

Agenda Report

October 19, 2020

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: APPROVAL TO ENTER INTO EXCLUSIVE NEGOTIATIONS WITH NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA IN CONNECTION WITH THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT ON CITY-OWNED REAL PROPERTY AT 280 RAMONA STREET

RECOMMENDATION:

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

1. Find that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with State CEQA Guidelines Section 15061(b)(3), the "general rule" that CEQA only applies to projects that may have an effect on the environment;
2. Approve the terms of the Exclusive Negotiation Agreement (ENA) with National Community Renaissance of California as described in the agenda report in connection with the development of an affordable housing project on City-owned real property located at 280 Ramona Street; and
3. Authorize the City Manager to execute, and the City Clerk to attest the ENA and any other related documents necessary to effectuate the ENA.

BACKGROUND:

In 2019, the City Council directed staff to engage an urban design consultant to prepare a recommendation on development parameters on the City-owned properties located at 78 N. Marengo Avenue and 280 Ramona Street, which was presented to and accepted by the Council on April 8, 2019. A Request for Proposals (RFP) reflecting the Council's April 8, 2019 determination was released on June 20, 2019 and summaries of the proposals received were presented to the Council on November 4, 2019. On January 1, 2020, amendments to the State Surplus Land Act (Act) became effective, resulting in the City suspending review of the RFP proposals and issuing on April 8, 2020, a Notice

of Availability (NOA) for both properties to designated entities for authorized purposes in accordance with the amended Surplus Land Act (i.e., development for parks and recreation, school or affordable housing purposes). Three proposals were received under the NOA, one of which was subsequently withdrawn. The remaining two proposals (which both propose affordable housing projects on the 280 Ramona Street property), as well as two proposals received under the RFP (which propose hotels on the YWCA properties and affordable housing projects on the 280 Ramona Street property) have been reviewed and analyzed by staff and affordable housing consultant, Keyser Marston Associates (KMA). Based on staff’s and KMA’s review, staff recommends that the City enter into exclusive negotiations with National Community Renaissance of California (NCRC) based on the comparative strength of this developer’s proposal with respect to a number of criteria as summarized below.

Comparison of Affordable Housing Proposals

	National Community Renaissance	Abode Communities	HRI/BRIDGE Housing Corp.
Target Population	Seniors	Small families	Seniors
No. Affordable Units	112	103	72
Income Level (avg)	49% AMI (Very Low income)	48% AMI (Very Low income)	57% AMI (Low income)
On-site Parking Spaces	50 (subterranean)	0	39 (podium)

NCRC is one of the largest nonprofit affordable housing development corporations in the United States, with a portfolio of nearly 9,000 affordable apartments in five states. They developed and self-manage Marv’s Place in Pasadena, a 20-unit permanent supportive housing project for families. NCRC and their service provider partner, Union Station Homeless Services, have helped the tenant households, who were all formerly homeless, stabilize their lives and make significant progress in the area of employment thereby increasing household income and decreasing the level of rental subsidy needed. The project consistently achieves a high level of maintenance and NCRC has been responsive to tenants, neighbors and the City when questions or issues have arisen.

KEY TERMS OF EXCLUSIVE NEGOTIATION AGREEMENT:

As proposed, the City and NCRC will enter into good faith negotiations pursuant to the terms and conditions of an Exclusive Negotiation Agreement (“ENA”) in connection with an anticipated disposition, development and financing agreement for the proposed development of the Property (the “Development Agreement”). The key terms and conditions of the ENA are as follows:

1. The negotiation period shall be six (6) months. The negotiation period may be increased by two (2) six (6)-month extensions for a total of 12 months at the discretion of the City Manager.
2. Developer shall submit documentation of its development team, financial capacity, and other disclosures as may be required by the City.
3. The Development Agreement shall set forth essential terms and conditions of the project transaction including but not limited to the disposition of the Property, environmental requirements, project concept, scope of development, schedule of performance, financing plan, City financial assistance, and City polices and regulations.

The negotiated Development Agreement will be brought back to Council for approval.

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 action proposed herein is the identification by the City of a developer to enter into exclusive negotiations in connection with the potential development of an affordable housing project on City-owned real property located at 280 Ramona Street (the "Property").

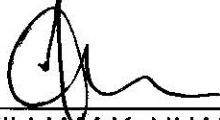
That action is exempt from the California Environment Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), the "general rule" that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that an activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

However, prior to the first discretionary action for any proposed project to be developed on the Property, the appropriate CEQA review will be undertaken to analyze the potential effects of the project on the environment. When CEQA review is conducted, the 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:

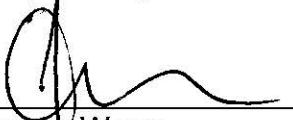
There is no fiscal impact associated with this particular action. It is anticipated that the ENA will result in the development of various economic terms that would form the basis of a development agreement, which would be subject to further City Council action.

Respectfully submitted,



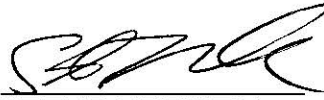
for WILLIAM K. HUANG
Director of Housing

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STEVE MERMELL
City Manager