



# Agenda Report

September 8, 2025

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Department of Housing

**SUBJECT: APPROVE THE KEY BUSINESS TERMS OF A FIRST AMENDMENT TO THE DEVELOPMENT AND LEASE AGREEMENT WITH NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA AND AMEND THE HOUSING DEPARTMENT'S FISCAL YEAR 2026 OPERATING BUDGET BY RECOGNIZING REVENUE AND APPROPRIATING \$5,000,000 OF STATE LOCAL HOUSING TRUST FUNDS FOR THE CONSTRUCTION OF AN AFFORDABLE HOUSING PROJECT FOR SENIORS ON CITY-OWNED PROPERTY AT 280 RAMONA STREET**

## **RECOMMENDATION:**

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

- 1) Find that the actions proposed herein are not a "project" subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b);
- 2) Approve the key business terms, as described in this agenda report, of the proposed First Amendment to the Development and Lease Agreement with National Community Renaissance of California;
- 3) Amend the Housing Department's Fiscal Year (FY) 2026 Operating Budget recognizing revenue and appropriating \$5,000,000 of State Local Housing Trust Funds in the Other Housing Fund (238) for the construction of an affordable housing project for seniors on City-owned property at 280 Ramona Street; and
- 4) Authorize the City Manager to execute any and all documents necessary to effectuate the staff recommendation.

## **BACKGROUND:**

In 2020, the City of Pasadena, in compliance with the Surplus Land Act, issued a Notice of Availability for two City-owned sites, including the vacant City-owned property at 280 Ramona Street (the “Property”).

Subsequently, the City of Pasadena (“City”) and National Community Renaissance of California (“Developer”) entered into that certain Exclusive Negotiation Agreement, dated December 16, 2020, in order to negotiate the terms of a Development and Lease Agreement (“DLA”), which contains both the terms of the lease of the Property to Developer and the provision of City funding assistance for the construction of an affordable rental housing complex on the Property. The key terms of the DLA were approved by City Council on November 14, 2022.

### **280 Ramona Street Project**

Pursuant to the DLA, the proposed development (the “Project”) consists of the construction on the Property of a 100-unit, five-story, apartment complex that will serve lower income senior citizens at affordable rents. The Project will also include units reserved for senior citizens experiencing homelessness.

The Project will also contain a community room, management offices, a courtyard, and a resident manager unit. The courtyard will provide appropriately sized and safe areas for Project residents and their accompanied guests to relax, congregate, and otherwise enjoy common area amenities. Given the Project’s central location in the City’s historic Civic Center, the Project underwent a robust Design Review process to ensure the Project’s integration into the Civic Center. The Design Commission approved the Final Design Review on May 14, 2024. No on-site parking will be provided at the Project; however, the project includes a covered loading zone within the building and a dedicated paratransit pickup and drop-off area located along Ramona Street adjoining the proposed building.

### **Project Funding**

The estimated total development cost of the Project is \$83,133,523. The proposed City financing assistance for the Project totals \$19,240,000, consisting of the capitalized ground lease value in the amount of \$14,490,000 plus direct loan assistance in the amount \$4,750,000 from the state’s Local Housing Trust Fund (“LHTF”) program. On May 8, 2023, Council approved the submission of an application for LHTF monies to assist the Project which resulted in an award of \$5,000,000. Of this total, \$4,750,000 would be used to fund Project predevelopment and construction costs, and \$250,000 (5% of the LHTF award) would be allocated to support Department administrative and other costs related to the Project.

As set forth in the DLA, City loan assistance for the Project will also include funding under the federal Home Investment Partnership program (“HOME”). Pursuant to Council approvals of the Annual Action Plan (2022-2023) on June 13, 2022, and Substantial Amendments to the Annual Action Plan (2022-2023) on November 14, 2022, \$2,756,073 in HOME funds were earmarked for the Project. The Project still faces a funding gap of just under \$50.7 million. As the developer moves the Project forward to obtain all financing sources necessary to make the project feasible, staff will return to



Council with a recommendation to further amend the DLA to formally commit HOME funding for the Project.

The Developer has successfully secured \$8.19 million in direct loan assistance from the County of Los Angeles No Place Like Home Program, along with County project-based rental voucher assistance for 48 units. The Developer also recently submitted an application for state funding under the Multifamily Finance Super Notice of Funding Availability. Other potential funding sources include Low Income Housing Tax Credit equity and Federal Home Loan Bank funds.

Staff is returning to Council with the key terms of the First Amendment to the DLA ("Amendment") to recognize the LHTF award and provision of City loan assistance for the Project. The Project Budget and Financing Plan shall also be updated as part of the Amendment and shall recognize the commitment of the County award. Finally, the Schedule of Performance shall also be updated as part of the Amendment to reflect the current project schedule. The Internal Housing Loan Committee approved the key business terms of the Amendment on July 28, 2025.

#### **CURRENT KEY BUSINESS TERMS OF THE DLA**

The DLA between the City and Developer, pursuant to which the City will ground lease the Property to the Developer, and the Developer will construct the Project on the Property, currently includes the following key business terms:

- 1) **Ground Lease:** The City and Developer shall enter into a Ground Lease Agreement (the "Ground Lease") pursuant to which Developer shall lease the Property from City for the construction of the Project. The capitalized ground leasehold value is \$14.49M as determined by a property appraisal dated March 4, 2024. The Ground Lease shall have a term of 99 years, and require Developer to pay rent in the amount of \$1 per year.
- 2) **City Loan Assistance:** City will formally commit an amount not to exceed \$2,756,073 in HOME monies in accordance with HUD funding commitment requirements. The City funding assistance for the Project will be in the form of a loan evidenced by a promissory note and secured by a recorded deed of trust.
- 3) **Scope of Development:** The Developer shall construct the Project in accordance with a Scope of Development. The proposed Project consists of the construction on the City-owned Property of a five-story, above-grade apartment complex with 99 dwelling units for senior citizens plus one (1) unit for a resident manager. Project amenities shall include a courtyard, a community room, and management offices. Building loading zone areas will be provided within and adjacent to the Project.
- 4) **Regulatory Agreement:** Developer shall ensure that the Project is operated in compliance with rental housing deed restrictions in favor of the City for a term of 99 years ("Regulatory Agreement").

- 5) **Marketing, Tenant Selection, and Management Plans:** Developer shall submit to the City for approval a Marketing and Tenant Selection Plan which complies with the City's Local Preference and Priority Guidelines. Developer shall also submit to the City for approval a Property Management Plan for the operation and maintenance of the Project.
- 6) **City Policies:** Developer shall comply with all applicable City ordinances, regulations and policies including but not limited to City Minimum Wage standards, "First Source" local hiring requirements, and insurance and indemnification requirements.

#### **PROPOSED KEY BUSINESS TERMS OF THE FIRST AMENDMENT TO THE DLA**

- 1) **Project Budget and Financing Plan:** The estimated total development cost for the Project will be updated to reflect a development cost \$83,133,523, comprised of land value, hard costs, indirect costs, and financing costs as specified in a Project Budget. This amount shall be financed with sources specified in a Financing Plan, which consists of a combination of City Housing funds and non-City funds to be secured by the Developer in accordance with the Schedule of Performance.
- 2) **Schedule of Performance:** Project milestones and timeframe for their completion shall be performed in accordance with an updated Schedule of Performance.
- 3) **City Loan - LHTF Funds:** Under the Amendment, the City shall provide loan assistance for the Project in an amount not to exceed \$4,750,000 funded with LHTF monies (the "City LHTF Loan"). The City LHTF loan will be evidenced by a promissory note and secured by a deed of trust recorded on Property title. An amount not to exceed \$1,500,000 in City LHTF Loan funds may be disbursed to assist the developer in defraying eligible predevelopment costs. Such costs shall have been incurred after the effective date of the Standard Agreement between the City and State. Up to \$500,000 may be released for predevelopment costs after execution of the Amendment, subject to a Request for Funds from the State, with the remaining \$1,000,000 to be released when other funding sources in the Developer's Financing Plan are successfully awarded. The release of these funds shall be proportionate to the other funding award amounts.

#### **COUNCIL 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:**

CEQA excludes, from environmental review, actions that are not "projects" as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378(b) define a project as an action which may cause either a

direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of "project" administrative activities of governments that will not result in direct or indirect physical changes in the environment. The actions proposed herein, amending the Housing Department's FY 2026 Operating Budget and Development and Lease Agreement, and authorizing the City Manager to execute associated documents, is an administrative activity that will not result in direct or indirect physical changes in the environment, and therefore is not a "project" as defined by CEQA. The underlying housing development project was determined by the Design Commission on September 27, 2022 to be categorically exempt from CEQA under the Class 32 (In-Fill Development) exemption, and the actions proposed herein are also steps that implement that project that are not separate, independent projects for the purposes of CEQA. Therefore, no further CEQA review is required. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

Approval of the recommended actions will amend the Housing Department's FY 2026 Operating Budget by recognizing revenue and appropriating \$5,000,000 the LHTF award consisting of \$4,750,000 in loan assistance for the Project, and \$250,000 for Department administrative support. There is no impact to the General Fund.

Respectfully submitted,



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