

Agenda Report

September 16, 2013

TO: Honorable Mayor and City Council

THROUGH: Economic Development & Technology Committee (September 11, 2013)

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 \$367,518 TO REHABILITATE CENTENNIAL PLACE HOUSING PROJECT AT 235 E. HOLLY STREET

RECOMMENDATION:

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

- 1) Find that the rehabilitation of the 144-unit Centennial Place affordable rental housing project at 235 E. Holly Street (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) Approve the key business terms of the Community Housing Development Organization ("CHDO") agreement with Abode Community Housing, as described in this agenda report;
- 3) Recognize revenues (6229-221-684111) and increase appropriations (8167-221-684111) in the Housing Department FY 2014 Operating Budget in the Home Investment Partnership Act ("HOME") Fund (Fund 221) by \$367,518. The revenues are from previously unappropriated HOME CHDO Set-aside grant funds (recommended for approval by City Council in a public hearing on September 16, 2013) and will be used in support of the Centennial Place Rehabilitation Project; and
- 4) Authorize the City Manager to approve the CHDO agreement, certifications, and other documents as necessary to implement the staff recommendations.

BACKGROUND

Centennial Place is located at 235 E. Holly Street. The historic landmark building is a former YMCA facility that was acquired and rehabilitated in 1991 by the Los Angeles Community Design Center (now Abode Communities) to serve as a 144-unit affordable, single-room occupancy rental housing project for very low income persons. The project was financed by a number of public agencies including the Pasadena Community Development Commission, State of California Department of Housing and Community Development, and the State Tax Credit Allocation Committee. The project is owned by Centennial Place Limited Partnership (the "Owner") and Abode Communities, as General Partner, manages the day-to-day activities of the limited partnership. Abode Communities (and its affiliate Abode Community Housing) is a nonprofit housing developer that has over 45 years of experience in the affordable housing industry, operating 42 affordable housing properties in Southern California which serve over 6,600 low income residents. Three of these projects are in Pasadena: Villa Parke Homes (nine units for families); Orange Grove Gardens (38 units for families); and Hudson Oaks Apartments (44 units for seniors).

Centennial Place has been operated as an affordable housing project for over 22 years, and, in collaboration with Union Station Homeless Services, was converted in 2010 to a permanent supportive housing project for formerly homeless persons and those at-risk of homeless. Centennial Place is currently undergoing "green" sustainability improvements to reduce energy and water usage. The rehabilitation is financed with a \$2 million loan from the County of Los Angeles. In addition, assistance totaling over \$300,000 is provided by the Pasadena Water and Power Department for the installation of a solar electric generation system, ceiling fans, low-flow water fixture retrofits, energy-efficiency cooling units and lighting retrofits, and weather stripping. The work is scheduled to be completed in December, 2013.

In order to improve service delivery and enhance resident quality of life, Abode Communities has planned a capital rehabilitation project that will consist of: a) the upgrade of the common kitchens including improved ADA-accessible seating; b) the upgrade of common showers and bathrooms, including improved ventilation; and c) the build-out of a new central office space and resident common area in the under-utilized gymnasium. On July 23, 2013 Abode Community Housing ("ACH") submitted a request to the Housing Department to assist the proposed interior rehabilitation of Centennial Place. The project will also be supported with private funds in the amount of approximately \$30,000 to be raised by Abode Communities. The Housing Department proposes to use available HOME "CHDO Reserve" monies to address this funding request. The HOME CHDO Reserve funds are required by HUD to be committed to an eligible activity by September 30, 2013.

KEY BUSINESS TERMS OF SUB-RECIPIENT AGREEMENT

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

- a) City shall provide \$367,518 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 ACH in its request for funding dated July 23, 2013. The Scope of Work shall consist of: a) the upgrade of the common kitchens including improved ADA-accessible seating; b) the upgrade of common showers and bathrooms, including improved ventilation; and c) the build-out of a new central office space and resident common area in the under-utilized gymnasium.
- c) The Project Loan shall: 1) have a term of 15 years; 2) bear 3% simple, fixed interest with loan payments made from residual receipts; 3) be secured by a trust deed in favor of the City in seventh (7th) lien position, subordinate to trust deed loans which currently encumber the property in favor of Citbank, the State of California (two loans), the City as Successor Agency (two loans made in 1989), and the County of Los Angeles; 4) be assignable to Owner, subject to documentation of: i) Owner approval of assignment, ii) ACH ownership interest in the Centennial Place Limited Partnership, and iii) agreement between Owner and ACH regarding ACH's sole responsibility as a CHDO to implement the rehabilitation project in compliance with applicable HUD HOME regulations; and 6) include other provisions as may be required by the City Housing Director.
- d) ACH 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 ACH in its funding request dated July 23, 2013, which anticipates an overall Project timeframe of 12 months.
- e) ACH shall comply with all applicable City ordinances, policies and regulations including the City's First Source Hiring ordinance.
- f) The Project shall be deed-restricted in favor of the City under a HOME affordable housing regulatory agreement with a term of 15 years.
- g) ACH shall comply with all applicable HOME Program statutes and regulations.

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.

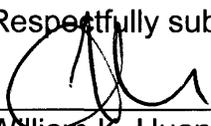
ENVIRONMENTAL ANALYSIS

The rehabilitation of the Centennial Place building at 235 E. Holly Street 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. 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 alterations of the type contemplated under the Project are specifically contemplated under Class 1. The Centennial Place structure is listed in the National Register of Historic Places and is a contributing structure to the Pasadena Civic Center Historic District. The proposed interior rehabilitation would have no adverse effect on the building's contribution to the arrangement of civic buildings or exterior architectural styles. Thus, the proposed project would have no adverse effect on historic properties and the exception to the exemption set forth in CEQA Section 15300.2(f) does not preclude the use of a Class 1 Categorical Exemption in this case.

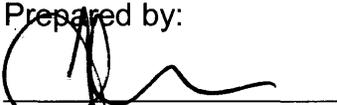
FISCAL IMPACT

Approval of the subject recommendation will increase appropriations in the Housing Department FY 2014 Operating Budget for the Centennial Place Rehabilitation Project in the amount of \$367,518 from available HUD FY 2009, 2010 and 2011 HOME CHDO Set-aside funds.

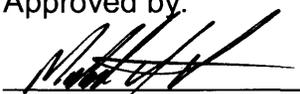
Respectfully submitted,


for William K. Huang
Housing Director

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Michael J. Beck
City Manager