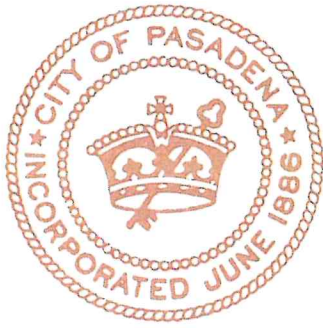




Agenda Report

October 13, 2026

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: APPROVE THE KEY BUSINESS TERMS OF A FIRST AMENDMENT TO THE AMENDED AND RESTATED DEVELOPMENT, LEASE, AND LOAN AGREEMENT WITH NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA AND FUNDING IN THE AMOUNT OF \$2,756,073 UNDER THE FEDERAL HOME INVESTMENT PARTNERSHIP PROGRAM 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 Public Resources Code Section 21065 and within the meaning of State CEQA Guidelines Section 15378;
- 2) Approve \$2,756,073 in federal Home Investment Partnership Program funds currently budgeted in the Department's FY 2027 Operating Budget;
- 3) Approve the key business terms, as described in this agenda report, of the proposed First Amendment to the Amended and Restated Development, Lease, and Loan Agreement with National Community Renaissance of California; 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, Lease, and Loan Agreement ("DLLA"), which contains both the terms of the lease of the Property to Developer and those of the provision of City funding assistance for the construction of an affordable rental housing complex on the Property. The key terms of the DLLA were approved by City Council on November 14, 2022.

The Development, Lease, and Loan Agreement was subsequently amended and restated ("Amended DLLA") to recognize a \$4,750,000 award of State Local Housing Trust Funds ("LHTF"). The key terms of the Amended DLLA were approved by City Council through the Finance Committee on September 8, 2025.

280 Ramona Street Project

Pursuant to the Amended DLLA, 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 48 permanent supportive housing units reserved for senior citizens experiencing homelessness.

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.

Project Funding

The total project development cost is \$87,778,368. The previously approved 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.

As set forth in the Amended DLLA, potential City loan assistance for the Project could also include funding under the federal Home Investment Partnership program ("HOME") once all other funding sources were committed to the Project.

Pursuant to Council approvals of the Annual Action Plan on May 19, 2025, and Substantial Amendments to the Annual Action Plan on March 23, 2026, \$2,756,073 in HOME funds were earmarked for the Project and are currently in the Department's approved FY 2027 operating budget.

The current permanent financing plan is summarized below. The Developer has secured commitments for all other financing sources necessary for project feasibility. Approval of the proposed HOME funding assistance will complete the Project's permanent financing plan. Construction is expected to begin within the next 120 days, with construction completion anticipated by the end of 2028.

Permanent Funding Source	Amount
Permanent Loan	\$5,904,539
9% Low Income Housing Tax Credit Equity	\$29,724,535
City of Pasadena Loan – LHTF	\$4,750,000
City of Pasadena Loan – HOME	\$2,756,073
City of Pasadena – Ground Lease Land Value	\$14,490,000
City of Pasadena – Impact Fee Waiver	\$2,441,644
LACDA – No Place Like Home	\$8,190,000
Federal Home Loan Bank – Affordable Housing Program	\$2,000,000
State Multifamily Housing Program	\$17,521,477
General Partner Equity	\$100
TOTAL PERMANENT SOURCES	\$87,778,368

KEY BUSINESS TERMS OF THE EXISTING DLLA

The existing DLLA for the Project 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:** The City will provide an amount not to exceed \$4,750,000 in LHTF funds as City loan assistance. The loan is evidenced by a promissory note and secured by a deed of trust recorded against the Property.
- 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.
- 4) **Schedule of Performance:** Project milestones and timeframe for the project completion shall be performed in accordance with the Schedule of Performance.
- 5) **Regulatory Agreement:** Developer shall ensure that the Project is operated in compliance with rental housing deed restrictions recorded in favor of the City for a term of 99 years (“Regulatory Agreement”).
- 6) **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.

- 7) **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 DLLA

The staff recommendation includes the approval of currently budgeted HOME funds in the amount of \$2,756,073 for the Project, and the approval of the following key terms of the First Amendment to the Amended DLLA (“Amendment”). The key terms include federal HOME funding requirements, an updated Project Budget, and updated Financing Plan including committed funding from all of the Project’s other funding sources.

- 1) **HOME Loan Commitment:** The City will formally commit an amount not to exceed \$2,756,073 in HOME Funds as an additional source of City loan assistance for the Project. The HOME Funds will be evidenced by a promissory note and secured by a deed of trust recorded against the Property, consistent with the Amendment and applicable federal HOME requirements.
- 2) **HOME Requirements:** The provision of HOME funding assistance for the Project will require compliance with all applicable federal regulations and statutes including but not limited to income eligibility and affordable rent standards, term of affordability restrictions, and Section 3 construction workforce participation.
- 3) **Project Budget:** The Project Budget will be updated to reflect total development costs of \$87,778,368, subject to permitted adjustments and final closing requirements.
- 4) **Financing Plan:** The Financing Plan will be updated to recognize the Project’s committed financing sources, including the City LHTF and HOME funding, City ground lease land value, impact fee waivers, County NPLH funds, Affordable Housing Program funds, State Multifamily Housing Program funds, 9% Low Income Housing Tax Credit equity, permanent financing and other approved sources.

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 Public Resource Code Section 21065 and within the meaning of State CEQA Guidelines Section 15378. Sections 21065 and 15378 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(b) excludes

from the definition of “project” organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment. The actions proposed herein, approving the key business terms and authorizing the City Manager to execute all related 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. Since the action is not a project subject to CEQA, no environmental document is required. Furthermore, on September 27, 2022, the Design Commission adopted the environmental determination that the underlying housing development project was categorically exempt from CEQA pursuant to Section 15332 (Class 32, In-Fill Development Projects).

FISCAL IMPACT:

The funds recommended to be used for the City loan assistance are included in the Department’s Fiscal Year 2027 Operating Budget. It is anticipated that all City funds committed to the Project, totaling \$7,506,073 will be expended in Fiscal Year 2027. The recommended actions will have no direct fiscal impact on the General Fund.

Respectfully submitted,



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