

DATE: AUGUST 3, 1998
TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION
FROM: CYNTHIA J. KURTZ, ACTING CHIEF EXECUTIVE OFFICER
SUBJECT: JOURNAL VOUCHER APPROPRIATION OF \$222,500 IN HOUSING TRUST FUNDS INTO ACCOUNT NO. 8168-810-684120-51103 FOR RELOCATION ASSISTANCE TO BUSINESS TENANTS DISPLACED FROM 620 E. WALNUT STREET

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission ("Commission") approve a journal voucher appropriating \$222,500 from the unallocated fund balance of the Commission's Housing Trust Funds into Account No. 8168-810-684120-51103 for relocation assistance to displaced business tenants in connection with the proposed development of a 38-unit ownership housing project at 620 E. Walnut Street by The Olson Company.

EXECUTIVE SUMMARY

The pending development of a 38-unit ownership housing project at 620 E. Walnut Street by The Olson Company will result in the displacement from the property of nine business tenants. All nine tenants have been determined to be eligible for relocation assistance for a total amount not exceeding \$200,000. The contract amount of the Commission relocation consultant is \$22,500.

The subject recommendation was approved by the Community Development Committee at its meeting on July 23, 1998.

BACKGROUND

The Pasadena Community Development Commission ("Commission") entered into an Owner Participation and Loan Agreement with V-Three Development Corporation ("V-Three") in 1992 which was amended in 1996. In October 1997, V-Three entered into an agreement with another developer, The Olson Company, whereby V-Three will sell property at 620 E. Walnut Street (the "Development Site") to The Olson Company. On January 12, 1998, on the basis that The Olson Company will be acquiring the Development Site from V-Three, the Commission, in closed session, authorized staff to re-negotiate the terms and conditions of a Second Amended and Restated Owner Participation and Loan Agreement ("OPLA") with The Olson Company.

On March 1, 1998, as a result of the pending sale of the development site to The Olson Company, V-Three notified the nine business tenants located on the Development Site that it will not renew any leases expiring prior to June 30, 1998. This date was later extended by V-Three to August 31, 1998. Consequently, the services of Pacific Relocation Consultants, a relocation consultant, were retained by staff, pursuant to the terms and conditions of Consultant Services Agreement No. CDC-306 at the contract amount of \$22,500. To date, six tenants have vacated the Development Site and three remain. PRC has met with all nine business tenants and has advised them of their eligibility to receive relocation assistance. PRC has advised staff that the total relocation assistance would not exceed \$200,000. Pursuant to the terms and conditions of the proposed OPLA, The Olson Company will fully reimburse the Commission for the payment of relocation assistance in October 1998. As disclosed to the Commission on June 22, 1998, two business tenants filed claims against the City in May 1998 in connection with the relocation

matter (claims # 8025 and #8025-1). Under the advisement of PRC, this recommendation for payment of relocation assistance is being brought to the Commission at this time rather than two weeks later at the next scheduled meeting of August 17, 1998 when the Commission will be taking action on the terms and conditions of the OPLA with The Olson Company.

FISCAL IMPACT

Approval of the subject recommendation will result in a \$200,000 drawdown from the unallocated fund balance of the Commission's Housing Trust Funds into Account No. 8168-810-684120-51103. The current unallocated fund balance is \$1,780,002. These funds will be used by the Commission to pay out relocation assistance to eligible business tenants displaced from 620 E. Walnut Street. Under the terms and conditions of the proposed OPLA that the Commission will be considering at its meeting on August 17, 1998, The Olson Company will fully reimburse the Commission for the payment of relocation assistance in October 1998.

Respectfully submitted,



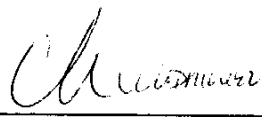
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