

DATE: JULY 31, 2000

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER

SUBJECT: APPROVAL OF OWNER PARTICIPATION AND LOAN AGREEMENT BY AND BETWEEN THE PASADENA COMMUNITY DEVELOPMENT COMMISSION AND ABILITY FIRST ("PARTICIPANT") FOR THE CONSTRUCTION OF A GROUP HOME AT 3053 ½ DEL MAR BOULEVARD, PASADENA ("SIERRA ROSE HOUSE") FOR LOW INCOME DISABLED ADULTS

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission ("Commission") adopt a resolution:

1. Finding and determining that the construction of the Sierra Rose House ("Project") as described in the proposed Owner Participation Loan Agreement ("Agreement") executed by Ability First ("Participant") is categorically exempt under the California Environmental Quality Act ("CEQA") and, specifically, under Section 15301 of the State CEQA Guidelines, and authorizing the Secretary of the Commission to file with the County Clerk a Notice of Exemption for the Project pursuant to Section 15301 of the State CEQA Guidelines.
2. Approving the terms and provisions of the Agreement between the Commission and the Participant including Commission assistance in the amount of \$220,820 (Housing Trust Funds - \$53,820; HOME Program Funds -\$167,000) for construction of the Project.
3. Finding and determining that the use of the Commission's Housing Trust Funds in the amount of \$53,820 outside of the Downtown Redevelopment Project Area is of benefit to that Project Area.
4. Authorizing and directing the Chief Executive Officer of the Commission to execute, and the Secretary to attest, the Agreement.

EXECUTIVE SUMMARY:

This Project will provide for the construction of a three-bedroom residence plus resident manager suite at 3053 ½ E. Del Mar Boulevard ("Sierra Rose House") for use as a group home for six developmentally disabled adult residents aged 59 years and older.

The total Project budget is \$693,133 (Exhibit B). The project budget consists of a \$456,839 grant from the U. S. Department of Housing and Urban Development (“HUD”) for acquisition of the City-owned lot at 3053 ½ E. Del Mar Avenue and construction of the residence. Additionally, a Commission Loan in the amount of \$220,820 at 2% interest for 40 years and a \$15,474 contribution by the Participant will be provided for construction related costs. See Exhibit A for the terms and conditions of the Commission Agreement.

HUD has also awarded the Project a \$96,500 grant (\$19,300 annually) in operating assistance for five years. The subsidies will be used to offset the Project’s operating costs and the grant is anticipated to be renewed after the initial five-year period.

The Pasadena Community Development Committee reviewed the recommendation on July 27, 2000. Their recommendation will be presented orally at the Commission meeting.

BACKGROUND:

On September 16, 1996, the City Council authorized the Participant’s purchase of the City-owned property located at 3053 ½ E. Del Mar Boulevard (35,837 sq. ft., zoned RS-6) for \$160,000 as surplus real property. The sales purchase escrow will close concurrently with the HUD grant and Commission loan. The City-owned property is adjacent to the L.A. County Flood Control property known as Eaton Wash. The land use of properties immediately surrounding the subject property are primarily public service. These include a private school, a church, a home for the aged, and Crown House Inc., a group home, an affiliate of Ability First.

On September 30, 1995, HUD approved a Section 811 Grant in the amount of \$456,839 which includes \$160,000 for property acquisition with the remaining \$296,839 balance applied to related development costs. The HUD grant requires that the property operate as low-income housing for the disabled for the next forty (40) years and that the residents pay no more than 30% of their income toward their rent.

On March 26, 1998, the Commission conditionally approved financial assistance in the amount of \$220,820 to the Participant. Subsequent to this action, the Participant entered into an Exclusive Negotiation Agreement (“ENA”) for preparation of an Owner Participation and Loan Agreement (“OPLA”). The Commission assistance shall be used for the construction of a three-bedroom residence and a resident manager suite at the site.

HUD will also provide an operating assistance grant in the amount of \$96,500 (\$19,300 annually) for 5 years to cover operating costs including repairs, maintenance, utilities, insurance, etc. The Participant anticipates that their Project Rental Assistance Contract (PRAC) with HUD for this funding will be renewed after the initial 5 year period.

The Participant, formerly the Crippled Children’s Society, has provided housing for the developmentally disabled for the past seventy-two years. The Participant currently manages eight projects with a total of 199 units in the cities of Glendale, Pasadena,

Signal Hill, Inglewood, East Los Angeles, Moreno Valley, and Woodland Hills. Since the State of California General Licensing Requirements, Chapter 1, 80001, a. (6) does not provide care for people over the age of 59 to remain in regular group homes, this Project will address the needs of this special group. The Participant will be responsible for the provision of all supportive services through Ability First's Society Housing Management Company, Inc., a subsidiary of Ability First.

The Participant has an annual budget of nearly \$6.8 million dollars, a staff of 187, and serves nearly 6,000 disabled persons a year. Participant also operates 8 day activity centers, 4 workshops, and 2 camps.

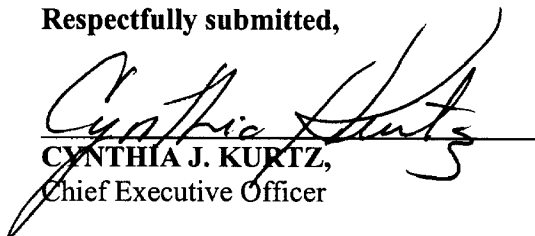
HOUSING IMPACT:

Approval of the recommendation shall provide for the construction of a group home for residents with special needs. This Project represents the Commission's ongoing efforts to provide affordable housing for the special needs population. This affordable housing activity is consistent with the goals and objectives of the Commission's Implementation Plan 1999-2004, the Commission's Priority Work Program, the City of Pasadena's General Plan (Housing Element), and the Consolidated Plan 2000 - 2005.


FISCAL IMPACT:

Low and Moderate Income Housing Trust Funds in the amount of \$53,820 are currently available in Account No. 810-684120-51309 and HOME Program Funds in the amount of \$167,000 are currently available in Account No. 221-684110-52307 for this Project.

Respectfully submitted,


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Chief Executive Officer

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Approved by:


RICHARD BRUCKNER
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