

DATE: AUGUST 13, 2001

TO: COMMUNITY DEVELOPMENT COMMISSION

FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER

SUBJECT: APPROVAL OF CONDITIONAL FUNDING COMMITMENTS FOR THE SELECTED PROJECTS IN RESPONSE TO THE 2001 NOTICE OF FUNDING AVAILABILITY (NOFA) FOR AFFORDABLE HOUSING OPPORTUNITIES

RECOMMENDATIONS:

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

- (1) Approve the selection and total conditional funding commitment in the amount of \$4,255,638 for the seven affordable housing projects identified in Exhibit A, and
- (2) Authorize the Chief Executive Officer to execute, and the City Clerk to attest, Exclusive Negotiations Agreements (ENA) with the selected affordable housing project Proposers.

EXECUTIVE SUMMARY:

Approval of conditional funding commitments in the amount of \$4,255,638 shall provide financial assistance for the new construction and rehabilitation of approximately 419 units in seven affordable housing projects. Six of the projects are located in Northwest Pasadena (Council Districts 1, 3, and 5) and one project is in East Pasadena (Council District 4). The affordable housing projects include the new construction of a senior citizens apartment complex (65 units), new construction of a special needs project (12 units), rehabilitation of two rental apartment projects (315 units), rehabilitation of a special needs project (5 units), and two homeownership assistance programs (20 units). Upon Commission approval of the conditional funding commitments, the Proposers will enter into 180-day Exclusive Negotiation Agreements (ENA) pursuant to the ENA terms outlined in this report.

ADVISORY BODIES:

The subject recommendation was reviewed and approved by the Housing Sub-Committee on July 10, 2001. On July 26, 2001, this item was reviewed by the Pasadena Community Development Committee (CDC). The item was approved by the CDC with Chairperson Hernandez requesting that his disapproval of the King Villages project be noted due to concerns surrounding the landscaping along the perimeter fence. Chairperson Hernandez also wanted it noted that a decision concerning the Southern California Presbyterian/Beacon Housing Senior Housing project should be placed on hold until the Zoning Board of Appeal had rendered its decision on the applicants Conditional Use Permit (CUP). Additionally, this item was presented to and approved by the Northwest Commission (NWC) on August 1, 2001.

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BACKGROUND:

On November 16, 2000, the Pasadena Community Development Committee (Committee) approved the December 1, 2000 release of the 2001 Notice of Funding Availability (NOFA). The NOFA provided \$6.5 million from the Commission's Federal National Mortgage Association (Fannie Mac) American Communities Fund Credit Facility Loan to supplement the production, improvement and preservation of affordable housing opportunities for low and moderate-income households. The NOFA requested proposals from non-profit and for-profit developers/sponsors by the deadline of April 3, 2001, for the provision of affordable housing activities in the following categories:

- (1) New Housing Construction (Ownership or Rental),
- (2) Homebuyers Assistance,
- (3) Homeowner Rehabilitation
- (4) Rental Rehabilitation, and
- (5) Special Needs Housing

By close of business on April 3, 2001, the Commission received ten proposals for varied affordable housing activities (Exhibit A) in response to the NOFA. Two proposals were not considered because the proposed project site became unavailable for sale and a third proposal was withdrawn by the developer after completion of the review process. Consistent with the allocation review process and schedule established within the NOFA, a six member evaluation team reviewed and ranked the proposals based on the following criteria:

- **Project Description** (Project plan, Number of affordable housing units, Existing property ownership, Target area and Client population)
- **Experience/Administrative Capacity** (Expertise in completing similar projects, Development team, Qualifications of proposer/development team)
- **Financial Capacity/Collaboration/Leveraging** (Detailed budget, Reasonableness of costs, Current financial statements of Proposer, Evidence of collaboration/leveraging of other sources, and if a special needs project, Information regarding the provider and services to be provided with dollar amount)
- **Community Sensitivity** (Efforts made to solicit community input, project compatibility with neighborhood character)
- **Local Preference** (Proposer is a local Pasadena business)
- **Affirmative Action Compliance** (Contracting Ordinance Compliance)

Utilizing this criteria, the evaluation team thoroughly considered each proposal with primary focus on the merits of the affordable housing activity and an analysis of the proposed budget.

Based on the evaluation team's review and deliberation, seven proposed affordable housing projects are recommended for funding (Exhibit A).

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

An Exclusive Negotiations Agreement ("ENA") will be entered into between the Commission and each Proposer on the general terms and provisions set forth below. The ENA will permit the parties to negotiate the terms and conditions of an Agreement (i.e. Disposition and Development Agreement, Owner Participation and Loan Agreement, HOME Loan Agreement, Sub-recipient Agreement, etc.) which will specify the rights, obligations and method of participation of the parties with respect to the specific affordable housing project. The general provisions of the ENA are as follows:

1. **Good Faith Negotiations** - 180-day period to negotiate in good faith the preparation of an Agreement for the proposed affordable housing project.
2. **Good Faith Deposit** - Proposer obligated to submit a Good Faith Deposit (Deposit) to Commission (approx. \$500-\$2,000) to ensure Proposer will diligently proceed in good faith. If Agreement executed, deposit to be applied to affordable housing project. If the project does not proceed, deposit to be returned to Proposer.
3. **Development Site** - The description and ownership of the site(s) where the affordable project will take place.
4. **Site Plan, Design Concept, Schedule, Cost and Pro Forma** - The Proposer shall prepare and submit to the Commission a preliminary site plan, architectural/design concept, schedule of the rehabilitation/construction of all structures and improvements, development and operating proformas, and a description of the proposed method of financing for the proposed affordable housing project in sufficient detail to evaluate the project's feasibility.
5. **Proposer** - Not later than 60 days after the effective date of the ENA the Proposer will provide copies of the form and type of business entity; principal office location; Proposer's principals, employees, consultants and professionals. Proposer will additionally provide the identity of its legal counsel and building contractor.
6. **Financial** - The most recent financial statement of the Proposer and/or key Proposer personnel shall be submitted to the Commission within 60 days of the effective date of the ENA. The Proposer will also make and maintain full disclosure to the Commission of the methods of financing and the financing to be used in the affordable housing project.
7. **Environmental Requirements** - The Proposer will assume the responsibility to investigate the surface and subsurface conditions, as appropriate, to evaluate suitability of the site for the affordable housing project. The Proposer agrees to assist the Commission to determine the State and local environmental requirements under the California Environmental Quality Act (CEQA) and to determine the environmental impact of the proposed housing project.

- 8. Limits of the Exclusive Negotiations Agreement** - By executing the ENA, the Commission is not committing to undertake (a) financing, acquisition or disposition of land to the Proposer, or (b) any other acts requiring independent exercise of discretion by the Commission or City. Both parties recognize that the negotiation process may fail due to one or more of the conditions not being met.

Execution of the ENA by the Chief Executive Officer of the Commission is merely an agreement to enter into a period of exclusive negotiations according to the terms, reserving final discretion and approval by the Commission and the City as to any Agreement and all proceedings and decisions in connection therewith.

HOUSING IMPACT:

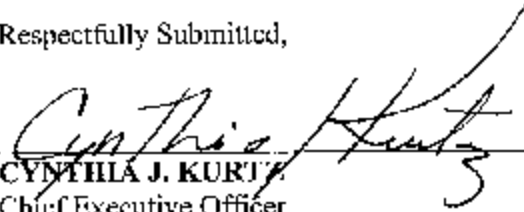
Approval of the subject recommendation and implementation of the selected affordable housing projects shall result in the provision of four hundred and nineteen affordable housing units, including sixty-five newly constructed senior apartments, twelve newly constructed special needs rental units, five rehabilitated special needs rental units, three hundred fifteen rehabilitated rental units, twelve homeownership units, and eight acquisition/rehabilitation homeownership units. The net effect represents an increase in the City's affordable housing stock, the removal of several blighting conditions and counseling and down payment assistance for prospective low/moderate income homebuyers. These affordable housing activities are consistent with the goals and objectives of the Commission's Affordable Housing Plan 2000-2004, the Commission's 1999-2004 Implementation Plan, Priority Work Program, the Fair Oaks Redevelopment Plan, the City of Pasadena General Plan (Housing Element), the Northwest Pasadena Community Plan (Housing Element), and the Five Year Consolidated Plan.

FISCAL IMPACT:


Approval of the subject recommendation will provide conditional funding commitments in the amount of \$4,255,638 in Fannie Mac American Communities Fund (ACF) Credit Facility Loan proceeds for seven affordable housing projects. Approximately \$5.5 million of the \$6.5 million ACF Loan remains available for allocation to these funding commitments, subject to completion of exclusive negotiations and Commission approval of the appropriate Agreement with each Proposer.

It is anticipated that the City's General Fund sales and property tax bases will be increased upon the construction, sale, rent and occupancy of the related housing projects.

Respectfully Submitted,


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Approved by:


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