

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 AMENDMENT TO ACQUISITION, DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT WITH NATIONAL COMMUNITY RENAISSANCE FOR USE OF \$1,564,783 HOME FUNDS AND \$685,217 INCLUSIONARY FUNDS TO DEVELOP MAR VISTA UNION PROJECT AT 131-135 NORTH MAR VISTA AVENUE; APPROVAL TO ALLOCATE 19 SECTION 8 PROJECT-BASED VOUCHERS UNDER THE HOME FOR GOOD FUNDERS COLLABORATIVE PROGRAM

RECOMMENDATION:

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

- 1) Find that the proposed business terms, as described in this agenda report, of the amendment to the Acquisition, Disposition, Development and Loan Agreement (the "ADDLA") with National Community Renaissance ("Developer"), and the allocation of Section 8 Project-Based vouchers for the development of the Mar Vista Union permanent supportive housing project located at 131-135 Mar Vista Avenue (the "Project") are consistent with the California Environmental Quality Act Affordable Housing Exemption adopted by the City Council on March 14, 2011 for the Project;
- 2) Approve certain key business terms of the amendment to ADDLA, as described in this agenda report;
- 3) Recognize revenues of \$1,564,783 and increase appropriations totaling \$2,250,000 in the Housing Department FY 2013 operating budget for the Mar Vista Union Project. The \$1,564,783 increase in revenues is from the reallocation of existing federal Home Investment Partnership Act ("HOME") 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 increase (\$685,217) is in the Inclusionary Housing Trust Fund (Fund 619) and will be funded through the use of available fund balance;
- 4) Approve the allocation of Section 8 Project-Based Housing Choice Vouchers to provide rent subsidies for 19 units in the Project; and
 - 5) Authorize and direct the City Manager to approve, and the City Clerk to attest, any agreements, contracts, certifications, and other documents as necessary to implement the staff recommendations.

BACKGROUND:

On March 14, 2011 the City Council approved the business terms of that certain Acquisition, Disposition, Development and Loan Agreement - Contract No. 20,635 (the "ADDLA") with National Community Renaissance ("Developer") for the development of the Mar Vista Union permanent supportive housing project located at 131-135 Mar Vista Avenue (the "Project"). The Project would add to the City's affordable housing stock 20 new units of rental housing for homeless families, with supportive services to be provided by Union Station Homeless Services.

The ADDLA provided for, among other things, City financial assistance in the amount of \$2,600,000 from Housing funds, and it contemplated funding from the City of Industry program administered by the County of Los Angeles. With the dissolution of redevelopment in California, the loss of City of Industry redevelopment funds creates a \$2.25 million financing gap in the Project. As recommended, additional City Housing assistance from reallocated HOME monies and Inclusionary Housing funds will fill this gap. In Spring 2013 the Developer will be applying to the State for Low Income Housing Tax Credits to complete the financing package for the Project.

Also contemplated in the Project financing structure were rent subsidies for 19 units from Section 8 Project-Based Housing Choice Vouchers. The Developer applied for the vouchers through the Home For Good Funders Collaborative Request For Proposals competition in April 2012 and was approved for an award in May 2012. Home For Good is an initiative of the United Way of Greater Los Angeles. The City of Pasadena, as one the 18 public and private funders which collaborated in this initiative, committed Section 8 Project-Based vouchers to Home For Good awardees, subject to City Council approval of the allocation.

KEY BUSINESS TERMS OF AMENDMENT TO ADDLA:

Key business terms of the Amendment to ADDLA include the following:

- City shall increase loan assistance to the Project in the amount of \$2,250,000 comprised of \$1,564,783 from reallocated Home Investment Partnership Act ("HOME") funds and \$685,217 from the Inclusionary Housing Fund Balance.
- Project financing structure shall be modified such as to replace County of Los Angeles "City of Industry" funding source with the City's increased loan assistance. All terms of the City loan remains unchanged, including loan repayment based on Project's annual residual receipts.
- Developer shall comply with all applicable HUD/HOME Program regulations.
- Project shall receive an allocation of City of Pasadena Section 8 Project-Based Housing Choice Vouchers to provide rent subsidies for 19 dwelling units.
- Developer shall comply with all applicable HUD/Section 8 Program regulations.
- Schedule of Performance shall be modified to reflect Developer submittal of application to the State for Low Income Housing Tax Credits in the first round of calendar year 2013.

PROJECT STATUS:

Project site demolition work was completed on May 29, 2012 and landscaping has been installed. The Project is currently going through the City land use entitlement process. If the Developer is able to obtain land use entitlements and Design Commission approvals by end of February 2013, it will be in a position to submit an application to the State for tax credits in the Spring 2013 funding cycle.

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:

In accordance with the provisions of the California Environmental Quality Act (CEQA), an Affordable Housing Exemption (Public Resources Code §21080(b)(9); Administrative Code, Title 14, Chapter 3, Class 1 §15194) was adopted for the Project by the City Council on March 14, 2011. The actions proposed herein consist of the approval of key business points of an amendment to the ADDLA and allocation of Section 8 Project-Based vouchers for the Project and these activities are consistent with the adopted CEQA exemption. No further CEQA review is required for this action.

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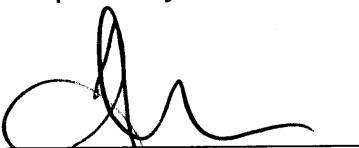
FISCAL IMPACT:

Approval of the subject recommendation will increase appropriations to the Mar Vista Union Project in the amount of \$2,250,000 to be supported by new FY 2013 revenues of reallocated HOME funds (\$1,564,783) and available fund balance of the Inclusionary Housing Trust Fund (\$685,217). This action would reduce available Housing funds by a total of \$2,250,000 resulting in a Housing funds balance of \$4,568,758 consisting of \$4,073,188 Inclusionary Housing funds and \$495,570 HOME funds.

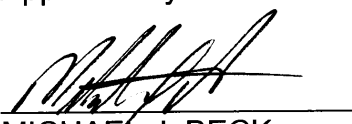
Respectfully submitted,


WILLIAM K. HUANG
Housing Director

Prepared by:


JAMES WONG
Senior Project Manager

Approved by:


MICHAEL J. BECK
City Manager