

DATE: APRIL 17, 2000
TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION
FROM: CYNTHIA J. KURTZ
CHIEF EXECUTIVE OFFICER
SUBJECT: APPROVAL OF EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN
THE PASADENA COMMUNITY DEVELOPMENT COMMISSION AND
TRADEMARK DEVELOPMENT COMPANY, L.L.C.

RECOMMENDATION:

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

- A. Approve the terms and conditions of an Exclusive Negotiation Agreement ("ENA") with Trademark Development Company, L.L.C. ("Developer") for preparation of a Disposition and Development Agreement ("DDA") for the construction of two affordable housing units located at 459 N. Lincoln Avenue, Pasadena, and
- B. Authorize the Chief Executive Officer to execute and the City Clerk to attest, the ENA with the Developer.

BACKGROUND:

On May 13, 1996, the Commission acquired the real property located at 459 Lincoln Avenue, Pasadena ("site"), from Charles Williamson, at the cost of \$95,000 for an affordable ownership housing development. This unimproved parcel is located near the southwest corner of Lincoln Avenue and Villa Street. The site was to be included in a Request for Proposal (RFP) with several other vacant or blighted parcels along Cypress Avenue between Orange Grove Blvd. and Villa Street. Unfortunately, staff has not, at this time, been able to negotiate purchase of the other parcels. Consequently, based on the condition of the existing vacant site, staff seeks to now proceed with a proposed affordable housing development at this location.

ACTION OF ADVISORY BOARDS:

The Northwest Commission reviewed and approved the recommendation on Wednesday, April 5, 2000 and the Pasadena Community Development Committee on April 13, 2000.

PROPOSED PROJECT:

In November 1999, the Developer submitted a proposal for the construction of two single family detached condominium housing units on the site. Each unit will have an average of 1,500 sq. ft. with 3 bedrooms and 2 bathrooms. One of the housing units will

include a bedroom and bathroom on the lower level to meet the Commission's goal of providing ownership housing with accessibility and adaptability features. The project design will be consistent with the architectural character of the Lincoln Triangle neighborhood. These units will be targeted to moderate income households earning no more than 110% of the Los Angeles County Median income who are first-time homebuyers. Projected sales prices, at this time, are \$190,000 and \$195,000 respectively.

DEVELOPMENT TEAM INFORMATION:

Trademark Development Company, L.L.C. ("Developer") is a Pasadena-based, real estate development company specializing in the development and rehabilitation of single-family and multi-family housing. The Developer's primary focus is centered on urban in-fill development sites throughout Southern California. The Developer's two managing partners, Dan Akins and Joel Bryant, have several years of direct and indirect experience in affordable housing, retail, and industrial development.

GENERAL TERMS AND CONDITIONS OF THE EXCLUSIVE NEGOTIATION AGREEMENT (ENA):

An Exclusive Negotiation Agreement (ENA) will be entered into between the Commission and the Developer on the general terms and provisions set forth below to negotiate a Disposition and Development Agreement (DDA).

The Commission and the Developer would agree as follows:

1. **Good Faith Negotiations** - The parties shall enter into a 120-day ENA to diligently negotiate in good faith the preparation and execution of a DDA with the Commission to implement the proposed affordable housing activity.
2. **Deposit; Liquidated Damages** - Prior to execution by the parties of the ENA, the Developer shall submit a good faith deposit in the amount of \$500.00 (cash or certified check) to ensure the Developer's good faith negotiations under the ENA.
3. **Development Concept** - The proposed project shall meet the existing or proposed zoning of the site, architectural/design concept of the neighborhood, meets the affordable housing goals of the City of Pasadena's Affordable Housing Plan 1995-2000, the Housing Element, and Comprehensive General Plan.
4. **Site Plan and Design Concept** - The Developer shall prepare and submit a preliminary site plan and architectural/design concept for the proposed affordable housing project. These documents, upon review and modification during the negotiation period, shall constitute the basic concept plans for approval by the Commission.
5. **Schedule, Cost and Proforma** - Within 60 days of execution of the ENA, the Developer shall prepare and submit to the Commission for its review a schedule of the construction proposed and an estimate of the development costs including construction and non-construction costs; an estimate of the development income and a proforma statement of the development to ascertain the economic feasibility of the proposed project; and a description of the proposed construction financing, plans for the permanent financing and any financial assistance requested of the Commission.

6. **Purchase Price of Site** – The purchase price and/or other consideration to be paid by the Developer for the site will be determined during the ENA negotiations. The purchase price and/or other consideration will be based upon market conditions, and the related cost for construction of high quality, affordable, moderate-income ownership housing.
7. **Environmental Requirements** - Developer will supply information to determine the environmental impact of the proposed housing project and prepare such environmental documents, as may be needed, to comply with the California Environmental Quality Act (CEQA).
8. **Developer** – Developer shall furnish the names and addresses of principal partners, associates, contractor, and architect. Additionally, the Developer shall furnish its most recent financial statement, the proposed construction financing, banking relationship, and a detailed description of the related housing experience of the Developer and its principals.

HOUSING IMPACT:

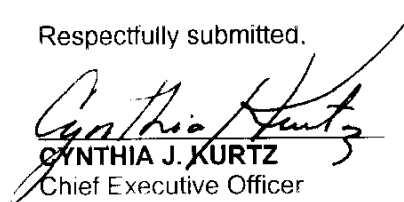
Approval of the subject recommendation and implementation of the proposed affordable housing activity pursuant to a DDA shall result in the provision of two, affordable homeownership units to moderate-income households. This affordable housing activity is consistent with the goals and objectives of the Commission's Affordable Housing Plan 1995-2000, the Downtown Redevelopment Plan, the City of Pasadena General Plan (Housing Element), the Northwest Pasadena Community Plan (Housing Element) and the Commission's Consolidated Plan.

FISCAL IMPACT:

The Developer shall provide a \$500 good faith deposit to the Commission prior to execution of the ENA. In addition, should Commission financial assistance be deemed necessary for the construction and sale of the proposed project, the appropriate budgetary recommendation shall be submitted to the Commission for approval in conjunction with the DDA.

In the Developer's proposal, Commission financial assistance is requested to write down the land value and/or to provide second trust deed loans to the new homeowners through the Homeownership Opportunity Program ("HOP"). The Commission assistance would be used to bridge the gap between the purchase prices and maximum mortgages that can be obtained. The HOP loans are estimated not to exceed \$23,000 per unit.

Respectfully submitted,



CYNTHIA J. KURTZ
Chief Executive Officer

Prepared by:



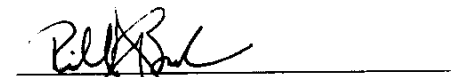
STELLA LUCERO
Project Planner

Reviewed by:



GREGORY ROBINSON
Housing Administrator

Approved by



RICHARD BRUCKNER, Director
Housing & Development Department