



Agenda Report

February 5, 2018

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: ADOPTION OF A RESOLUTION APPROVING AN EXTENSION OF THE DEADLINE TO INITIATE DEVELOPMENT OF AFFORDABLE HOUSING AT THE CITY-OWNED SITES KNOWN AS HERITAGE SQUARE SOUTH AND HOWARD/NAVARRO PURSUANT TO HEALTH AND SAFETY CODE SECTION 33334.16

RECOMMENDATION:

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

1. Adopt a Resolution entitled "A Resolution of City Council of the City of Pasadena, California, approving an extension of the deadline to initiate development of affordable housing at the City-owned sites known as Heritage Square South and Howard/Navarro pursuant to Health and Safety Code Section 33334.16"; and
2. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with State CEQA Guidelines Section 15061(b)(3) because CEQA only applies to projects that may have an effect on the environment.

BACKGROUND:

Upon the dissolution of redevelopment in California, the Pasadena Community Development Commission (the "Former CDC") was dissolved on February 1, 2012, and the Successor Agency to the Pasadena Community Development Commission (the "Successor Agency") was formed to serve as the successor agency to the Former CDC. Pursuant to Health and Safety Code Section 34176(a), the City Council of the City of Pasadena elected to assume the housing functions, duties, and obligations of the Former CDC and to become the housing successor agency (the "Housing Successor"). On February 11, 2013, the City Council adopted Resolution No. 9263, which confirmed

the City's election to serve as the Housing Successor. The Housing Successor manages the housing assets and functions of the Former CDC.

Prior to its dissolution, the Former CDC acquired properties with redevelopment funds with the intent that the properties be developed for affordable housing purposes. Two (2) such properties remain to be developed:

- "Heritage Square South" is comprised of contiguous properties located at 710-722, 730, and 738 N. Fair Oaks Avenue, and 19-25 E. Orange Grove Boulevard. This site is located to the south of Heritage Square Apartments at 762 N. Fair Oaks Avenue, a 70-unit affordable rental complex for very low income seniors that was developed by BRIDGE Housing with City assistance and completed in November, 2016.

The City acquired the main portion of what is commonly referred to as the "Heritage Square" project site in 2004, and additional parcels in 2007-2008. The total assembled site (2.75 acres) consisted of Heritage Square South and the parcels to the north upon which the BRIDGE senior housing project was developed. In 2006 the City issued a Request for Proposals (RFP) for the Heritage Square project which contemplated a mix of residential and commercial uses, with residential being the predominant use. The intention was that affordable senior housing would be the primary use on the northern half of the Heritage Square site, and "commercial uses shall be located in a vertically mixed-use building" on the southern half of the Heritage Square site ("Heritage Square South"). The 2006 RFP process was unsuccessful in bringing forward a feasible project. Ultimately, the City issued an RFP in 2011 to solicit affordable senior housing development proposals for the northern half of the Heritage Square site. The 2011 RFP resulted in the selection of developer BRIDGE Housing and the successful completion of Heritage Square Apartments.

The Housing Successor's Housing and Career Services Department ("Department") has evaluated development concepts and completed preliminary project pro formas for affordable housing at Heritage Square South and continues to evaluate options for affordable housing on the site. The recommended action preserves the City's options for the development of this site with affordable housing; it does not commit the City to any particular development concept. Any proposed project will come to City Council for approval.

- "Howard/Navarro" is located at 136 & 138 Howard Street at Navarro Avenue. The site has been utilized by the Harambee Christian Family Center as a community garden under a lease agreement. That agreement expired on September 30, 2017, Harambee declined to extend the lease, and the City has taken possession of the property. The Department is planning to issue a

Request for Proposals by March 30, 2018 for the development of a two-unit affordable homeownership project for low income families.

On August 1, 2012, pursuant to Health and Safety Code Section 34176(a)(2), the Housing Successor transmitted a list of housing assets for transfer from the Former CDC to the Housing Successor ("Housing Asset List") for review by the State Department of Finance ("DOF"). DOF had 30 days from receipt of the Housing Asset List to object to any of the assets or transfers of assets identified on the Housing Asset List. On August 31, 2012, DOF notified the Housing Successor of its objection to the transfer of Heritage Square South as a housing asset. The Housing Successor filed an appeal which resulted in DOF reversing its original determination and rendering a final decision on February 26, 2013 (the "Final Decision") in the Housing Successor's favor. The Housing Successor's appeal included a request that the Howard/Navarro property be approved as a housing asset for transfer to the Housing Successor; DOF also agreed to this in its Final Decision.

Pursuant to Health and Safety Code Section 33334.16, activities to develop properties acquired by the Former CDC for affordable housing must be initiated within five (5) years from the date of acquisition; otherwise, the properties must be sold and the proceeds returned to the Successor Agency's Low and Moderate Income Housing Asset Fund. The deadline may be extended only once by an additional five (5)-year period if the City Council, by resolution, affirms its intent that the properties be used for the development of affordable housing. Since the dissolution of redevelopment in California, Section 34176.1 (e) of the Health and Safety Code establishes the commencement of the initial five (5)-year timeline of Health and Safety Code Section 33334.16 for Heritage Square South and Howard/Navarro as the date of the Final Decision by DOF, which date was February 26, 2013. Accordingly, the initial five-year deadline to initiate activities to develop affordable housing on Heritage Square South and Howard/Navarro expires on February 26, 2018.

Since this deadline is near, and in order for the City to continue its efforts to develop the Heritage Square South and Howard/Navarro sites with affordable housing, staff recommends that the City Council approve the five-year extension for these properties, as provided by Health and Safety Code Section 33334.16.

COUNCIL POLICY CONSIDERATION

The proposed action is consistent with the City's General Plan Housing Element, and it also supports and promotes the quality of life and the local economy – a goal of the City Council's Strategic Objectives.

ENVIRONMENTAL ANALYSIS


The proposed action has been determined to be exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), which is the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed extension of time to develop the properties has been deemed to not have the potential for significant effect on the environment.

Any proposed project on the properties will be subject to the appropriate CEQA review to analyze the potential effects on the environment. When CEQA review is conducted, any proposed project will be subject to any mitigations measures that could be identified during CEQA review and the conditions of approval associated with obtaining land use entitlements.

FISCAL IMPACT

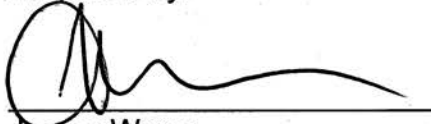
The proposed action will have no net fiscal impact to the FY 2018 operating budget of the Department.

Respectfully submitted,



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