

LEGAL LANGUAGE SERVICES

TRANSCRIPTION OF AUDIO

DESIGNATED AS: 805025

Tape 2 Side A

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UM1: Okay, just take a little check on our time. Theresa can you help me? 12 minutes. Now I'd like to recognize Dora.

Dora: Just a quick comment on the past situation is that if a senior is making a request for a reasonable accommodation, it by law has to be accommodated. So, whether this could be a no pet policy there are exceptions around that. Second, I wanted to ask about, I like the concept of the historic hall, I think that is a very good idea. The question is whether or not, if you are chosen you would work with the community to perhaps redesign or use the homes for another purpose besides seniors? Would you consider to move it around in terms of the occupancy, because I think the two-story issue could become

problematic at one point and time. How rated are you to this design concept?

UM2: Let me answer it two ways. First way is I said my answer to Mr. Baylan. We are very experienced at coming in and doing adaptive reuse of the historic building even at the single-family house scale to make it fit a new user and a new floor plan. So we know we can make this work. We are very flexible in terms of, if there is a better configuration of who goes into which pieces. We do strongly like saving the historic houses, losing it at the North end of the site, transitioning it in the neighborhood, and we here as housing partners, that is what we do.

Dora: This is not a follow-up this is a totally different topic now. It's the commercial pieces. The commercial retail component, I remember that they asked you if there is a minimum of 20,000, I noticed here that you are proposing 16, can you explain why that went down and then secondly, who will manage the commercial retail piece? Because I guess you know all the partners here don't have extensive retail experience.

UM2: I'll have Robert come up to be available to help with that. I think the RFP if we read it right was 20,000 feet of total commercial non-residential space, which would include the child development piece, which is about 3,500 or so. So I think when you add the child development piece and the commercial center, we are just under

20,000. With regard to management, we propose to use a third party management who specializes in retail management and do you have anything you want to add?

UM1: Well, maybe I can just expand on that, the commercial element here is now in it's [UI] stage for many years as you know that anything South of the two ten freeway was great, North of the two ten freeway was somewhat a problem, in terms of reception and in the last two to three years by default, I knew by the fact that everything else South of the freeway has now been either developed or leased. Now the North end of the North to Northwest [UI] is now kind of coming to its own . So now the majors, i.e. Starbucks, Pizza Huts, H & R Block, etc. are now looking to this end of the city as a potential retail location, which before it wasn't that attractive. So what we are going to see in this component is a new group of retailers that I think will not only sustain themselves here in the community, but be able to hire from the community as well, and hopefully be a support as opposed to just those who are here to make money and leave the community every evening. Good example of that is the making crossing development , Pizza Hut is there, Bank of America before people though that would never happen. So I think that has helped spark, which you will see in this development and its conclusion.

UM1: The next person is Shawn.

Shawn: I have a question about the for sale housing financing. Would like to know in your revised performa you include adjuster on the income for coming up for 2008, and I wanted to know how you arrived at the decision to do that?

UM21: I have pro-confidence that HCD will make that adjustment. At the time league, I think it was, I can't recall it was a 2%?

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Shawn: Just one question that relates a little bit more to just whether or not you consider that sort of standard process for to write in a performa to assume an adjustment, an increase in incomes at this stage?

UM1: I think the standard process is the triumph and headed to then prevailing AMI only delivered a unit. So I guess the answer is yes, if we are two or three years before the completion.

Shawn: Okay. Thank you.

UM1: So the next person I'd like to recognize is Julio Suarez, from [UI phrase].

[simultaneous voices].

Let me say this to be clear, Julio, [UI phrase]. In that order, and then I would invite the committee to allow us to take five additional minutes from our personal time. Thank you. John: Can I just ask for the privilege of responding to one more thing with Shawn's question.

UM1: Sure.

UM2: The other thing is going to cost you a little. We typically use Cal FHA loans for home buyers, I don't know that I assumed the Cal FHA rate, I think I assumed the conventional interest rate there, and then we worked very, very hard to bring it all to Cal FHA down to the systems program. So what that stated numbers is in terms of the sales price, there is a lot of way to work with that to make it affordable for the buyer.

Julio: Thank you. From looking at your drawings, I can't really tell what this building is going to look like. I know we have several stages, but I would like you to elaborate a little as to what a steady directory you are looking at and how is your proposal address in the wish of the art scale to have this building be a signature building for the community?

UM3: Well as you said it's a scale the early stage of this proposal, but behind you is the building [UI] we are looking into is a true response in response to the [UI phrase]. A specific, and also it works with much emphasis on massing and the scale of [UI] to create a neighborhood community. At this stage you can see that a [UI] arrangement aUI phrase] and [UI phrase].

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UM3: [UI phrase] with the components the retail components and the [UI phrase] and the historical corp. they are [UI].

UI1: Thank you. Harland.

UM4: Just like Harland I want to bring out that each point. Each one of those lots is a traditional lot it is designed in a traditional sense of 100 and something foot and they are totally different. I do want to complement you on the historic component and the open space and idea to plant trees that actually grow into the inside, that is very good. I appreciate that effort. It sounds like you really want to do a project that is humane in our community. Let me ask you a second question, what of your quality is community design.

[Long Pause]

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I appreciate that effort. It sounds like you really want to do a project that is humane in our community. Let me ask you a second question, one of your partners is Community Design Center. And from what I recall, at the last project that you did not too long ago, there was an issue around hiring and community involvement, maybe you could elaborate on that a little bit?

UF: And just as it was a challenge for the community, that was challenging time for our organization. You know, I'm not going to stand here and try and make excuses or give you [UI] about what we did. I think we got caught in the middle of an important city process. When we started on Grove Gardens and we had our contract with our contractor there was a set of rules that we had agreed to. When we entered into our agreement with the city, the local hiring ordinance had not been in place. And so it wasn't in our city agreement. We tried to impose those requirements on our contractor and I think we have, we did outreach and we've got some local contractors, you know local individuals, but we didn't meet the quota. That was our past, and I think part of who's on this team and part of this team is looking to ensure that we more than exceed the local hiring requirements in the city ordinance.

UM4: Okay, I appreciate that. I just want to say that I think when a company does come to this particular community because of some of the history, that they are sensitive to the fact that one of the reasons there are problems here is because of the employment issues, and

discrimination as you understand I'm sure. But, and so I just wanted to bring it up that, I think at the last project to be honest with you, I don't think there were any African Americans, except for the security.

UF: Yeah, and you're right, it was probably a site that had many people of color we didn't keep actual quotas.

UM4: Actually-

UF: Predominantly Latino.

UM4: And not even local because-

UF: I agree.

UM4: There were people in the neighborhood that were local Latinos that said, you know we can't get a job there either. Okay, thank you.

John: The next person I'd like to recognize is Ishmael Trome.

Ishmael: Thank you. My first question is, how are you intending to hold ownership to this project, and is it going to be a long term holdings for the company?

UM3: Each of the development components, so there's basically five, the four pieces at the surface, and then the subterranean parking will probably be held, the title will be held by a separate entity. So there will be an HHP affiliate that will be a tax credit certified entity in terms of all the rules and regulations that go with that that will own the garage. There'll be another HHP affiliate that will own the historic rental piece. LACDC will own the family apartment piece. HHP will own the for sale piece until we sell the unit and so forth. And certainly

the rental pieces will be long term hold I believe. LACDC, I don't want to speak for Robin but I think they are long term holders of their properties, and we would be as well.

Ishmael: In regards to the clinic, what type of clinic do you guys plan on bringing to this development? That's one. And in regards to the child care center, what ages are we looking at for the child development center? And is it going to be subsidized funding for these children, or is it going to be private funding for these children? Because that determines the type of clientele the child development center will attract.

UM2: The child development center is going to be an innovative approach. It's for preschool kids. It's for three and four year olds. The intent is to take our head start model that we very successfully developed in the city of Pasadena, and to make it available for not only low income individuals but working individuals as well. So there'll be all income groups in this child development center. Some will be subsidized, some will be paying. We think that the program we have which focuses incidentally on science and math, that's the intent of this child development center. That we will attract market rate people who will want to come to this center, along with our head start people. And the medical, Charles will answer.

Charles: The medical clinic that's envisioned on this site is one that's not going to be trauma or emergency, it's going to be diagnostic. One of the

problems that hospitals have now are they are overrunning the emergency room by non insured patients. This is going to be prophylactic. This would be a clinic that seniors and others can come into, like a regular clinic on that site. And we are in discussions with a major hospital to do that.

John: We have approximately five additional minutes for us to have question and answers, and I need to recognize the following committee members in this order: Hortence Cooper, Terrick Ross, Joel Bryant, and Hugo Suarez. And what I would invite the committee members to do is to focus on the most salient question that has not been answered to see if we can't in fact wrap up in that five minute time period. So at this point I'd like to call on Hortence Cooper.

Hortence: I, being a senior I'm interested in, I haven't heard anything about laundry. Now will there be individual laundry facilities in the apartments of the seniors? Or one big community laundry room?

UM2: The plan is for individual laundry facilities. Probably a stacked washer dryer to save space, but yes.

John: The next person I'd like to recognize is Terrick Ross.

Terrick: Okay, this question is for HHP. I would like to know, on your past project on Cypress, and also your current Fair Oaks Court, how have you responded to the local hiring ordinance in terms of hiring local minority businesses, subcontractors?

UM3: Okay well on Fair Oaks Court we signed the work force hiring agreement about a month or so ago, and Clarence you can feel free to join me on this. So I think as far as we know, we're the first developer in Pasadena to sign that agreement since that ordinance has been adopted. As of the last draw, I think we were around 35 percent local hiring, based on wages.

Terrick: That's on Fair Oaks Court?

UM3: Yes.

Terrick: How about the past one on Cypress [UI]?

UM3: Cypress and Carlton we weren't, the agreement hadn't been signed yet, so we weren't tracking that.

John: And now, Joel Bryant.

Joel: Just one quick question on the amount of city assistance, Charles in the proposal had mentioned 7.8 million in assistance, does that include the 2.8 million that's going for the commercial piece?

John: And as a follow up so you can answer all of it, one of the other committee members wants to understand, just like Joel does, all of the tax credits, subsidies, quote unquote donations, what that number is, so please ask the first question again.

Joel: But my question is specific to city assistance.

UM2: And I think that's been revised to 8.2 on the May, on the March 15th package. But it's 8.2 and it does include the 2.8 million for the commercial.

Joel: Okay, thanks.

John: And the larger?

UM2: Well I guess the larger, basically the concept is that the majority of the subsidy dollars from the city go into the garage under a new market.

John: I think the particular committee member is looking for a ballpark figure based upon your presentation.

UM2: Meaning... I'm losing you John.

John: Okay, let me just read the question then. Of the total cost of the project, and I would ask the apology of the committee because I'm out of order.

UF2: Yes you are.

John: Yes. Of the total cost of the project, what is the percentage of funds that you are relying on getting through tax credits, subsidies, and other quote unquote donations as example: Fuller? And while you're thinking about that, the next person I would like to invite to speak would be Ralph Poole, and the only reason I'm going out of order, Hugo, is because Ralph hasn't had an opportunity to address them. And we are about to wrap here, so the faster you all can do this, the better.

UM2: Well it's basically 8.2 million against a total development cost of around 45 million, so whatever that percentage is.

John: Okay, Ralph, are you [UI]?

UF1: I don't know if you wanted to elaborate more on what Charles just said?

John: No.

UF1: Okay.

John: Ralph.

Ralph: Yeah, I have two questions, and I think you answered one by a previous question that was asked of you. So my second question has to do with the retail development within the complex. Earlier one of the presenters that because that the old town area has been built out relative to retail, that now entities are looking to move to the Northwest. My question is have you given any consideration, or will you give any consideration to the needs and preferences of this community?

UM3: I think I can speak to that. Enthusiastically the answer is yes. One of the issues that we have to look at is the economic issue here, that in my last retail development which is at Orange Grove and Las Robles, we did a very extensive search to look for local retailers. One of the problems that local retailers had was the ability to pay the asking rent. Rents were lowered to accommodate to some of the local businesses. I think now it's going to be a much more profitable project. But we have to look at also the economies of scale. And the major retailers are groups that come into the area where neighborhood people love to come to those shops. For instance we look at the success of Starbucks

here. People don't have to go below the freeway. It's not that they can't, but the convenience factor certainly lends itself to what we're going to try to do. So if there's some input from you as a group of maybe a particular retailer or a local businessperson that wants to be in this project it will certainly be considered.

John: There are two individuals who have already spoken. If the committee would allow them to ask a short question, and require the developer to give a short answer. Is that okay?

UM5: So move.

UF3: Second.

John: Hugo Suarez first and then Abe Trabagian second, and that will conclude the questions from the committee, even though the chair had all these questions for you, and all these tabs, I will defer to my committee members. Hugo.

Hugo: Have the Heritage Housing Partners and Los Angeles Community Design Center worked before together on a project, number one. And number two, can you point at a project that closest resembles this particular mixed use project that we can look at from both the developer point of view, and the architect point of view.

UM2: HHP and LACDC I don't think have worked together as two firms. I have worked with LACDC prior to going to HHP, and have known Robin for too long.

Robin: To answer the second part of your question, probably the closest we have to sort of a large master development project is actually way out in Wilmington, so the other side of the county. But it's very similar to this in that it includes four very distinct components to the development. It doesn't have a retail piece, but it does have different phases of housing including a rental, two rentals a for sale and a senior development. And that project is in Wilmington. I'm not sure that in terms of architecture that it would resemble the architecture that would resemble the architecture we're proposing here, but in terms of scale, and phasing and master planning and things like that, that would be an example.

Hugo: And that's here in your proposal?

Robin: No, but we can get you a [UI].

UM3: And then really quickly Hugo, Fair Oaks Court is probably the best representative of a similar thing which is new construction, attached condominiums with historic houses that we moved around on a site.

John: But in fairness to the intelligence of the committee, that hasn't been built, has it?

UM3: That hasn't been built, that's under construction.

John: Abe, your question.

UM3: Oh, and then Mission Meridian in south Pasadena where the architecture is probably the project that best resembles what we are doing.

Hugo: Okay, thank you.

John: Abe.

Abe: Thank you. Quick question, on the Heckemer Home again, I'm going back to that. The only portion that's recognized or an important piece is the front building. My understanding is the back was not going to be cared for much by Pasadena Heritage and probably the Historic Preservation Commission. If that building allowed itself not to be moved, would you be interested in putting something else there?

UM2: We're very flexible on that. I mean we like old buildings, historic buildings, small age, where we can move them around we can, we talked about change the floor plans, change the framing system. So you know, we liked it because it was there and it was a good building. But if it fell through we'd get something else.

John: I would like to thank the development team or HHP and LA Community Design Center and wish you all the luck in this process. We've enjoyed the give and take this morning. This concludes hopefully this part of the presentation. And we will at this point retire to our deliberations as you break down your presentation. For the committee members.

Robin: [UI] process?

John: Oh sure, staff will assist us.

Robin: So, can you describe what the process will be to getting to city council? This committee will make a recommendation directly to council, time lines, things like that.

John: Earlier, I'm not sure if you were present, but earlier the committee voted that we would do our best to vote out our recommendation today. We would then give staff an opportunity along with assigned members of this committee to write a report. The report would first come back to the developers selection committee for further input. And then it is my understanding with staff can concur with me or not, or clarify that staff would then finalize the report, and that report would go through the normal process of a staff report or an agenda report to city council. Thank you very much. Why doesn't everyone take a personal break. For those committee members who are in the room, I'd like to begin the discussion about the presentations, and I'd like you to consider, announce some of your tentative rankings. So the floor is open for discussion about the presentation you have just heard. And as best we can for just order mythology, if you would be recognized by the chair, that would be helpful.

UM5: Just to make a point about the architecture. It didn't seem to take, I think you kind of mentioned it, that new urbanism kind of thing. It didn't take advantage of, it was more like rows of regular conventional apartment buildings, and then the last historic piece. The retail is not for discussion now, but do we want in the Northwest, Pizza Hut, all

these other I mean. H and R Block, you know, Small Shoes, whatever. That's the economic reality of our world, but I wish we could stop that. And in the hiring record, you know the past is the past, but I would say this, it's too bad that people can't just, I've seen projects where people do hire just people. And it's too bad that this project in particular that one of the players in the last project that they couldn't see to hire anybody but the cheapest labor that they can find. I think it's too bad because it doesn't circulate money in our own community. That's all I have to say.

John: Thank you committee member Carter. Are there other, go ahead, Hugo.

Hugo: Thank you. As much as I like the preservation of the Décor house and bringing in the historical buildings. I think they've certainly picked the wrong use for them. Hopefully if they get selected, that they would consider a different approach and maybe doing better units, some of the newer units for the seniors and maybe increasing the percentage. It was a very, very low percentage of senior housing. Which is, you know, that's how they structured it, but it's extremely low.

John: Joel, and then Shawn, and then Dora. Not necessarily in that order. Let's just go around the room. Thank you, help me.

Joel: This is a question for Julie. I didn't have the benefit of fully going through the KMA analysis. Point blank, what is their total subsidy that

they are requesting from the city, not the new market, not city of industry, but Pasadena money?

Julie: It's a little unclear. And because of the new market tax credit component.

Joel: Can I stop you? I know the new market reimburses the city at a later date.

Julie: Yeah. The net.

Joel: Just straight up right now.

Julie: They're saying, from what we could picture, or what we could figure out from their analysis is they're asking for about 5.4 million dollars, but when we ran the numbers, using based on our experience and all that we came up with about 7.3. So we think it would need several million dollars more than what they're. And again this is such a preliminary time that, you know. But that is kind of the range.

Joel: Is that on top of free land? Or does that mean that they can pay about?

Julie: That's on top of, yeah, that's on top. Now if you go on into counting how much the land is. This is all on page two.

Joel: And I didn't, it's a long story but I didn't get it. So the land, let's say the land is valued at 10 and a half million, I'm taking the midway point between 9 million and 12 million. 10 and a half million, they would need that-

Julie: We would add that to the-

Joel: And the 7, so it's about an 18 million dollar assistance.

Julie: Yeah, and so the actual cost, because it cost the city about 9 million dollars to acquire it, so the actual cost for the city for this project would be approximately 163,000 dollars a unit.

Joel: Okay, thank you.

UM6: It sounded, yeah, I'm also concerned about the 27, only 27 units for seniors, and the seniors are going to be placed in those relocated, rehabbed housing, and none of the newer units. So they want to, for lack of a better term, stick the old people in the old houses. That's the way I took it. And that ain't cool. I didn't really, that didn't move me, sit too well with me. So that's all.

UM7: Actually I had a question I guess for Jim, and I guess for KMA if they can chime in too. In my experience, the, when you're underwriting for sale developments with affordable units. And I know they're talking here about using I guess work force funds, or a portion of it, do your underwriting guidelines permit the income escalator. Because typically, I mean, I don't see that.

Jim: I believe, I'll ask KMA to correct me if I'm wrong. But we did request the proposers to use the numbers that are provided in the RFP, which are the current numbers in the current year.

UM8: So everyone has a level playing field.

Julie: This is a typical HHP way of doing their performers. I dealt with this on the last project. Who knows what HCD will do.

UM8: It's crystal balling, so in some respects you have to use what you have today. Even though, yes, everybody, I mean every good developer knows that they're probably going to see some inflation that'll allow them to recoup a greater loss.

Julie: The interest rates will probably go up also.

John: I want everyone to work extremely hard on focusing their questions and comments so we can wrap this up in, if we can, in 5 minutes. If we cannot than we will, out of respect for your experience and participation we'll just have to adjust the time.

UF4: I really like the historic aspect of it. I agree that 27 is a little problematic, but I also felt like with this particular group of folks that they will adjust. If they are selected and we convey the concerns, I think they would make adjustments. I think having a historical piece is a really important factor. I also asked the committee to keep in mind that the subsidy that's being requested of all four developers is going to be on the order of a range of magnitude. We don't really know. You know, I have say as a developer I disagree with some of the assumptions KMA is using, and I agree with some of the proposers' assumptions because that's what I'm doing in my developments. So keep that in mind it's not going to be 7 it's probably not going to be 5. It's somewhere in there. And keep that in mind. And I had another piece but I can't remember, so I'll let someone else go.

Maria: I also really liked the fact of the using of the older houses. And I think that they will, just because it's an old house doesn't mean it can't be made useful to a senior. And I also like very much that there will be individual laundries. Really going up and down, to have to go to a large laundry can be problematic for seniors, and to have it in the apartment, you know, that's a really good idea. Again, just because it's an older home, doesn't mean that they're not going to like. I love the idea of having a green and green on Fair Oaks. To me that would go so much with what other houses are on Raymond and Summit. There was a green and green on Summit, who knew that.

John: Hortence.

Hortence: What they said about the monument. But I also wanted to ask them, what would have attracted me to want to live in that place. I didn't hear to much that would attract me as a senior to live there.

John: Mike.

Mike: Thirty second comment. Two major points for everybody's consternation, the fact that all of the senior citizens are being grouped into a specific area of the project, and a specific kind of housing, older homes. That's a concern. The second concern is these people look like, if I can see the numbers correctly, I might be corrected on this one. I'd like to be more advised on this if possible, but my preliminary information gather is there getting about, from a 45 million dollar total cost, about 9 and a half to 13 and a half million bucks in form of

subsidies and donations and what not. That brings the total of the money that they're borrowing from else where or getting for this project to about 21 to 30 percent. And then I heard that they're getting another 7, 8 million bucks from somewhere else. All of this without knowing the exact numbers. It's already a high percentage as far as a developer developing such a critical project. The equity of a developer in a project of this magnitude should not be anything less than 20 percent. These people are borrowing a lot money, they're taking a lot of freebies from left and right. I have particular concern about their ability to come up with a decent project with all these monies and tight budgets. This is a concern of mine.

Julie: Well I the one thing you need to keep in mind is that the city has instructed these developers that the maximum the city was willing to put in the land amount. None of the developers came back with, they have asked for some sort of subsidy on top of the land.

John: Julie, the committee knows that, and so we can move this.

Julie: Okay.

John: Ishmael.

Ishmael: My concern is the child development center. My concern is the clinic they're going to have, and the individuals that's going to be using that, where are they going to be coming from? That mix right there with the seniors. I don't see senior support services in this plan. I don't see the community room. I don't see an area where they can get together. I see

them like they just said. Put down at the end of this development. We have retail all the way at this end. And we have a rental component with a childcare center right in the middle of it.

John: Abe.

Abe: I've already spoken quite a bit, but I'll make a very brief comment. I don't really, I mean during the presentation but I don't see the big idea, it just seems more program driven. It doesn't really sell me that this is really well thought out and it addresses the community concerns and needs right now.

John: Chris.

Chris: I'll try to keep my comments focused on the design aspect. We have seen in design commission come before us with the Fair Oaks, I mean with the Orange Grove project on the south side of Orange Grove, as well as the one that's under construction just south of-

[End of Recording]