

Agenda Report

July 16, 2012

TO: Honorable Mayor and City Council

THROUGH: Economic Development & Technology Committee (July 11, 2012)

FROM: Housing Department

SUBJECT: APPROVAL OF KEY BUSINESS TERMS OF COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH ABODE COMMUNITY HOUSING FOR USE OF HOME INVESTMENT PARTNERSHIP ACT FUNDS IN AMOUNT OF \$425,000 TO REHABILITATE VILLA PARKE HOMES PROJECT (9 UNITS) AT 422 NORTH RAYMOND AVENUE, 488 NORTH RAYMOND AVENUE, AND 557 NORTH LOS ROBLES AVENUE

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Find that the rehabilitation of the nine (9) dwelling units comprising the Villa Parke Homes affordable rental housing project at 422 N. Raymond Ave., 488 N. Raymond Ave., and 557 N. Los Robles (the "Project") does not have a significant effect on the environment and has been determined to be categorically exempt under Class 1(Existing Facilities) of the State California Environmental Quality Act ("CEQA"), and, specifically, Section 15301 of the State CEQA Guidelines;
- 2) Authorize and direct the City Clerk to file with the County Clerk a Notice of Exemption for the Project;
- 3) Approve the key business terms of the Community Housing Development Organization ("CHDO") agreement with Abode Community Housing, as described in this agenda report;
- 4) Recognize revenues of \$364,133 and increase appropriations totaling \$425,000 in the Housing Department FY 2013 operating budget for the Villa Parke Homes Project. The \$364,133 increase in revenues is from the reallocation of existing federal Home Investment Partnership Act ("HOME") CHDO grant funds (reallocation is subject to City Council approval of the Substantial Amendment as part of the public hearing on July 16, 2012) and represents new FY 2013 revenue (6229-221-684111) in the HOME fund (Fund 221). These new revenues will support the requested increase in appropriations of the same amount (8167-221-684111). The balance of the

appropriations (\$60,867) is in the current FY 2013 adopted HOME Fund (Fund 221) budget which is available to expend on HOME CHDO activities;

4) Approve journal voucher appropriations in the total amount of \$425,000 Home Investment Partnership Act ("HOME") CHDO Set-Aside funds to the Villa Parke Homes Rehab Project consisting of \$364,133 from reallocated prior years HOME CHDO funds (Account No. 8167-221-684111-66-52058) and \$60,867 from HUD Program Year 2012 HOME CHDO funds (Account No. 8167-221-684111-MC12-52058); and

5) Authorize and direct the City Manager to approve, and the City Clerk to attest, the CHDO agreement, certifications, and other documents as necessary to implement the staff recommendations.

ADVISORY COMMISSION RECOMMENDATION

The subject recommendation was considered by the Northwest Commission at its regular meeting of July 12, 2012. The results were not available at the time of the posting of the agenda. The outcome of the Northwest Commission's action will be distributed to the City Council prior to consideration of this matter on July 16, 2012.

BACKGROUND

Villa Parke Homes is a nine (9)-unit affordable rental housing development for very low income families that was constructed in 1989 and financed with City loan assistance in the amount of \$309,871 and Low Income Housing Tax Credits. The development is comprised of three sites, each containing three multifamily units: 422 N. Raymond Avenue, 488 N. Raymond Avenue, and 557 N. Los Robles Avenue. Villa Parke Homes is owned and managed by Abode Communities, a nonprofit housing developer that has over 44 years of experience in the affordable housing industry, developing nearly 3,000 units in Southern California. Abode Communities owns and manages three other affordable housing projects in Pasadena: Centennial Place (133 units for homeless persons), Orange Grove Gardens (38 units for families); and the recently completed Hudson Oaks (44 units for seniors).

While the Villa Parke Homes project has been providing safe, affordable and well-maintained housing for families for over 23 years, the structures are beginning to show their age and require significant interior and exterior rehabilitation. In response to the City's Community Development Block Grant ("CDBG") Program Year 2010-2011 Request For Proposals, Abode Communities submitted a proposal in January 2011 requesting \$425,000 to rehabilitate the Villa Parke Homes development (the "Project"). The proposal also included a sustainability plan to implement energy-saving features. The proposal was approved for funding but due to the high level of competition for the very limited CDBG funds, it was decided to utilize City Housing monies to fund the Project, thereby freeing up CDBG funding for other worthwhile projects.

KEY BUSINESS TERMS OF SUB-RECIPIENT AGREEMENT

A HOME CHDO Agreement (the "CHDO Agreement") between the City and Abode Housing Community ("Abode") will include the following key business terms:

- a) City shall provide \$425,000 in HOME CHDO Set-Aside monies in the form of a loan to fund the Project (the "Project Loan").
- b) The CHDO Agreement shall contain a Scope of Work that is substantially in the form as the Project scope of work that was submitted to the City by Abode in January 2011 as part of its CDBG funding application. The Scope of Work shall include rehabilitation of interior improvements including flooring, painting, kitchen and bathroom remodel, and appliance replacement. Exterior rehabilitation shall include painting, roofing, siding, landscaping, and asphalt siding and repair. The Scope of Work shall also include energy-saving features such as weatherization and replacement/upgrade of traditional tank water heaters, forced air units, incandescent lighting fixtures, older toilets, kitchen and lavatory faucets, and landscape material/irrigation system.
- c) The Project Loan shall: 1) have a term of 15 years; 3) bear 3% simple, fixed interest with loan payments made from residual receipts; 4) be secured by a trust deed in favor of the City; 5) be subject to subordination requirements of the conventional financing; and 6) include other provisions as may be required by the City Housing Director.
- d) Abode shall adhere to a Schedule of Performance that is substantially in the form as the Project performance schedule that was submitted to the City by Abode in January 2011 as part of its CDBG funding application, which anticipates an overall Project timeframe of 11 months commencing with resident notification and ending with post-completion resident surveys.
- e) Abode shall comply with all applicable City ordinances, policies and regulations including the City's First Source Hiring ordinance.
- f) Abode shall comply with all applicable HUD/HOME Program statutes and regulations.
- g) HUD/HOME regulatory restrictions shall bind the Project sites for a period of 15 years.

COUNCIL POLICY CONSIDERATION

The proposed action is consistent with the City's General Plan - Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Plan.

ENVIRONMENTAL ANALYSIS

The rehabilitation of the nine (9) dwelling units comprising the Villa Parke Homes affordable rental housing project at 422 N. Raymond Ave., 488 N. Raymond Ave., and 557 N. Raymond Ave. (the "Project") does not have a significant effect on the environment and has been determined to be categorically exempt under Class 1 (Existing Facilities) of the State California Environmental Quality Act ("CEQA"), and, specifically, Section 15301 of the State CEQA Guidelines. None of the Villa Parke Homes structures are historic resources and therefore the exception to the exemption set forth in Section 15300.2(f) does not apply. Class 1 specifically exempts from further CEQA review the repair, maintenance or minor alteration of existing structures where there is negligible or no expansion of the use. Interior or exterior alterations of the type contemplated under the Project are specifically contemplated under Class 1.

FISCAL IMPACT

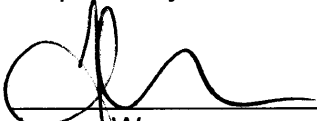
Approval of the subject recommendation will increase appropriations to the Villa Parke Homes Project in the amount of \$425,000 to be supported by new FY 2013 revenues of reallocated HOME CHDO funds (\$364,133) and available FY 2013 HOME CHDO funds (\$60,867).

Respectfully submitted,



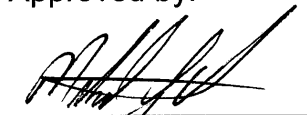
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MICHAEL J. BECK
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