

DATE: JANUARY 22, 2007

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

THROUGH: FINANCE COMMITTEE (JANUARY 22, 2007)

FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER

SUBJECT: AMENDED AND RESTATED OWNER PARTICIPATION AND LOAN AGREEMENT NO. CDC-546-1 WITH NEW REVELATION MISSIONARIES; EIGHT-UNIT PERMANENT SUPPORTIVE HOUSING PROJECT AT 877 N. ORANGE GROVE BLVD.

RECOMMENDATION

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

- A. Acknowledge that the proposed project has been determined to be categorically exempt under Section 15332 of the State California Environmental Quality Act Guidelines. and authorize the Secretary of the Commission to file with the County Clerk a Notice of Exemption for the project;
- B. Approve the terms and conditions of the Amended and Restated Owner Participation and Loan Agreement No. CDC -546 (Amended OPLA") with New Revelation Missionaries ("Developer"), for the proposed development at 877 N. Orange Grove Boulevard;
- C. Approve a Journal Voucher recognizing and appropriating \$1,422,289 (\$759,621 from the Supportive Housing Funds (McKinney Act) Account No. 223-684350-52315 and \$662,668 from Housing Opportunity Fund (HOME Investment Partnership Act – \$462,668 and State of California Local Housing Trust Funds –\$200,000) Account No. 810-684120-52315) to the proposed project; and
- D. Authorize the Chief Executive Officer to execute and the Secretary to attest in a form satisfactory to the Commission's General Counsel all documents necessary to carry out and implement the Amended OPLA.

ADVISORY BODY ACTION

The Fair Oaks Project Area Committee at its meeting of December 12, 2006, Northwest Commission at its meeting of December 12, 2006 and the Community Development Committee at its meeting of January 11, 2007 recommended the Commission's approval of the recommendation.

EXECUTIVE SUMMARY

Pursuant to the proposed terms and conditions of an Amended and Restated Owner Participation and Loan Agreement No. CDC-564-1, New Revelation Missionaries ("Developer") shall develop an eight -unit rental housing complex at 877 N. Orange Grove Boulevard as permanent supportive housing for 12 very low income persons with special needs.

The estimated development cost of the project is \$3,462,000 towards which it is recommended the Pasadena Community Development Commission ("Commission") provide \$1,307,668 in development financing assistance,

comprised of \$400,000 in federal McKinney Act Permanent Supportive Housing Funds; \$707,668 from federal HOME Investment Partnership Act ("HOME") funds; and \$200,000 in State of California Local Housing Trust Funds. In addition, the Commission will also provide \$359,620 in federal McKinney Act funds for supportive services and operations.

BACKGROUND

In December 2, 2004, the Commission approved Owner Participation and Loan Agreement No. CDC-546 ("OPLA") with the Developer for the rehabilitation of a four-unit affordable rental housing project on Developer-owned property located at 877 North Orange Grove Boulevard, Pasadena. The Commission's financial assistance under the OPLA is a low interest loan in the amount of \$300,000 from federal HOME Investment Partnership Act (HOME) funds. The rehabilitation project was subsequently re-evaluated and the construction of a new eight-unit complex with supportive services for very low income persons with special needs was determined more appropriate to serve the housing needs listed herein.

PROJECT CONCEPT

The proposed scope of work for the new project includes the demolition of the existing improvements on the subject property and the construction of an eight unit complex with seven housing units (six 2-bedroom units for residents and one unit for the on-site property manager) and one unit for delivery of supportive services. The units will incorporate "universal design" standards for handicapped accessible bedrooms, kitchens, and common areas. The complex will also include a community room. The architecture and landscaping of the project will be designed as an integral part of the proposed land use and be consistent with the neighborhood character. The project will be designed in accordance with all applicable City codes, including the General Plan and the Fair Oaks/Orange Grove Specific Plan, to ensure the proper siting and operation of the facility. Concept floor plans are included in Exhibit "A".

The project will be operated as permanent supportive housing for 12 persons with special needs (two persons per dwelling unit). The goals of permanent supportive housing are to help program participants obtain and remain in permanent housing, increase their skills and/or income and achieve greater self-determination. The Developer shall utilize the services of A Community Of Friends ("ACOF") - an experienced housing developer, a qualified on-site resident manager, and a qualified social service provider to develop and operate the facility.

KEY TERMS AND CONDITIONS OF AMENDED OPLA

Pursuant to the terms of the proposed Amended OPLA, the Developer shall construct an 8-unit affordable rental housing project at 877 N. Orange Grove Blvd. to serve 12 very low income persons with special housing needs. ACOF will provide the necessary project management services for the development of the housing project. The project shall be developed per the Amended OPLA. One (1) tenant household currently residing on the property shall be relocated to decent, safe, and sanitary housing in compliance with federal relocation guidelines.

The estimated total development cost of the project is \$3,462,000. As proposed, the Commission shall provide the Developer with two loans totaling \$1,362,668 in predevelopment and development financing assistance: \$400,000 from federal McKinney Act funds (the "McKinney Loan"), and \$962,668, consisting of federal HOME funds (\$762,668) and State Local Housing Trust Funds (\$200,000) (the "HOME/LHTF Loan"). The remaining funding of approximately \$2,154,322 will be secured by the Developer from other sources including but not

limited to the State of California, the County of Los Angeles, etc. as necessary to finance development of the project.

The McKinney Loan will have a term of 20 years and bear no interest. Repayment is deferred if the McKinney Loan is used to provide affordable housing for very low income persons with special needs in accordance with the federal McKinney Act Permanent Supportive Housing program regulations for the required term. The HOME/LHTF Loan will have a term of 55 years and bear simple interest at a rate of 3% per annum. Interest will not accrue during the first three years of the loan term. Loan repayment will commence on the third anniversary of the loan effective date. Thereafter, the loan shall be repaid in annual installments equal to 100% of the project's residual receipts (the "Residual Receipts Share"). The Commission shall also provide a grant of \$359,620 in federal McKinney Act funds for supportive services, administration and operation of the permanent housing project.

A covenant agreement will be recorded against the property, binding the project for a minimum period of 75 years to comply with affordable rent and income limits for very low income persons, non-discrimination provisions, and property management/maintenance requirements. The Developer shall also be required to partner with a qualified agency to provide supportive services for residents of the complex. The development and operation of the project shall be subject to all applicable City ordinances, regulations and policies including Equal Employment Opportunity In Contracting, First Source Hiring, Local Preference and Priority System Guidelines, and insurance and indemnification requirements.

A summary of the key terms and conditions of the Amended OPLA is contained in Exhibit "B". Keyser Marston has also reviewed and determined the project to be financially feasible based on the restricted rents and household incomes.

HOUSING IMPACT

The completion of the project will provide permanent supportive housing for 12 very low income persons with special needs. The Commission's occupancy and affordability restrictions will ensure that this project is maintained as part of the City's affordable housing supply for a period of 75 years. The project also meets the goals and objectives of the City's Ten-Year Strategy To End Homelessness, General Plan Housing Element, the Fair Oaks/Orange Grove Specific Plan, and the Five-Year Consolidated Plan as well as the Commission's Five-Year Implementation Plan (2005-2010) and Five-Year Public Housing Agency Plan,

FISCAL IMPACT

Approval of the subject recommendation will result in the new appropriation of \$1,422,289 in funding for the proposed permanent supportive housing project at 877 N. Orange Grove Blvd. as follows: \$759,621 in federal McKinney Act funds (Account 223-684350-52315), \$462,668 federal HOME funds. (Account No. 221-684110-52315), and \$200,000 in State of California Local Housing Trust Funds (Account No. 810-684120-52315).

Respectfully submitted,

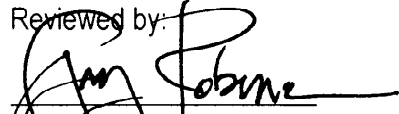

CYNTHIA J. KURTZ
Chief Executive Officer

Prepared by:



ALDRA ALLISON
Project Manager

Reviewed by:



GREGORY ROBINSON
Housing and Community
Development Administrator

Approved by:



BRIAN K. WILLIAMS
Assistant City Manager

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ARCHITECTS, INC.
 WILLIAM K. SPENCER
 PRINCIPAL ARCHITECT
 C-44943

2330 E. DEL MAR BLVD.
 SUITE 215
 PASADENA, CA 91107
 TEL. 818-798-3889 FAX 818-798-7297

CONSULTANTS:

THE ARCHITECT'S RESPONSIBILITY IS TO DESIGN AND CONSTRUCT THE PROJECT ACCORDING TO THE REQUIREMENTS OF THE CLIENT AND THE PROFESSIONAL STANDARDS OF THE ARCHITECTURAL PROFESSION. THE ARCHITECT DOES NOT GUARANTEE THE ACCURACY OF THE INFORMATION PROVIDED BY THE CLIENT OR THE RESULTS OF THE PROJECT. THE ARCHITECT'S LIABILITY IS LIMITED TO THE PROFESSIONAL SERVICES PROVIDED BY THE ARCHITECT.

NO.	REVISION/DESCRIPTION	DATE
1	SCALE 1" = 1/8" PLAN REVIEW	10-23-05
2	SCALE 1" = 1/8" PLAN REVIEW	10-24-05
3	SCALE 1" = 1/8" PLAN REVIEW	10-24-05

CLIENT:

NEW REVELATION
BAPTIST CHURCH
 855 N. ORANGE GROVE BLVD.
 PASADENA, CA 91103

PROJECT:

HOMELESS HOUSING
 855 ORANGE GROVE BLVD.
 PASADENA, CA

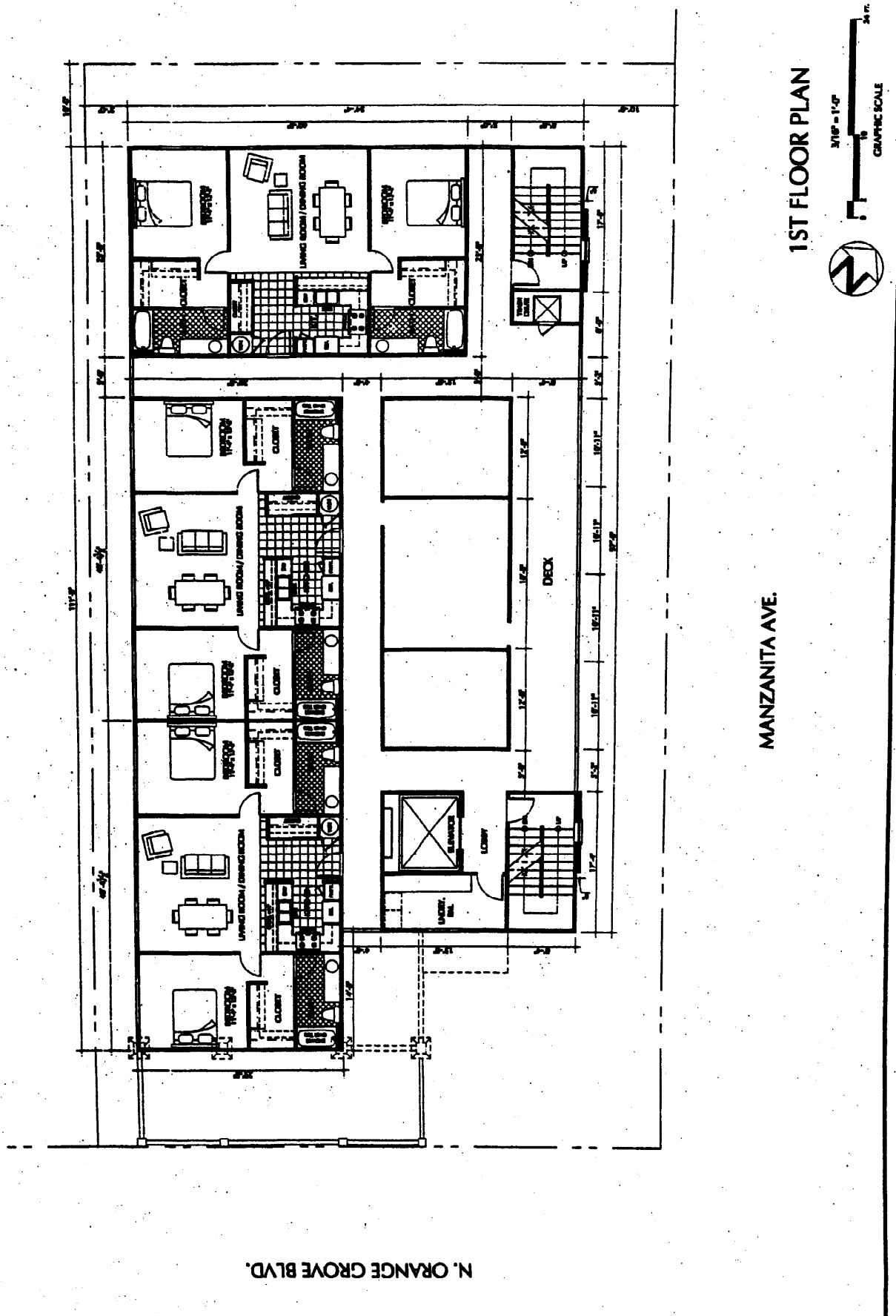
SHEET TITLE:

1ST FLOOR PLAN

SCALE: AS NOTED
 DRAWN BY: [Signature]
 SHEET:

A-2

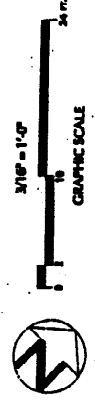
DATE: 11/29/05



N. ORANGE GROVE BLVD.

MANZANITA AVE.

1ST FLOOR PLAN



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CONSULTANTS

REVISIONS

NO.	REVISION/DESCRIPTION	DATE
1	TABLE 1 - FLOOR FINISHES	12.28.06
2	TABLE 2 - FINISHES	12.28.06
3	TABLE 3 - ELEVATIONS	12.28.06

CLIENT:
 NEW REVELATION
 BAPTIST CHURCH
 855 N. ORANGE GROVE BLVD
 PASADENA, CA 91103

PROJECT:

HOMELESS HOUSING
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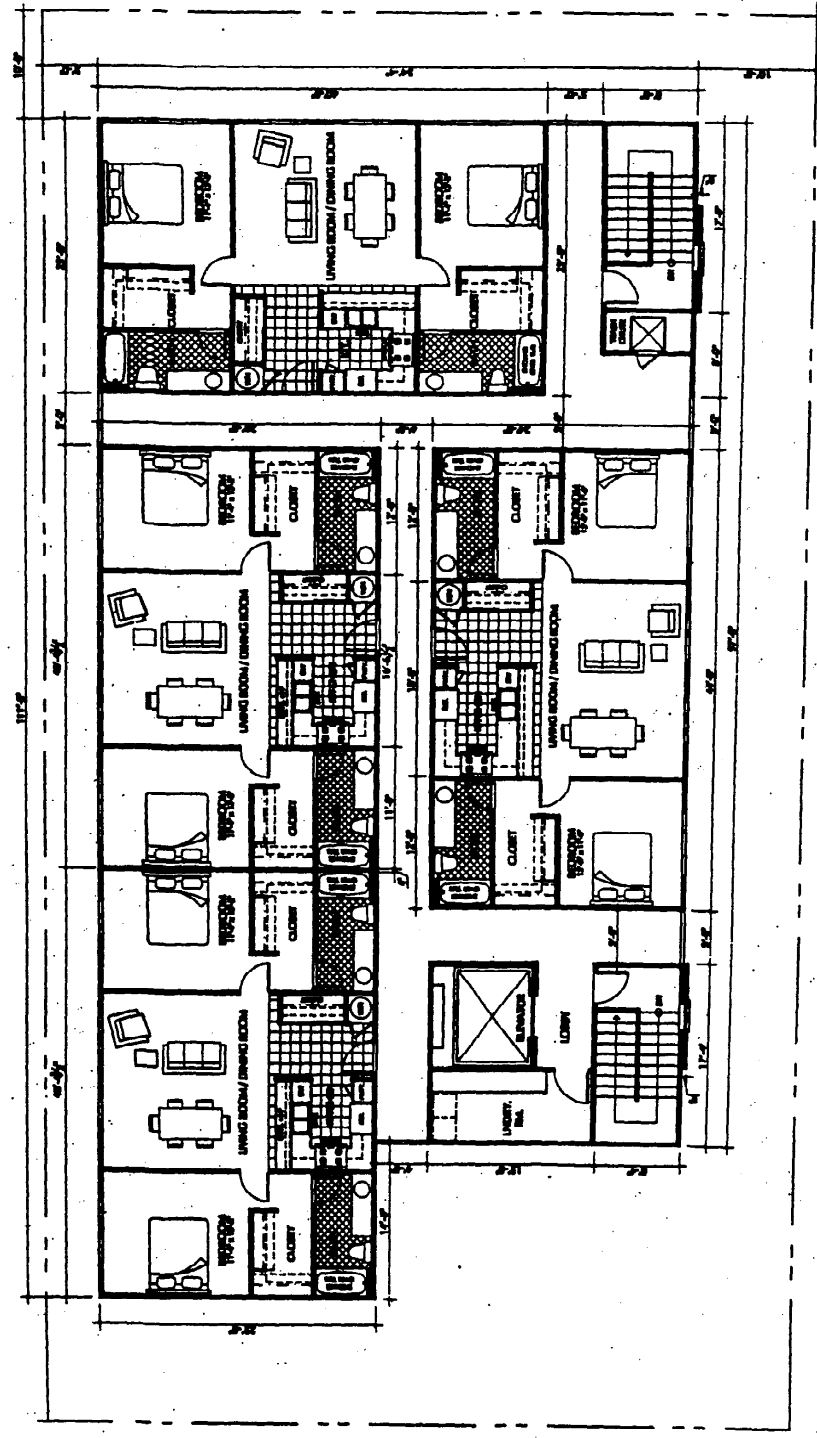
SHEET TITLE:

2ND FLOOR PLAN

SCALE:
 AS SHOWN
DATE:
 11/28/06

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DATE
11/28/06



2ND FLOOR PLAN

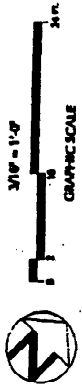


Exhibit "B"

**NEW REVELATION MISSIONARY BAPTIST CHURCH
KEY TERMS AND PROVISIONS OF
FIRST AMENDED AND RESTATED OWNER PARTICIPATION AND
LOAN AGREEMENT ("AGREEMENT") – CDC 546**

I. Owner/Developer

- The owner/developer is New Revelation Missionary Baptist Church ("Developer").
- Developer agrees to contract with development consultant "A Community of Friends" (ACOF) to project management services in the development of a eight - unit permanent supportive housing project.

II. Property

- The project site is comprised of two parcels, 877 N. Orange Grove Blvd. (Assessors Parcel No. 5726-018-001) and 715 Manzanita Ave. (Assessors Parcel No. 5726-018-001). The lot size is .19 acre or 8,451 sq ft.
- Developer shall consolidate the two parcels with a lot line adjustment or a lot tie as required by zoning.

III. Land Use Entitlements

- The existing zoning designation for the project site is FGSP-C-3d, which permits uses for multifamily, dormitories, limited residential care, limited commercial, day care centers, single-family residences, financial institutions, and limited service oriented business. The allowable density is 32 units per acre, resulting in 6 units or 8 units with a 35% density bonus on an 8,451sq ft site.

IV. Scope of Development

- Developer will demolish all existing improvements (consisting of a four unit building) on the lot and develop a housing complex consisting of eight units and one community room. Six units will have two bedrooms, one unit is for the manager unit and one unit is for supportive services.

- The units shall incorporate “universal design” standards for handicapped accessible bedrooms, bathrooms, kitchens, and common areas.
- Off-site improvements (if any required) shall be paid for by Developer
- Project shall meet zoning requirements and provide residential parking at two spaces per unit.
- The architecture and landscaping of the project shall be designed as an integral part of the proposal land use and be consistent with the neighborhood character.
- The Project shall be designed in accordance with all applicable City codes, policies and development standards, including the General Plan, the Fair Oaks/Orange Grove Specific Plan, and the Fair Oaks Redevelopment Project Area Plan.

V. Population Served; Supportive Services

- The Project must provide permanent supportive housing for 12 chronically homeless persons. HUD defines a chronically homeless person as an individual with a disabling condition who has been homeless for at least one year or had four incidences of homelessness in a three year period.
- Developer agrees to partner with a qualified non-profit homeless service provider to provide professional homeless supportive services to Project residents.

VI. Environmental Determination, Studies and Documentation

- Developer shall conduct a Phase I study of the site.
- Project shall comply with all applicable CEQA requirements.
- A HUD environmental review shall be required.

VII. Project Financing

- Pasadena Community Development Commission (“Commission”) shall provide to Developer financial assistance totaling \$1,722,289. This total is comprised of \$759,621 in federal McKinney Act Permanent Supportive Housing funds, \$762,668 in federal HOME Partnership Act funds (which includes \$300,000 loan under Agreement No. CDC – 564) and \$200,000 in State Local Housing Trust Funds.
- The estimated total development cost of the project is \$3,462,000. The Commission will provide two loans totaling \$1,362,668 in predevelopment and

development financing assistance: \$400,000 from federal McKinney Act funds (the McKinney Loan”), and \$962,668 consisting of federal HOME funds of \$762,668, and State Local Housing Trust Funds (\$200,000).

- A grant totaling \$359,621 from McKinney Act Permanent Supportive Housing Grant Funds for supportive services and operation (\$96,480 for Supportive Services; \$244,613 for Operations and \$18,528 for Administration).
- The Commission \$962,668 loan will have a term of 55 years and bear simple interest at a rate of 3% per annum. Interest will not accrue during the first three years of the loan term. The McKinney Loan will have a term of 20 years and bear no interest.
- The total project development cost is estimated to be \$3,462,000. ACOF will submit applications to State and County sources to secure financing for the \$2,154,322..
- The McKinney Act Permanent Supportive Housing Grant of \$445,121 is for three years. Developer will be eligible to apply for \$141,707 in additional funding after three years on an annual basis

VIII. Affordable Housing Covenant Agreement

- The Covenant Agreement shall include rent and income limits, non-discrimination provisions, and property management/maintenance requirements. Commission shall monitor the project's compliance with the Covenant Agreement.
- Covenant Agreement shall run with the land for a minimum of 55 years.

IX. Relocation

- Currently, one tenant resides on the property. The Owner shall comply with Federal relocation guidelines under the Uniform Relocation Act (URA) and/ or the Section 104 (d) of the Housing and Community Development Act.

X. Schedule of Performance

- Developer shall commence construction of the Project no later than May 1, 2007 with Completion scheduled to occur no later than April 30, 2008. Other performance elements shall be identified in the Revised OPLA Schedule of Performance.

XI. Marketing Plan

- Compliance with Continuum of Care homeless guidelines. Tenants must meet the HUD definition of a chronically homeless person (an individual with a disabling condition who has been homeless for at least one year or had four incidences of homelessness in a three year period). First priority will be given to referrals from Passageways.

XII. Equal Employment Opportunity/Affirmative Action/Local Hiring

- Developer shall comply with city's EEO/AA policies.
- Developer shall comply with the City's First Source Hiring Ordinance.
- Developer shall comply with all Federal laws pertaining to Fair Housing, Equal Opportunity and Handicapped Accessibility.

XIII. Insurance

- Developer shall comply with City's insurance requirements.
- Developer agrees to and shall indemnify the Commission and City from and against all claims and expenses arising from or in connection with the Owner, or its lessees, use of the Property or performance of the obligations under the terms of this Agreement.