

Agenda Report

August 17, 2020

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: **ADOPTION OF A RESOLUTION AUTHORIZING THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY TO ISSUE BONDS OR NOTES IN AN AMOUNT NOT TO EXCEED \$21,000,000 AND MAKE OR ACQUIRE MORTGAGE LOANS IN CONNECTION WITH THE DEVELOPMENT OF THE SALVATION ARMY HOPE CENTER PROJECT IN THE CITY OF PASADENA AND CERTAIN ACTIONS RELATED THERETO**

RECOMMENDATION:

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

- 1) Find that the proposed development of The Salvation Army Hope Center project consisting of a Charitable Institution land use and permanent supportive housing at 1000 East Walnut Street (the "Pasadena Hope Center" project), and related actions/approvals, are statutorily exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Public Resources Code §21080(b)(9); Administrative Code, Title 14, Chapter 3, Article 12.5, §15194 (Affordable Housing Exemption). Section 15194 specifically applies to residential housing projects consisting of 100 or fewer units that are affordable to low-income households. One hundred percent (100%) of the total units, exclusive of the managers' units, are for lower income households; and
- 2) Adopt a Resolution authorizing the Los Angeles County Development Authority ("LACDA") to issue bonds or notes in an amount not to exceed \$21,000,000 and make or acquire mortgage loans to finance the development of The Salvation Army Hope Center project (the "Project") located at 1000 East Walnut Street; and
- 3) Authorize the City Manager or his designee to approve the Interlocal Cooperation Agreement and any other documents in connection with the issuance of bonds by LACDA for the Project.

BACKGROUND:

At its regular/special meeting of July 27, 2020, the City Council approved the allocation of sixty-five (65) Project-Based Housing Choice Vouchers and amended business terms of an Affordable Housing Loan Agreement with The Salvation Army (“Developer”) in connection with the proposed development of the Pasadena Hope Center. The financing plan for the project includes 4% tax credits plus tax-exempt bond financing. The Developer is working with the Los Angeles Community Development Authority (LACDA) as the bond issuer to submit an application to the California Department Limit Allocation Committee (CDLAC) in January 2021. In order for LACDA to serve as the issuer, the City will need to adopt a Resolution authorizing the issuance of bonds by LACDA and to enter into an Interlocal Cooperation Agreement (the “Agreement”).

Agreement between the City and the County of Los Angeles (“County”), pursuant to the provisions of Section 52086 of the Health and Safety Code of the State of California for the purpose of evidencing the agreement of City and County to cooperate with one another in the exercise of their powers pursuant to the provisions of Chapter 7 of Part 5 of Division 31 and Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended, permits the County to issue revenue bonds or notes for the purpose of financing the acquisition, construction and rehabilitation of multifamily rental housing located in the City. Any bonds issued under and pursuant to the terms of the Agreement would be obligations solely of the County.

COUNCIL POLICY CONSIDERATION:

The proposed action supports the City Council strategic objectives to maintain fiscal responsibility and stability and to support and promote the quality of life and the local economy.

ENVIRONMENTAL ANALYSIS:

This project has been determined to be statutorily exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Public Resources Code §21080(b)(9); Administrative Code, Title 14, Chapter 3, Article 12.5, §15194 (Affordable Housing Exemption). Section 15194 specifically applies to residential housing projects consisting of 100 or fewer units that are affordable to low-income households. As proposed, all of the units, exclusive of the managers’ units, are for lower income households. The building, and the Charitable Institution land use proposed on the ground floor, meets Article 12.5’s definition of “Residential” (Section 15191(l) of the CEQA Guidelines), as it consists of residential units and primarily neighborhood serving goods, services, or retail uses that do not exceed 15 percent of the total floor area of the project. In this instance, the 7,549-square-foot nonresidential component of the building would be used for a Charitable Institution use, a neighborhood-serving service use, and comprises 14.6 percent of the total Project floor area.

The City's Department of Transportation (DOT) determined that a Traffic Impact Analysis was required for the Charitable Institution use, as part of the new building for the 68 SRO units to be utilized for supportive housing. The study evaluated the effect the project would have on existing neighborhood traffic volumes along access and neighborhood collector street segments and intersections within the vicinity of the project, and evaluated the existing Pedestrian Environmental Quality Index (PEQI) and Bicycle Environmental Quality Index (BEQI) along key corridors within the vicinity of the project.

In addition, because the Charitable Institution use is proposed in a building that would contain more than 50 residential units, DOT also conducted a separate analysis (referred to as the CEQA Evaluation) of the City's five vehicular and multimodal performance measures that assess accessibility of different modes of travel when evaluating a project's impact, as well as the project's transportation impact to its community using adopted transportation performance measures that relate to vehicle miles traveled (VMT), vehicle trips (VT), proximity and quality of the bicycle network, proximity and quality of the transit network, and pedestrian accessibility.

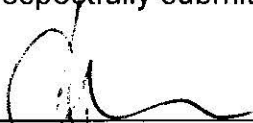
The analyses determined that the project is not expected to exceed adopted street segment and intersection caps, and that the project would not cause a significant impact. Furthermore, the pedestrian environment received an indicator score, at minimum, of "average"; no conditions of approval are required when the score is "average" or higher. The bicycle environment received an indicator score of "low". To improve the bicycle environment, the Department of Transportation included a Condition of Approval to not allow any driveways along the Walnut Street frontage. The analyses determined that the project's incremental VMT per capita change does not exceed the adopted threshold of significance under the VMT per capita of 22.6. Therefore, the project does not cause any significant impacts as it relates to VMT. Additionally, the project's incremental VT per capita does not exceed the adopted threshold of significance under the VT per capita of 2.8. Thus, the project does not cause any significant impacts as it relates to VT. It was also determined that the project increases the service population access to transit and maintains the service population access to bike facilities. Therefore, the project does not cause a significant impact on the existing bicycle network or access to transit facilities. Furthermore, the DOT found that the proposed project does not exceed any of the CEQA thresholds outlined in the City's transportation guidelines.

The environmental finding contained in Recommendation #1 was previously made for this project by City Council at its meeting of July 27, 2020, agenda items #4 and #7. In connection with the environmental finding for those agenda items, Council was provided copies of the Article 12.5 Statutory Exemption Evaluation Report, dated July 9, 2020.

FISCAL IMPACT:

There is no anticipated impact to the City's operational programs or capital projects as a result of this action. Any bonds issued under the recommended action will be obligations solely of the LACDA, and the City shall have no financial or legal responsibility, obligation, or liability whatsoever with respect to any such bonds, any loan of the proceeds thereof, or any administration of such bonds or such loan.

Respectfully submitted,


for WILLIAM K. HUANG
Director of Housing

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Approved by:


STEVE MERMELL
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