

DATE: JANUARY 24, 2000

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

**FROM: CYNTHIA J. KURTZ
CHIEF EXECUTIVE OFFICER**

**SUBJECT: EXTENSIONS OF EXCLUSIVE NEGOTIATION AGREEMENTS
("ENA's") FOR PROJECTS SUBMITTED IN RESPONSE TO
PASADENA COMMUNITY DEVELOPMENT COMMISSION'S
("COMMISSION") NOTICE OF FUNDING AVAILABILITY ("NOFA")**

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission ("Commission") take the following actions:

- A. Approve extensions to May 30, 2000 for two (2) Exclusive Negotiation Agreements ("ENA's") entered into between the Commission and the Crippled Children's Society (now known as "Ability First") and Urban Development Company for the preparation of Owner Participation Loan Agreements for the provision of affordable housing and,
- B. Authorize the Chief Executive Officer to execute, and the Secretary to attest, the extensions to the ENA's.

BACKGROUND:

On April 12, 1998, the Commission conditionally approved funding commitments in the amount of \$1,579,235 for ten (10) affordable housing projects submitted in response to the Commission's October 16, 1997, Notice of Funding Availability (NOFA) for HOME Investment Partnership Act (HOME) Program and Low and Moderate Income Housing Trust funds. The developers who entered into ENA's with the Commission are listed below:

- 1. Beacon Housing – Garfield Apartments
- 2. Crippled Children's Society – Sierra Rose House
- 3. Heritage Homeownership Partners – Garfield Heights
- 4. Villa Esperanza – Wynn House
- 5. Villa Esperanza – Chester House
- 6. Interpersonal Development Facilitators – Group Home
- 7. Mountain Court and/JAK – Washington Courtyard
- 8. Urban Development Co. – Heritage Square
- 9. Affordable Housing Consolidation – Key Club
- 10. Los Robles Townhomes – Michael Redmond

Three developers, Beacon Housing, Heritage Homeownership Partners, and Villa Esperanza (Wynn House & Chester House), have successfully completed exclusive negotiations and entered into Owner Participation Loan Agreements with the Commission. However, Crippled Children's Society and Urban Development Company require additional time to complete the negotiations of their respective affordable housing projects with the Commission. Remaining projects are either in the planning stage or have been withdrawn (Exhibit A).

More specifically, the Crippled Children's Society (Ability First) has experienced delays in obtaining construction bids, revising project design, receiving necessary parking variance, and negotiation loan terms with its primary lender, the Department of Housing and Urban Development ("HUD"). An extension to the ENA is therefore required to allow the developer the additional time to review and finalize loan documents with HUD and its attorney, and Board of Directors. Similarly, Urban Development Company, in joint venture with Kaufman and Broad, requires an extension to the ENA to allow the developer additional time to complete all phases of the planning process. The situation of the subject developers and their projects are as follows:

- Crippled Children's Society -- Sierra Rose House. This project proposes the new construction of a four-bedroom group home for 6 disabled adults and a live-in caretaker. Developer has entered into a Purchase Agreement with the City to purchase the surplus property for the construction of the proposed group home. This project is additionally being funded with HUD program funds which requires compliance with HUD program regulations.
- Urban Development Company – Heritage Square Senior Apts. In joint venture with Kaufman and Broad (K&B), the developer proposes to construct a 110-140 unit senior housing project north of Orange Grove Blvd. and Fair Oaks Ave. Developer entered into a predevelopment agreement with K&B in October 1999, and project is currently in the planning stages.

All the 1998 NOFA projects and their status are identified in Exhibit A (attached).

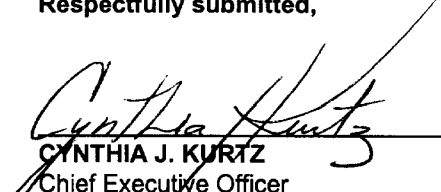
HOUSING IMPACT:

Approval of the subject recommendation and implementation of the selected affordable housing activities shall result in the provision of six (6) congregate living quarters for persons with special needs and 110-140 units of affordable senior housing units. The net effect represents an increase in the City's affordable rental housing stock for the special needs and the senior populace. These affordable housing activities are consistent with the goals and objectives of the Commission's Affordable Housing Plan 1995-2000, the Commission's Priority Work Program, the Northwest Pasadena Community Plan (Housing Element), and the Consolidated Plan.

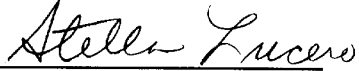
FISCAL IMPACT:

Funds are currently available for Crippled Children's Society (Ability First) in the HOME Rental Rehabilitation account number 221-684110-52307, Affordable Housing (Trust Funds) account number 810-684120-51309, and for Urban Development Company in the HOME account number 221-684110-52312.

Respectfully submitted,

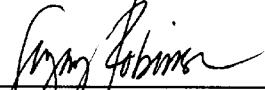

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