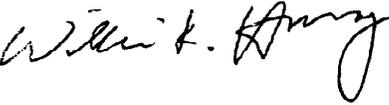


HOUSING DEPARTMENT

December 10, 2009

**TO:** Pasadena Community Development Commission

**FROM:** William K. Huang, Housing Director 

**RE:** Approval of Housing Assistance Payment Contract with Abode Communities  
Providing Section 8 Project-Based Vouchers for the Hudson Oaks Project  
(1267 N. Hudson Ave.)

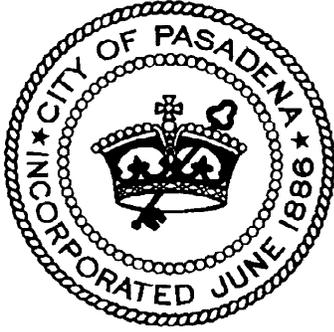
In response to comments at the December 9, 2009 meeting of the City Council Economic Development and Technology Committee, please be informed that the applicable legal documents for this and future affordable housing projects which are targeted to very low-income renters will include, to the extent permitted by law and regulations of applicable funding sources, a provision to ensure that eligible persons on the Commission's Section 8 waiting list are given preference in the tenant selection process in accordance with the following order of local priority:

- a. Section 8 waiting list (Pasadena resident and works in city)
- b. Pasadena resident and works in city
- c. Section 8 waiting list (Pasadena resident)
- d. Pasadena resident
- e. Section 8 waiting list (works in Pasadena)
- f. Works in Pasadena

The tenant selection process for the Hudson Oaks and all future affordable housing projects which are targeted to very low-income renters will also require proactive marketing to those on the Section 8 waiting list.

cc: Michael J. Beck, City Manager

12/14/2009  
5. A. 3.



# Agenda Report

DECEMBER 14, 2009

**TO:** PASADENA COMMUNITY DEVELOPMENT COMMISSION

**THROUGH:** ECONOMIC DEVELOPMENT AND TECHNOLOGY  
COMMITTEE (December 9, 2009)

**FROM:** HOUSING DEPARTMENT

**SUBJECT:** APPROVAL OF HOUSING ASSISTANCE PAYMENT  
CONTRACTS PROVIDING SECTION 8 PROJECT-BASED  
HOUSING CHOICE VOUCHERS WITH ABODE COMMUNITIES  
FOR 160 RENTAL HOUSING UNITS AT CENTENNIAL PLACE  
(235 E. HOLLY STREET) AND HUDSON OAKS (1267 N.  
HUDSON AVENUE) AFFORDABLE HOUSING PROJECTS

**RECOMMENDATION:**

It is recommended that the Pasadena Community Development Commission approve project-based Housing Assistance Payment contracts under the Housing Choice Voucher Program with Abode Communities for the provision of rent subsidies to assist 116 housing units at the Centennial Place project and 44 housing units at the Hudson Oaks project.

**ADVISORY COMMISSION RECOMMENDATION:**

The subject item has been scheduled for recommendation by the Community Development Committee at its regular meeting of December 10, 2009.

**BACKGROUND:**

The subject recommendation provides for the allocation of federal rent subsidies administered by the Pasadena Community Development Commission ("Commission") to 160 housing units in two affordable rental housing projects in Pasadena which are developed and managed by Abode Communities. Residents of the subsidized units will be very low income single persons and senior citizens. The subsidies will reduce the rent burden for the residents and enhance the economic viability of the housing projects.

The Commission administers the Housing Choice Voucher Program, a federal housing program commonly known as "Section 8", which provides rent subsidies

to assist very low income households in Pasadena. The Program has a total of 1,315 Housing Choice Vouchers, comprised of "tenant-based" and "project-based" rent subsidies. The former category currently comprises approximately 87% of the Program. The rental assistance is "tenant-based" in that a Housing Choice Voucher is issued directly to a qualified tenant household from the program's waiting list. The Voucher recipient is responsible for finding a vacant rental unit in the city and a property owner willing to participate in the Program. If the Voucher recipient is successful in doing so, the Commission enters into a Housing Assistance Payment contract with the property owner pursuant to which the Commission pays out the rent subsidy to the property owner on a monthly basis. The portion of the total rent not subsidized is paid by the tenant and generally ranges from 30% to 40% of household income during the first year of lease under the Program. Subject to Program restrictions, should the tenant choose to move and rent a different housing unit elsewhere in the city, the tenant may request that the Section 8 Voucher be transferred with him/her accordingly; hence, the term "tenant-based" assistance.

On the other hand, up to 263 Housing Choice Vouchers (not to exceed 20% of the total Program allocation) may be "project-based" rental assistance in accordance with the Administrative Plan approved by the Commission on March 2, 2009. Project-based vouchers are those that are allocated to specific rental housing projects in the city (instead of issued to tenant households). Presently, the Commission administers 38 project-based Vouchers. Non-profit housing sponsor Abode Communities submitted applications in response to Request For Proposals ("RFP") issued by the Commission in July and October 2009 announcing the availability of Project-Based Housing Choice Vouchers. The RFP notices were published in the Pasadena Star News and posted on the Housing Department's web page. Abode Communities requested project-based voucher allocations for two housing projects -- Centennial Place and Hudson Oaks. The Abode Communities proposals were reviewed by the Housing Department and determined to satisfy the RFP threshold criteria. No other proposals were received.

### **Centennial Place**

The Centennial Place project is located at 235 E. Holly Street and provides affordable rental housing to very low income persons. In 1991 the Los Angeles Community Design Center -- now Abode Communities -- completed the rehabilitation and conversion of the old YMCA building and placed into service 144 units of single-room occupancy apartments, providing critically needed affordable housing in the community.

Centennial Place is a key resource in addressing the City's critical affordable housing needs. In order that it can continue to perform this vital role and remain a positive contributor to the neighborhood and community, a collaborative effort has been underway between representatives of the City's Housing Department,

Abode Communities, Union Station Homeless Services, and the County of Los Angeles, to enhance Centennial Place in the following respects:

- Expanded rent subsidies for its residents
- Improved supportive services
- Capital improvements to the building
- Enhanced long term financial viability for the project

Presently, 27 units at Centennial Place receive project-based Section 8 rent subsidies from the Commission. As proposed, this subsidy would be expanded by an additional 116 project-based vouchers to cover all 143 affordable units at Centennial Place (one unit is reserved for a resident manager) . The rental assistance will reduce the rent burden for the residents thereby giving them a better opportunity to stabilize their financial situation. The new project-based vouchers will be phased in over time and will not result in the displacement of existing tenants. A Service Provider Agreement between Abode Communities and Union Station Homeless Services is in place and the County of Los Angeles is currently considering a funding request for supportive services and capital improvements and it is anticipated that a funding decision will be made by early 2010.

### **Hudson Oaks**

At its regular meeting of June 22, 2009 the City Council approved the key business terms of an Acquisition, Disposition and Development Agreement with Abode Communities, including a funding commitment in the amount of \$4,312,115, for the proposed acquisition and substantial rehabilitation of a vacant three-story apartment building located at 1267 N. Hudson Avenue for operation as a 45-unit rental housing complex for very low income seniors (44 affordable units plus one resident manager's unit).

In approving the transaction, the Commission was also informed that the proposed Hudson Oaks senior apartments project would require project-based Section 8 rental subsidies for 44 units in order to be economically viable. As in the Centennial Place project, the proposed rent subsidies would further reduce the rent burden for the residents. Furthermore, they would enable the project to support additional permanent financing in the estimated amount of \$900,000.

The Hudson Oaks project is currently in City plan check. The developer is in the process of securing project financing including submittal of an application to the County of Los Angeles in the current City of Industry Program funding cycle and applying to the State for low income housing tax credits in the Spring 2010 funding cycle.

### **COUNCIL POLICY CONSIDERATION:**

The subject recommendation advances a number of Housing Policies that are set forth in the City's Housing Element, including:

Policy 2.3 -- Promote the construction and rehabilitation of suitable and adequate housing for special needs groups, including seniors.....

Policy 3.7 -- Provide rental assistance to address housing overpayment among special needs groups and the very low income population.

**FISCAL IMPACT:**

Commission approval of the subject recommendation will result in the allocation of federal Section 8 program funds to assist a total of 160 dwelling units in the Centennial Place and Hudson Oaks housing projects owned and operated by Abode Communities. The funding will be in the form of rent subsidies pursuant to Housing Assistance Payment contracts to be entered between the Commission and Abode Communities. The contracts may be renewed annually subject to federal funding appropriation. The annual amount of the rent subsidies for both projects combined (assuming 100% lease-up of the 160 assisted units) is estimated to be \$841,000. The allocation will be drawn from federal Section 8 entitlement revenues that are programmed in the approved FY 2010 Housing Department operating budget.

Respectfully submitted,



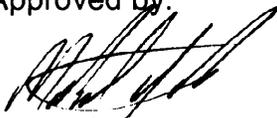
**WILLIAM K. HUANG**  
Housing Director  
Housing Department

Prepared by:



James Wong, Senior Project Manager

Approved by:



**MICHAEL J. BECK**  
Chief Executive Officer