

DATE: JANUARY 25, 1999
TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION
FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER
SUBJECT: PROPOSED TARGET AREA FOR FANNIE MAE
NEIGHBORHOOD INITIATIVES

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission ("Commission") approve the proposed target area for the Fannie Mae Neighborhood Initiatives.

BACKGROUND:

On October 15, 1998, U. S. Senator Dianne Feinstein convened a meeting of the Mayors from a select number of local cities inviting each to participate in a new Fannie Mae Neighborhood Initiatives. The Fannie Mae Neighborhood Initiatives would provide funding to the City of Pasadena through two programs:

1. Housing Impact Fund: This fund provides a line of credit or loan up to \$5,000,000 which would be secured by a City promissory note and repayment guarantee to be retained in a custodial account, with periodic repayment of interest (quarterly, semi-annually or annually). The interest rate is currently estimated at approximately 6.5 - 7.5%, with repayment of the principal and interest in five to seven years from the date funds are drawn down; and,
2. Down Payment Assistance Loan: This loan would make \$1,000,000 available to new homebuyers anywhere in the City of Pasadena via subordinate amortizing loans of approximately \$15,000, at prevailing interest rates (6.0%), for a 20 year term, based on the City's retention of a 20% collateral account (\$200,000).

The Mayors of the various cities were asked to propose target areas within their communities which would concentrate this revitalization effort within approximately 6 to 8 blocks for the greatest possible impact and visibility. After review and discussions of this matter, the area indicated on the attached map was proposed. The proposed target area, consisting of Phase I and Phase 2, is bounded by Montana Avenue on the north, Marengo Avenue on the east, Lincoln Avenue on the west and the I-210 Freeway on the south and west.

This area, although larger than that originally requested by Fannie Mae, was felt to address/support the housing rehabilitation needs of the residential community surrounding the Fairgrove Shopping Center and the other commercial revitalization currently being undertaken along the Fair Oaks corridor. The phased target area approach, commencing with Phase I, also provided for the continuation of the Pasadena Community Development Commission's (Commission) neighborhood revitalization strategy including residential rehabilitation, affordable housing production (ownership & rental), and commercial revitalization activities which are currently taking place in the Downtown Redevelopment Project Area, Fair Oaks Redevelopment Project Area, Lincoln Triangle Revitalization Area, Villa Parke Revitalization Project Area, and a portion of the Madison Neighborhood Revitalization Area of the northwest community. However, based on recent

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negotiations, Fannie Mae has now agreed to permit revitalization activities to be undertaken in both Phase I and 2 areas simultaneously.

The currently proposed City of Pasadena commitment to the Fannie Mae Neighborhood Initiatives Program is:

- Supplement Neighborhood Connections, the City's liaison with local neighborhood associations, to disseminate program information and perform outreach to prospective property owners;
- Supplement Maintenance Assistance to Senior Homeowners Program (MASH), for a period of approximately six-to-twelve months to assist low-income seniors and disabled homeowners with deferred maintenance of their owner-occupied properties;
- Supplement Code Enforcement for a six-to-twelve month period to locate substandard properties and disseminate program information; and
- Expand the Commission's homeownership programs with Pasadena Neighborhood Housing Services and Affordable Housing Consolidation to educate and assist first-time homebuyers on purchasing homes in the target area and throughout the City.

HOUSING IMPACT:

The Fannie Mae Initiatives would supplement and enhance existing housing programs, i.e., housing rehabilitation, new housing production, and mixed-use residential/commercial production and rehabilitation. The City would partner with Fannie Mae, local non-profit organizations including Pasadena Neighborhood Housing Services, Affordable Housing Consolidation, local lenders and neighborhood housing associations in the target area to pursue a concentrated revitalization effort as well as citywide homeownership opportunities.

These activities are consistent with the City/Commission Affordable Housing Plan, Affordable Housing Program Initiatives, Fair Housing Plan, Consolidated Plan, Northwest Plan and the aforementioned Redevelopment Plans.

FISCAL IMPACT:

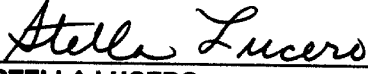
There is no immediate impact to the City by this action. A request to the City and Commission to participate in the Fannie Mae Initiatives will be presented for approval at a later date. It is anticipated that administrative costs for part-time staffing of approximately \$200,000 (\$100,000 in HOME Program Administrative Funds and \$100,000 in reprogrammed Community Development Block Grant [CDBG] funds) would be budgeted and obligated to support the program upon approval by the City and Commission of the Fannie Mae Initiatives.

Respectfully submitted:




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