

DATE: DECEMBER 15, 2003

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER

SUBJECT: APPROVAL OF AN EXCLUSIVE NEGOTIATION AGREEMENT INCLUDING A PREDEVELOPMENT LOAN OF \$50,000 FOR DEVELOPMENT OF FOUR TOWNHOMES (CYPRESS TOWNHOMES) AT 537 N. CYPRESS AVENUE WITH AFFORDABLE HOUSING CONSOLIDATED, INC. (DEVELOPER)

RECOMMENDATION:

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

1. Approve the terms and conditions of an Exclusive Right to Negotiation based on the terms set forth in this report, and
2. Authorize the Chief Executive Officer to execute, and the Secretary to attest, the Exclusive Negotiations Agreement and related documents based on these terms.

ADVISORY BODIES:

On December 9, 2003, the Northwest Commission approved the recommendation. The Community Development Committee's recommendation of December 11, 2003 will be reported orally to the Commission. The Fair Oaks Project Area Committee meeting on December 4, 2003 was cancelled due to a lack of quorum.

EXECUTIVE SUMMARY:

Approval of the Exclusive Negotiation Agreement (ENA) will commit the Commission and Affordable Housing Consolidated, Inc. (Developer) to enter into a 90-day period to negotiate the terms and conditions of the Owner Participation and Loan Agreement (OPLA) including the provision of \$50,000 for predevelopment costs associated with the development of four townhomes at 537 N. Cypress Avenue, Pasadena, within the Downtown Redevelopment Project Area (Lincoln Triangle).

BACKGROUND:

The proposed Cypress Townhome Development is located at the west side of Cypress Avenue in the Lincoln Triangle Area and the Downtown Redevelopment Project Area. The Developer-owned site consists of a 10,260 sq. ft. vacant parcel and is zoned RM-32 which allows for development of 8 units. The Developer has requested the Commission enter into exclusive negotiations and the provision of predevelopment assistance for development of four townhouse units of which two units would be sold to moderate-income, first-time homebuyers. The predevelopment assistance shall be a deferred loan in the amount of \$50,000 at 3% interest and shall be included as a condition

of the OPLA or repaid within five years. The predevelopment loan shall be secured by a 2nd Trust Deed recorded against the subject property and loan proceeds shall be used to reimburse the Developer for eligible predevelopment costs.

General Terms and Conditions of the Exclusive Negotiation Agreement:

The ENA will permit the parties to negotiate the terms and conditions of an Owner Participation and Loan Agreement (OPLA) which will specify the rights, obligations and method of participation of the parties with respect to the Cypress Townhome project. The general provisions of the ENA are as follows:

1. **Exclusive Negotiation Period** – 90-day period to negotiate in good faith the preparation of an OPLA for the proposed affordable housing project. If additional time is required to negotiate, the ENA may be extended by the Chief Executive Officer for an additional 90 days.
2. **Good Faith Deposit** – Developer shall submit a Good Faith Deposit (Deposit) of \$500.00 to the Commission. If the OPLA is executed, the Deposit will be applied toward the affordable housing project. If the project does not proceed, the deposit will be applied toward the outstanding predevelopment loan.
3. **Site Plan, Design Concept, Schedule, Cost and Proforma** – The Developer shall prepare and submit to the Commission, within the first 45 days, a preliminary site plan, architectural design concept, schedule of the construction of all structures and improvements, development proforma, and a description of the proposed method of financing for the proposed affordable housing project in sufficient detail to evaluate the project's feasibility.
4. **Limits of the ENA** – By executing the ENA, the Commission is not committing to undertake (a) financing, acquisition or disposition of land to the Developer, or (b) any other acts requiring independent exercise of discretion by the Commission. Both parties recognize that the negotiation process may terminate due to one or more of the conditions not being met.
5. **Predevelopment Loan** – Provision of a Commission Predevelopment Loan from the Housing Opportunity Fund to the Developer in the amount of \$50,000 for a five-year term at 3% interest rate and secured by a Deed of Trust recorded against the subject property. Loan proceeds shall be used solely for reimbursement to Developer of eligible predevelopment costs (appraisals, surveys, environmental, legal, market study, etc.) associated with implementation of the proposed project.
6. **Developer Status** – Developer shall provide evidence that its corporate status as a non-profit corporation is in good standing with the State of California.

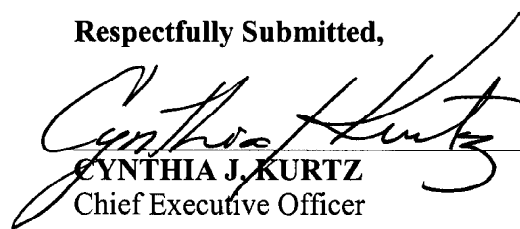
Should the exclusive negotiations with the Developer result in approval of the terms and conditions of an OPLA for the proposed project, revised conditions for repayment of the predevelopment loan will be included therein.

Approval of the subject recommendation will provide the opportunity for the Commission to participate in the development of four ownership townhouse (two affordable) for occupancy by first-time homebuyers. The proposed project complies with the goals and objectives of the Commission's Five-Year Implementation Plan (1999-2004), the Five-Year Consolidated Plan (2000-2005), the General Plan Housing Element, the Commission's Priority Work Program, and the Housing Element of the Northwest Pasadena Community Plan.


FISCAL IMPACT:

Approval of the recommendation will authorize the Commission's expenditure of \$50,000 for eligible predevelopment costs incurred by the Developer in the implementation of the Cypress Townhome Development. Sufficient funds for this action are available in the Housing Opportunity Fund (Account No. 8167-810-684120-51308).

Respectfully Submitted,


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Chief Executive Officer

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