our seats. I would just simply ask Heritage Square Committee or their group if they would just give us about, if they would just give us about two minutes so we could have some private deliberations about the public comments section. Okay, so we can get rolling along, several committee members have requested an opportunity to address some of the issues that were presented, or questions that were presented to the committee, so I'd like to invite the committee to do so. I'd also like to limit the amount of time of this discussion because this is a discussion I believe that has been asked and answered, but out of respect to committee members I'd like us to have that opportunity. We're supposed to start the next part of this process at 9:30. We'll start it about five minutes, six minutes late. Okay? I think Joel Bryant would like to address the committee.

Joel: Yeah, I was just thinking, you know.

UF5: Maybe we shouldn't use the mic, I mean how loud is it?

John: No, no, no I want to be recorded.

Joel: It needs to be recorded.

John: Recorded.

UF5: Oh, it's recorded? Oh.

Joel: Yep. And I wouldn't have had a problem saying this in front of the group as well. You know in a perfect world the city council and the community would want the same thing, but in most instances, well I should say often times there are certain communities that, that are often told what's best for them. And I know going back several years I was from the periphery. I was involved, or followed what was happening with Heritage Square from the Tom Scott project. And I got to tell you it's heavy on my conscience approving something that doesn't blend with what the community wants. And I still am not really satisfied with the answer of why city whoever changed this proposal. It could be economics and often times in development economics drives what the product mix is and that's that reality of it. But it is kind of hanging over me again after hearing some of the folks speak this morning. So I just want to say that, you know in terms of my perspective it really, at the end of the day what's most important to me is what the community gets. Because I've been in this city all of my life and there's been some things that've been build in this city and particularly in this neighborhood that people were told what was best for them. And at the end of the day, we don't, I think today we can say probably wasn't. So what that community is saying is really heavy on my mind and I it's, I think it's very important. Again I know our job here is to address what the RFP required and how these proposals fit with that. But I just wanted to mention that.

John: Other committee members? I think Mike and then Chris.

Mike: [UI] and also express a concern about checking the background of the potential developer to see if the developer has been indulged in previous projects using ethnic minorities and different labor forces from different sects of the community and society in general. We should not however compromise the integrity of the developer or the specific quality or construction that we're seeking in this project. We could ultimately choose a developer that has not indulged heavily in using minorities. We have to pay attention for that. Ultimately we have to choose the right developer. A developer that is really qualified to this project, the workmanship, the financial strength and the experience which will all count to produce a beautiful project for this community. And I share with Joel that, you know we have to do the right thing for this community. We have to pick the right person, the right developer. But we've got to be sensitive to a lot of these peripheral issues which to me is also important for the community as well. Thank you.

John: Would anyone else like to-

Mike: Yes, thank you Mike.

John: Excuse me, Chris and then Mr. Carter.

Mike: John, I'd like to add something quickly too.

John: And then Mr. Ross.

Chris: Yes, thank you Mike.

John: Chris.

Mike: Oh, I'm sorry.

Chris: Sorry, that's alright.

Mike: Go ahead, go ahead.

Chris: Yeah, so I just had a, since two of us at least were late and missed the comments of the city staff person who explained the memo, I was wondering if someone could summarize that statement for us?

John: I'd ask staff to do that.

Chris: The gentleman from the city who came to describe the, the reasoning behind changing the scope of the RFP and the letter that the city issued subsequent to the issuing of the RFP, I just wanted to have a summery of his comments.

UM1: [UI]

UM2: You're referring to assistant city manager Brian Williams who was here earlier this morning and he responded, he appeared at the request of the committee and essentially he explained that the reason for the requesting for developers to resubmit was to ensure or ensure to, in the most feasible way that the proposals were more in sync, I think were his words, if not I apologize, with the city council's desire.

John: Let me, let me just, excuse me, excuse me. In order to be respectful of everyone's time today, I would invite the committee members to focus on our task at hand. If you happen to have been late, without any disrespect, if that issue is not overburdensome in the task that we are undertaking I would just ask that we simply move to the next, next item on the agenda. I've already recognized Arden Carter and Terrick Ross, is there anyone else who would like to be recognized in this aid? Is there anyone else who would like to be recognized? And the reason I'm trying to do this in this manner is to respect

the time, your time and the time of the developers. So I apologize if anyone is offended by my comments.

Arden: I just want to say I totally agree with Mike, well not totally agree. But I agree with Mike that, yeah, everything technical should be right. But traditionally that's been the problem. And for this project the whole thing is, it's part of a whole. Not just picking pieces of it. And that includes just the propensity of, for the developer to include, you know, the citizens of the community to work. Because that's economic, it helps people to live, it helps people to stay in their homes.

John: Terrick Ross.

Terrick: I just wanted to echo the same thing that Arden just said, what Mike said earlier about Jimmy Morris' comments. Looking at the background of each developer, seeing their track record in terms of employing, you know, contractors who are minorities, Black, Latino, women. That's one of my main concerns. A lot of my work is with young people in this community, and I know the lack of employment opportunities contributes to a lot of other ills in this community in the Northwest. That's one of my passions. And I'm definitely considering that throughout the whole day.

John: If there are no further comments. Ade. I apologize for pronouncing you name as Ade, Ade.

Ade: That's fine, don't worry about it. I'll make it quick. I just want to make sure that [UI] or some of the comments might have been inappropriate in peoples' eyes, but even in being part of this committee I know some of you, not all of

you. I got the sense that they may believe there are a couple of white guys here who are, have some agendas and whatever else because they don't know us. And some of us who joined by just being invited or asked to join and we have no agendas, we are looking for the best interest of the community and the city and the residents of the neighborhood, so I think that's going to be a little bit of friction that might come up that people may see as who are the new faces who are a part of this committee, so.

John: Let me respond in the position of the chair, it is my objective no matter what our historical ethnic experience or backgrounds are, that we work together as best we can, as consensus. I in the position as chair will ensure that each individual in this room that's a part of this committee is respected from all of those perspectives that I just mentioned. So I hope in reposing in me the chair position that you will respect some of the decisions that I'll make to ensure that that takes place. So at this point I'd like to invite staff to invite Heritage Squares presenters in.

UM3: [UI]

John: Go ahead.

UM: I want to follow up. In exhibit D which appears in the back of everybody's proposals there's a workforce breakdown that can at least help in terms of identifying what the staffs for each of the development teams are. It doesn't help in terms of knowing the contractors eventually, but at least there are, there are breakdowns.

UF6: Can I just say one thing, I'm sorry John but really quickly?

John: Go ahead.

UF6: Everyone has their own-

John: Speak into the mic.

UF6: Everyone has their own interest in terms of what they're looking for. Raise those questions. We have half an hour to ask questions, and then we can all kind of listen to the answers and understand what the issues are, but if you have specific questions that pertains to you, just ask them so we can all hear the answers.

John: Absolutely, that's why you were selected. Last comment.

UM4: I'll make it very brief. I think with Derrick Ross, I'm a bit sensitive about one issue. I think if we have the authority to ask the developer that we will pick to at least use some of the local community young people or otherwise to get involved with this project. Could be, you know, just some labor force, or any other, you know, skilled labor that they can implement, we have the authority to impose that.

John: we currently have an RFP, excuse me, an ordinance on the books that requires local, no, that does not necessarily require, provides an opportunity and a benefit for local hire, so that's how it is being addressed. As it relates to race, as all of you know, that's not something that we can, as a city, or arm of city government, or arm of state government promote. As it relates to federal government that's a different story, but as it relates to state government we cannot. So what we hang our hats on the city of Pasadena is a local preference

as opposed to race oriented preferences. Now at this time I'd like to invite, so we can move this forward, the developer in, so do that.

UM4: Mr. Chairman and committee members, I understand what everyone is saying, however this has been a community issue for the last few years regarding minorities being hired with the developers that are selected for the projects in this town, so.

John: Thank you. Okay. At this time, at this time I'd like to welcome presentation from Heritage Housing Partners and Los Angeles Community Design Center. I would invite any representative to the mic to introduce your team and share your presentation with us. Adjust the mic accordingly and please have each speaker speak directly into the mic for recording purposes.

Brusard: Good morning, my name is Clarence Brusard, and I am the project manager for this particular development team. We want to make a presentation to you this morning, and we thank you for inviting us and giving us this opportunity. What we hope to answer today is why choose this team. After listening to your community I must say that we have some conflict in our own mind in terms of what should be done, but we want to let you know that we're forced to respond to the RFP as it was released by the city of Pasadena, and our presentation in no way reflects our approval or disapproval of anything the community wants. Our mission is to do quality homes and bring resources to the Northwest community. The vision of this particular development is to provide housing opportunities for both seniors and families to the maximum extent possible with a range of income level. In addition to that we want to

provide the working families of this community the opportunity to experience free school education that we believe is an innovative approach, and we have that as a community part of our project. We want to provide local residents with access to medical services. So that is another component of our project and in our neighborhood retail services and office space. We want to have the type of office space that attracts the community. Most important with this team brings you is the ability to attract private investment, leveraging the cities financial resources with other public and private dollars. And an interest that is near to my heart, as Mr. Kennedy knows and some of you others, we want to make sure that the local community residents and businesses participate in the short term construction and long term business opportunities created by this particular project.

John: Would you like to take this opportunity, Clarence, to introduce the other members of your team?

Brusard: Sure, I will do that. This team is composed of Heritage Partners, Housing Partners headed by Mr. Lovemand, who is the lead developer for this particular team. We have Los Angeles Community Design Center. We have Ms. Hughes, and Ms. Luwenoff representing that. She's the executive director of that particular organization. We have Jimbo from Jimbo Igloo Architects who is our architect for this particular team. I'm the project manager and somewhere around here I have Skip Hickenbottom and Enfro Moreno who are our project managers who have done work in this particular community. Our

legal is represented by Mr. Al Moses, who will handle our legal, and Mr. Dixon is our commercial property person. I believe that's the entire team.

John: Thank you.

Brusard: You will note in our presentation that we have a range of residential unit sizes, and we're covering the various supportable levels. Now there was some discussion about that this morning but according to the RFP that we were given, they wanted diversity of income, they wanted diversity of housing structures, so we are trying to meet that to the intent of that RFP. We-,

John: Clarence, can I just interrupt you because I've not really been fair to you.

Brusard: Okay.

John: I need to ask the question, are you familiar the format to make sure that, in terms of the time that I've provided.

Brusard: I know that you have 30 minutes.

John: Okay, I just want to make sure out of fairness to you that you understood that.

Brusard: Unfortunately because of what happened this morning.

John: Okay, thank you, we're okay.

Brusard: We came with one presentation and here we're trying to adjust.

John: Okay that's no problem at all, we're alright.

Brusard: Okay, alright. The project has a mix of affordable rental units as well as homeownership units. We also have an emphasis on senior citizens on our community component. I hope that you guys will be able to keep up with me. We have a child development center, we have a community health center, we have local retail functions and neighborhood retail. We have a commitment to

our local hiring. I mentioned who the development team is to date. I want to let you know that this development team has over 50 years of experience in doing affordable housing project management historic preservation public and private housing. We've done over 32,000 housing units throughout the area. We've raised over 175 million dollars for development projects. We've been able to leverage low income tax credits as well new market tax credits to bring in to our local community. Our design team is an award winning design team with quality architecture, urban design, and historic preservation. I think what I want to do at this point because of our time, is I want to turn it over to Mr. Lovemand who is executive director of Heritage Partners who will go into our next phase.

Lovemand: Thank you Clarence. Good morning, my name is Charles Lovemand and I want to do two things this morning with regard to our presentation. One to walk to you through the design principles which guided the site planning, and then second talk about the design and development strategies for the various development components on the project site. So first on the design principles I want to talk about site modulation. Our goals on the power point, create an environment, build a sense of community promotes pedestrian activity and so forth. The way we do that in terms of approaching the site is we divide the site into four different components. That's called for in the RFP and then have a transition from higher density at Orange Grove and Fair Oaks and as it steps down towards the neighborhood at Fair Oaks and Painter Street. So there is a transition in density and heights and massing as we go South to North. With

regard to vehicular circulation, we had a couple of goals, one was to keep pedestrian activity along the edge on Orange Grove and Fair Oaks, and also create attractive pedestrian environments within the site itself. So in order to do that we try and confine vehicular circulation to Wheeler Avenue, Wheeler Lane in terms of subterranean garage entries off of Wheeler. So you can see by the dash diagrams we expect access to come from Orange Grove and then into Wheeler Lane and then into the garages, and to stay off of the street and out of the site as much as possible. With regard to our open space concepts, actually the biggest open space concept is to put all of the parking subterranean, which then frees up the land at grade for open space. And then as you can see all of the buildings are oriented around a courtyard design which maximizes the open space. The courtyards are internally connected but there are control points from one courtyard to another so that there's safety and security. The commercial center which is at the Orange Grove Fair Oaks corner is also oriented in a courtyard style so that we can create some opportunities for outdoor dining and socialization while providing a lot of eyes, a lot of visibility to that courtyard. So trying to make an amenity to the commercial center without being hidden from view. And then our last design principle with regard to guiding the site design is landscape strategies. We are protecting the existing trees on the site, particularly the oak tree that's being pointed out there in the palms along Fair Oaks. With regard to the oak we'll design the garage with a tree well so that will still have subterranean parking and basically do a carve out around the roots of the oak tree. Within the

courtyard itself, we're going to design the podium deck with a step down, basically what we call a giant sand box under the courtyards so that we can put two or three feet of natural soil and then put planting. Make it a true green space instead of having all the plants and pots on top of a concrete deck. And then in addition to that with raised planters that allowed another three to four feet of soil so we can have trees in raised planters and other plant materials in the soil as a way to green up the area above the parking decks. The last design principle pertains to our sustainable design practices. We will conform with the cities green building ordinance and title 24 and we're listing there some of the specific practices and specifications we'll use. I think the important point here is that our development partner, LACDC has been doing green building practices for some time and is quite experienced in it and will do that here. And then we are doing green building practices as our first venture into that at Fair Oaks Court and are working closely with the city's Water and Power Department, so this will be a green building. Let me now transition to a discussion of our design and development strategies, and first of all, the overall guiding principle is the integrated block development, again as called out in the RFP. And what we do is break down that block into four specific components at grade plus one big development component subterranean which is the subterranean garage. So first of all the subterranean garage allows us to maximize open space at grade. And then the different development components really quick description, all the way at the north end is the relocated homes from Fuller Seminary, I'll talk about that more in a minute

that provides a transition of scaling character to the neighborhood. And then going south the next piece is the for sale housing piece. The next piece then is the affordable rental piece, and then finally the commercial center. By having these discrete pieces, it allows us to get the benefits of a mixed use, a true mixed-use development, but without the typical complications in construction, staging and financing that often accompanies mixed use. So each of these parcels at grade will be its own development parcel it'll be its own air rights parcel. With single purpose entity taking title and then separate financing for each of those pieces. That gives us the advantage of being able to pursue development concurrently with all of them without having limitations of one developer being overextended. It also allows not having any, all the pieces cross collateralized. And so it, it provides for simplicity in financing, and then the last advantage from that is that it allows us to phase the commercial piece whenever the best market opportunity is for the commercial piece. So that's a stand alone piece that can go at the beginning, the middle, or the end, just depending on how the market supports what we're proposing to do there. So now I'm going to walk you through the four components, the at grade components. I think we can move the slide Jimbo. So at the north end of the site, at Fair Oaks and Painter, we are proposing to pick up the Decker house and move it to that end of the site. And then through an agreement that we have with Fuller Seminary, and there's a letter in the RFP that highlights that. We are proposing to move five structures at Fuller that are designated for, that the Fuller campus no longer needs or wants, to

move them to the north end of the site. And we think that this provides several things. It provides an opportunity, a transition to the existing neighborhood. This is very similar kind of building stock to what's there at Painter and Raymond. It also allows us to do the senior housing piece because we think that these older structures lend themselves very well for seniors, so these are going to be 27 one-bedroom units designated for seniors. And let's go forward. And there is the site plan. Also if you look closely at the site plan, the majority of the subterranean parking structure is not underneath this piece, which means that we can move these buildings onto this piece and start the rehab and deliver the senior's units independent of the timing of completion of construction of the subterranean garage. And then as you can see it's organized around the central courtyard with elevator access to provide access to the garage for the seniors. And there'll also be elevator access at key points within the courtyard so that they can get access to the second floors of these buildings. The next piece is the for sale housing piece, 32 for sale units. And you can see a range of sizes, one bedroom, two bedroom, three bedroom. Again oriented around the courtyard. These are two and three story height, in height above the podium deck, with two per unit parking. And HHP will be the developer of this piece as well as the developer of the historic piece. And in this case we're going to be assisted by Pasadena Neighborhood Housing Services in helping us identify qualified first time home buyers, and source mortgages for them. The next piece is the affordable rental piece. These are 41 affordable rental units. And you can see the mix on the board 28 two

bedrooms and 13 three bedrooms. LACDC will be the developer of this piece. This is three and three and half stories in height, again organized around a court yard. And then there's a child development center, which I think Clarence mentioned at the outset, which is incorporated into the ground floor of this piece. And then the child development center has access to the courtyard for open space. And their open space is primarily organized around the existing oak tree. And then finally the last component is the commercial component. 16,000 square foot commercial center with a variety of uses, including food service uses, storefront retail uses small offices and a medical clinic. We are working on an agreement with a well-known medical provider in Pasadena to provide a medical clinic for the neighborhood that would be sited within this, this commercial piece. And Robert Dixon of NAI Capital will take the lead in the leasing and marketing of this space to potential tenants. So that concludes my portion of the presentation, and I'll hand it over to Robin Hughes.

Robin: Good morning, I have a wonderful opportunity to talk with you guys about the most exciting part of our proposal, the financing. But I'm actually going to start with our unit mix, to give you a little more detail about what we're proposing in terms of housing types and affordability. So we are proposing to develop a total of 100 units on the site including 68 rental units and 32 for sale homes. We will serve a range of affordability. That is demonstrated on this slide. With eight of the units being for very low-income residents, 32 for low, 42 for moderate, and then a combination of 18 for work force and market rate.

And those are the for sale developments. As you can see by the chart we also have a number of one and two bedroom units. Again as Charles has pointed out, the historic piece we've said that we're going to designate for seniors and also within the family new construction rental we will basically market the one bedroom units there to seniors as well. So we have an array of affordability. The homes here will range in prices from about 197,000 up to 415,000, which is a great range in terms of affordability. And the rents will range on the low end to about 460 and on the high end about 1300 dollars. In terms of financing this development again our goal was to stay within the parameters of the city subsidy as that has been outlined in the RFP, and really minimizing how much local financing we would need for this effort. And of course leveraging it with other creative financing like the new markets tax credits and low-income housing tax credits. So we actually started with a really interesting place, which is the land, and the parking garage. So we are basically proposing to take the value in the land through a note from the city, a land loan from the city. And through new markets tax credits be able to generate money to build the parking garage which is 3,750,000 dollars, to actually repay the city 3.4 million dollars. And then generate another 6 point, excuse me 2.6 million dollars in new markets tax credits and therefore be able to build the residential parking garage that Charles pointed out. Then for the historic homes, the total development costs are about 4 and half million. The construction financing will include a typical construction loan. The Fuller houses providing an allowance of about 300,000 dollars. And in this case

we're asking the city to take that 3 plus million that we provide from the land sale, and then help subsidize the balance of the project including during the construction period a million and a half for the historic homes. And then you'll see in terms of the permanent financing it will result in a first mortgage of about 2 and half million dollars. Heritage has agreed to use some of the proceeds from the sale of the single-family homes, or the for sale homes to help subsidize the senior historic homes. And that's about 785,000, then we would reduce the city subsidy to just over a million and keep in the Fuller piece, so that's how we propose to finance the historic piece. And then the for sale housing will have sort of the typical financing out there. The total cost of the for sale housing is about 8 and a half million dollars. We will have a typical construction loan during the construction phase. And then the sales proceeds from the sale of the homes will be used to pay off the construction loan, pay the deferred developer fee, and commission, but as I said, the excess proceeds that are available here will be used to subsidize the senior piece. And then finally in terms of the residential, the rental new construction we're estimating at almost 7 million dollars. And again we're leveraging the city's resources by bringing in low-income housing tax credits and city of industry as well as subsidy from Federal Home Loan Bank in the form of AHP. And in this particular case we will take again the 3 million dollars, we've requested the 3 million dollars that we would pay the city for the land to help subsidize this at a level of about just over 700,000 dollars. And then finally for the commercial piece again, Heritage will use their experience with new market

tax credits and basically finance the parking structure under the commercial piece as well as the development itself. So again we're looking for a city subsidy of about 2.7 million dollars. But we will leverage almost 7 million dollars in new market tax credits to build the retail piece. So this final slide basically shows you that we are within the parameters of what the city has said in terms of available subsidy for this development. With 3.7 million being invested in the residential garage, just over a million dollars in the historic rental, just under 700,000 in the new construction rental, and the 2.7 in the commercial. Back over to Carl. Thank you.

Brusard: With that we'll entertain any questions from the committee members.

John: Committee members, do you have any questions for Heritage Square's Development team?

UM4 How much time do we have for this period, question period?

John: I believe it's 15, 30 minutes.

UF3: 30 minutes.

John: 30 minutes. It is 15? From here it says 30 minutes, 30 minutes. It says question and answer is 30 minutes. Is that correct? Okay. Are there any questions for the developers? Joel Bryant, and then Maria Eisenburg.

Joel: Just to clarify on your unit mix. One of the bullet points said an emphasis on seniors. Of your 100 units, how many are actually reserved for seniors? 27 out of the hundred are for seniors?

John: Let me just, excuse me, just for record, record purposes, please speak into the mic when you address the committee.

Lovemand: There are 27 units in the historic rental component, which will be designated for seniors, basically exclusively seniors. There are other one bedroom units within the for sale piece. I think there's another 11 one-bedroom units that could be occupied by seniors but in terms of Federal Law would not be exclusively for seniors.

Joel: And on the new construction of the rental, that's all multi-families basically?

Robin: So yes the multi-family rental and new construction is a range of family projects. But I think as Charles said, we will of course market the one-bedroom units, the one and two to seniors, but because it's not exclusively seniors or at least 80 percent seniors, we can't restrict them, we can't deed restrict them.

Joel: Thank you, thanks.

John: Maria.

Maria: On the senior buildings, since these are older buildings and they're two story, are they each going to have elevators, or how are the seniors going to be getting up and down? Some may be in wheelchairs. Are they going to have the wider doors and all of that other good stuff?

Lovemand: Yes, we will make it work with ADA. There will not be an elevator for every building, but there will be some way to circulate so that all the buildings have access at the second floor.

Maria: The wider doors, all those things I mean are really important. Many seniors are in wheelchairs or in scooters, and need them. Also, this may not sound like

an important question, but it really is to many seniors. Are pets going to be allowed? You know, it may not be a service animal, but a pet.

Robin: So I will answer for our developments, we do not allow pets in our buildings. And I think it's just because you have so many families living there, so many individuals living there that it could get pretty chaotic. So we don't allow it in the family zone.

Maria: See, I'm not talking about in the family area, I'm talking about in the senior area. Because many seniors over at Pilgrim Towers North and East are allowed pets. Now they do have to put in a deposit, but they are allowed pets, and if people are living alone, many times that's the most company they have.

Dora: Can I address this?

John: I would like to follow the order to respect each of the committee members who have raised a hand. So the next person would be Abe, and then Mike, and then Dora.

Abe: Thank you. A couple of questions, on the Herckimer house that you're moving over, are you moving the front building and the back, or just the front?

Lovemand: We're proposing to move both pieces.

Abe: Oh you are? That was not the understanding. Okay, very good. Could you elaborate on how people are moving between the four sections? You mentioned there may be some barriers for security purposes.

Brusard: We obviously this we're very preliminary stage in terms of concept planning, but we're, I'm assuming that they'll be some sort of control point gate, you

know some kind of key card gate. So all the residents will have a, it will all be key card.

Abe: I guess my-

Brusard: It may be open during day times and then closed at night.

Abe: Okay, because you only have a single elevator coming up in the northern part. And if someone came up, they would have to cross the board to get to their unit. So there's got to be some kind of thought behind how you get from point A to point B. How do you, could you explain, yeah.

Brusard: I think there's at least two elevators.

Abe: On each end?

Brusard: Where are the elevators? I think there's an elevator for each court.

Abe: Okay, my fault there. Could you explain how you're going to resolve the issue of parking when you're having selling units, air rights, parking rights? How does that work? I mean how do you own the parking when it's part of some other component underneath? Have you-

Brusard: Well, the so the parking will owned by a separate entity, especially for the new market tax credit purposes. And then each of the development for the residential components above will be assigned parking, maybe through some sort of easement agreement. And then there'll be assigned spaces for the residents.

Abe: So that's how you approach it.

Brusard: So it's as if they're, they're you know, parking in an unrelated garage next door, but they have assigned spaces and-

Abe: But it's tied to the title, I would assume right. It's got to be something that ties it to the title that you have sufficient parking for that. I just want to make sure it's clear because it may have-

Brusard: It depends on the financing requirements for the lenders for the residential piece. But I would certainly be able to do some sort of long-term lease, or easement agreement that ties that space, or those spaces to the residential pieces above.

Abe: Okay, and the fact that you're approaching the parking but what's above them, there's, you made the discussion about the commercial part and the parking associated with that. And there are different ways of approaching those. You are getting loans for different things. If any one of those falls apart does that jeopardize the whole project?

Brusard: Well the one thing I'll is that the commercial is its own piece, with its own parking. So there's a residential garage, and a commercial garage. They are not one big garage there's one big residential garage and a smaller commercial.

[Long Pause]

And there is the site plan. Also if you look closely at the site plan, the majority of the subterranean parking structure is not underneath this piece, which means that we can move these buildings onto this piece and start the rehab and deliver the senior's units independent of the timing of completion of construction of the subterranean garage. And then as you can see it's organized around the central courtyard with elevator access to provide access to the garage for the seniors.

And there'll also be elevator access at key points within the courtyard so that they can get access to the second floors of these buildings. The next piece is the for sale housing piece, 32 for sale units. And you can see a range of sizes, one bedroom, two bedroom, three bedroom. Again oriented around the courtyard. These are two and three story height, in height above the podium deck, with two per unit parking. And HHP will be the developer of this piece as well as the developer of the historic piece. And in this case we're going to be assisted by Pasadena Neighborhood Housing Services in helping us identify qualified first time home buyers, and source mortgages for them. The next piece is the affordable rental piece. These are 41 affordable rental units. And you can see the mix on the board 28 two bedrooms and 13 three bedrooms. LACDC will be the developer of this piece. This is three and three and half stories in height, again organized around a court yard. And then there's a child development center, which I think Clarence mentioned at the outset, which is incorporated into the ground floor of this piece. And then the child development center has access to the courtyard for open space. And their open space is primarily organized around the existing oak tree. And then finally the last component is the commercial component. 16,000 square foot commercial center with a variety of uses, including food service uses, storefront retail uses small offices and a medical clinic. We are working on an agreement with a well-known medical provider in Pasadena to provide a medical clinic for the neighborhood that would be sited within this, this commercial piece. And Robert Dixon of NAI Capital will take the lead in the

leasing and marketing of this space to potential tenants. So that concludes my portion of the presentation, and I'll hand it over to Robin Hughes.

Robin: Good morning, I have a wonderful opportunity to talk with you guys about the most exciting part of our proposal, the financing. But I'm actually going to start with our unit mix, to give you a little more detail about what we're proposing in terms of housing types and affordability. So we are proposing to develop a total of 100 units on the site including 68 rental units and 32 for sale homes. We will serve a range of affordability. That is demonstrated on this slide. With eight of the units being for very low-income residents, 32 for low, 42 for moderate, and then a combination of 18 for work force and market rate. And those are the for sale developments. As you can see by the chart we also have a number of one and two bedroom units. Again as Charles has pointed out, the historic piece we've said that we're going to designate for seniors and also within the family new construction rental we will basically market the one bedroom units there to seniors as well. So we have an array of affordability. The homes here will range in prices from about 197,000 up to 415,000, which is a great range in terms of affordability. And the rents will range on the low end to about 460 and on the high end about 1300 dollars. In terms of financing this development again our goal was to stay within the parameters of the city subsidy as that has been outlined in the RFP, and really minimizing how much local financing we would need for this effort. And of course leveraging it with other creative financing like the new markets tax credits and low-income housing tax credits. So we actually started with a

really interesting place, which is the land, and the parking garage. So we are basically proposing to take the value in the land through a note from the city, a land loan from the city. And through new markets tax credits be able to generate money to build the parking garage which is 3,750,000 dollars, to actually repay the city 3.4 million dollars. And then generate another 6 point, excuse me 2.6 million dollars in new markets tax credits and therefore be able to build the residential parking garage that Charles pointed out. Then for the historic homes, the total development costs are about 4 and half million. The construction financing will include a typical construction loan. The Fuller houses providing an allowance of about 300,000 dollars. And in this case we're asking the city to take that 3 plus million that we provide from the land sale, and then help subsidize the balance of the project including during the construction period a million and a half for the historic homes. And then you'll see in terms of the permanent financing it will result in a first mortgage of about 2 and half million dollars. Heritage has agreed to use some of the proceeds from the sale of the single-family homes, or the for sale homes to help subsidize the senior historic homes. And that's about 785,000, then we would reduce the city subsidy to just over a million and keep in the Fuller piece, so that's how we propose to finance the historic piece. And then the for sale housing will have sort of the typical financing out there. The total cost of the for sale housing is about 8 and a half million dollars. We will have a typical construction loan during the construction phase. And then the sales proceeds from the sale of the homes will be used to pay off the construction

loan, pay the deferred developer fee, and commission, but as I said, the excess proceeds that are available here will be used to subsidize the senior piece. And then finally in terms of the residential, the rental new construction we're estimating at almost 7 million dollars. And again we're leveraging the city's resources by bringing in low-income housing tax credits and city of industry as well as subsidy from Federal Home Loan Bank in the form of AHP. And in this particular case we will take again the 3 million dollars, we've requested the 3 million dollars that we would pay the city for the land to help subsidize this at a level of about just over 700,000 dollars. And then finally for the commercial piece again, Heritage will use their experience with new market tax credits and basically finance the parking structure under the commercial piece as well as the development itself. So again we're looking for a city subsidy of about 2.7 million dollars. But we will leverage almost 7 million dollars in new market tax credits to build the retail piece. So this final slide basically shows you that we are within the parameters of what the city has said in terms of available subsidy for this development. With 3.7 million being invested in the residential garage, just over a million dollars in the historic rental, just under 700,000 in the new construction rental, and the 2.7 in the commercial. Back over to Carl. Thank you.

Brusard: With that we'll entertain any questions from the committee members.

John: Committee members, do you have any questions for Heritage Square's Development team?

UM4 How much time do we have for this period, question period?

John: I believe it's 15, 30 minutes.

UF3: 30 minutes.

John: 30 minutes. It is 15? From here it says 30 minutes, 30 minutes. It says question and answer is 30 minutes. Is that correct? Okay. Are there any questions for the developers? Joel Bryant, and then Maria Eisenburg.

Joel: Just to clarify on your unit mix. One of the bullet points said an emphasis on seniors. Of your 100 units, how many are actually reserved for seniors? 27 out of the hundred are for seniors?

John: Let me just, excuse me, just for record, record purposes, please speak into the mic when you address the committee.

Lovemand: There are 27 units in the historic rental component, which will be designated for seniors, basically exclusively seniors. There are other one bedroom units within the for sale piece. I think there's another 11 one-bedroom units that could be occupied by seniors but in terms of Federal Law would not be exclusively for seniors.

Joel: And on the new construction of the rental, that's all multi-families basically?

Robin: So yes the multi-family rental and new construction is a range of family projects. But I think as Charles said, we will of course market the one-bedroom units, the one and two to seniors, but because it's not exclusively seniors or at least 80 percent seniors, we can't restrict them, we can't deed restrict them.

Joel: Thank you, thanks.

John: Maria.

Maria: On the senior buildings, since these are older buildings and they're two story, are they each going to have elevators, or how are the seniors going to be getting up and down? Some may be in wheelchairs. Are they going to have the wider doors and all of that other good stuff?

Lovemand: Yes, we will make it work with ADA. There will not be an elevator for every building, but there will be some way to circulate so that all the buildings have access at the second floor.

Maria: The wider doors, all those things I mean are really important. Many seniors are in wheelchairs or in scooters, and need them. Also, this may not sound like an important question, but it really is to many seniors. Are pets going to be allowed? You know, it may not be a service animal, but a pet.

Robin: So I will answer for our developments, we do not allow pets in our buildings. And I think it's just because you have so many families living there, so many individuals living there that it could get pretty chaotic. So we don't allow it in the family zone.

Maria: See, I'm not talking about in the family area, I'm talking about in the senior area. Because many seniors over at Pilgrim Towers North and East are allowed pets. Now they do have to put in a deposit, but they are allowed pets, and if people are living alone, many times that's the most company they have.

Dora: Can I address this?

John: I would like to follow the order to respect each of the committee members who have raised a hand. So the next person would be Abe, and then Mike, and then Dora.

Abe: Thank you. A couple of questions, on the Herckimer house that you're moving over, are you moving the front building and the back, or just the front?

Lovemand: We're proposing to move both pieces.

Abe: Oh you are? That was not the understanding. Okay, very good. Could you elaborate on how people are moving between the four sections? You mentioned there may be some barriers for security purposes.

Brusard: We obviously this we're very preliminary stage in terms of concept planning, but we're, I'm assuming that they'll be some sort of control point gate, you know some kind of key card gate. So all the residents will have a, it will all be key card.

Abe: I guess my-

Brusard: It may be open during day times and then closed at night.

Abe: Okay, because you only have a single elevator coming up in the northern part. And if someone came up, they would have to cross the board to get to their unit. So there's got to be some kind of thought behind how you get from point A to point B. How do you, could you explain, yeah.

Brusard: I think there's at least two elevators.

Abe: On each end?

Brusard: Where are the elevators? I think there's an elevator for each court.

Abe: Okay, my fault there. Could you explain how you're going to resolve the issue of parking when you're having selling units, air rights, parking rights? How

does that work? I mean how do you own the parking when it's part of some other component underneath? Have you-

Brusard: Well, the so the parking will owned by a separate entity, especially for the new market tax credit purposes. And then each of the development for the residential components above will be assigned parking, maybe through some sort of easement agreement. And then there'll be assigned spaces for the residents.

Abe: So that's how you approach it.

Brusard: So it's as if they're, they're you know, parking in an unrelated garage next door, but they have assigned spaces and-

Abe: But it's tied to the title, I would assume right. It's got to be something that ties it to the title that you have sufficient parking for that. I just want to make sure it's clear because it may have-

Brusard: It depends on the financing requirements for the lenders for the residential piece. But I would certainly be able to do some sort of long-term lease, or easement agreement that ties that space, or those spaces to the residential pieces above.

Abe: Okay, and the fact that you're approaching the parking but what's above them, there's, you made the discussion about the commercial part and the parking associated with that. And there are different ways of approaching those. You are getting loans for different things. If any one of those falls apart does that jeopardize the whole project?

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[End of Recording]