

ECONOMIC DEVELOPMENT DIVISION  
*Office of the City Manager*

**CITY OF PASADENA  
NOTICE OF SPECIAL MEETING  
OF THE ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE  
WEDNESDAY, APRIL 18, 2012  
CITY HALL, COUNCIL CONFERENCE ROOM S246  
100 NORTH GARFIELD AVENUE, PASADENA, CA**

**NOTICE IS HEREBY GIVEN** that a special meeting of the Economic Development and Technology Committee will occur on Wednesday, April 18, 2012 at 5:00 p.m., at Pasadena City Hall, Council Conference Room S246, 100 North Garfield Avenue, Pasadena. The meeting agenda follows:


1. ROLL CALL
2. PUBLIC COMMENT
3. APPROVAL OF MINUTES
  - A. February 1, 2012\*
  - B. March 7, 2012\*
4. NEW BUSINESS
  - A. APPROVAL OF AMENDED BUSINESS TERMS OF DEVELOPMENT AND LEASE AGREEMENT WITH BRIDGE HOUSING CORPORATION FOR THE DEVELOPMENT OF THE HERITAGE SQUARE AFFORDABLE SENIOR RENTAL HOUSING PROJECT AT 750-790 N. FAIR OAKS AVENUE\*
5. INFORMATION ITEMS
  - A. HOMELESS UPDATE: PUBLIC EDUCATION CAMPAIGN AND PARKING METERS FOR THE HOMELESS

\*Attachment

**POSTING STATEMENT:** I hereby certify that this notice, in its entirety, was posted on the Council Chamber Bulletin Board, Room S249, 100 North Garfield Avenue, and a copy was given to the Main Library for posting on this 12<sup>th</sup> day of April, 2012, by 5:00 p.m., and that copies hereof were faxed or personally delivered to each member of the City Council and to each local newspaper of general circulation, radio or television station requesting notice in writing all of which recipients are identified on the distribution list set forth herein below.

Economic Development and Technology Committee

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Economic Development Division

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**CITY OF PASADENA  
ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE  
MINUTES  
PASADENA CITY HALL  
100 NORTH GARFIELD AVENUE  
CITY HALL, COUNCIL CONFERENCE ROOM – S246  
MARCH 7, 2012  
REGULAR MEETING**

**OPENING** Councilmember Madison, Acting Chair, called the regular meeting of the Economic Development and Technology Committee to order at 5:47 p.m.

**ROLL CALL:** Councilmember Victor Gordo, Chair (Arrived 6:31 p.m.)  
Councilmember Steve Madison  
Councilmember Gene Masuda  
Councilmember Jacque Robinson

Staff: Steve Mermell, Assistant City Manager  
Eric Duyshart, Economic Development Manager  
Fred Dock, Director of Transportation  
Brad Fuller, Assistant City Attorney  
Robert Montano, Project Manager  
Sandra Robles, Recording Secretary

**NEW BUSINESS ESTABLISHMENT OF THE SOUTH LAKE AVENUE PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT**

Robert Montano, Project Manager, provided an oral overview, summarizing the agenda report, and responded to questions.

The following individuals spoke in favor of this item:

Gina Tleel, South Lake Avenue Business District  
Carlton Maese, South Lake Avenue Business District

Councilmember Robinson congratulated and thanked Gina Tleel for her enthusiastic work in the South Lake Avenue Business District.

Following discussion, it was moved by Councilmember Robinson, seconded by Councilmember Masuda, to approve staff's recommendation, and forward the item to the City Council for consideration. (Motion unanimously carried) (Absent: Councilmember Gordo)

**RECEIVE AND FILE ANNUAL REPORT: PASADENA CENTER OPERATING COMPANY**

Eric Duyshart, Economic Development Manager, informed the Committee that Mike Ross of the Pasadena Center Operating Company, who was unable to attend the meeting, would like an opportunity to present the report to the Committee.

By consensus, the item was tabled to the next regular Committee meeting.

**ANNUAL REPORT: PASADENA COMMUNITY DEVELOPMENT COMMITTEE**

Eric Duyshart, Economic Development Manager, provided an oral update on the elimination of the Pasadena Community Development Committee, as well as information on redevelopment legislative reform.

Councilmember Robinson requested a list of all the Legislative Bills pertaining to redevelopment reform.

Brad Fuller, Assistant City Attorney, provided information regarding affordable housing legislation and advocacy.

Following discussion, on the order of the Acting Chair, and by consensus of the Committee, the information was received and filed

**INFORMATION ITEMS**

**UPDATE: ECONOMIC DEVELOPMENT STRATEGIC PLAN**

Eric Duyshart, Economic Development Manager, provided an oral update on the City's Economic Development Strategic plan, including the process of retrieving feedback, reevaluation of the plan, implementation strategies, and responded to questions.

Following discussion, on the order of the Acting Chair, and by consensus of the Committee, the information was received and filed.

**Chair Gordo arrived at 6:30 p.m.**

On order of the Acting Chair, the Committee recessed at 6:19 p.m., and by order of the Chair reconvened at 6:31 p.m.

**PUBLIC COMMENT**

Jordan Vannini, Construction Business Consulting, distributed a handout entitled, Electric Vehicle Curbside Charging Station Pilot Project Proposal, and stated his interest in partnering with the City.

The Committee, by consensus, directed staff to return in the future with a report to the Committee responding to this concept of providing additional charging stations in the City, as well as information on user friendly options, the City's policy for charging stations, revenue opportunities, fees, hydrogen and CNG options, challenges, risk assessment and management, and addressing Mr. Vannini's suggestions.

**ADJOURNMENT:**

On the order of the Chair, the regular meeting of the Economic Development and Technology Committee was adjourned at 6:48 p.m.

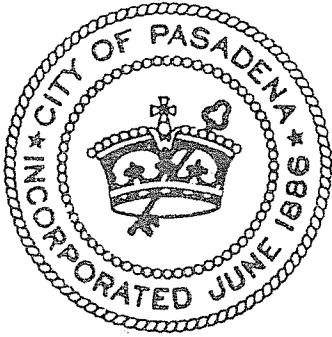
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VICTOR GORDO, Chair  
Economic Development and Technology Committee

ATTEST:

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Sandra S. Robles  
Recording Secretary



# Agenda Report

April 23, 2012

**TO:** Honorable Mayor and City Council

**THROUGH:** Economic Development & Technology Committee (April 18, 2012)

**FROM:** Housing Department

**SUBJECT:** APPROVAL OF AMENDED BUSINESS TERMS OF DEVELOPMENT AND LEASE AGREEMENT WITH BRIDGE HOUSING CORPORATION FOR THE DEVELOPMENT OF THE HERITAGE SQUARE AFFORDABLE SENIOR RENTAL HOUSING PROJECT AT 750-790 N. FAIR OAKS AVENUE

## **RECOMMENDATION:**

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

- 1) Find that the proposed amended business terms, as described in this agenda report, of a Development and Lease Agreement (the "DLA") with BRIDGE Housing Corporation for the development of the Heritage Square affordable senior rental housing project located at 750-790 N. Fair Oaks Avenue (the "Project") is consistent with the CEQA categorical exemption adopted by the City Council on November 11, 2011 for the Project;
- 2) Approve certain key amended business terms, as described in this agenda report, of a Development and Lease Agreement with BRIDGE Housing Corporation for development of the Project; and
- 3) Appropriate \$600,000 from Inclusionary Housing Fund Balance (Account No. 619-684140) to the Heritage Square Senior Housing Project (Account No. 51333).

## **ADVISORY BODY RECOMMENDATION:**

The subject recommendation was considered and approved unanimously by the Northwest Commission at a special meeting on March 29, 2012.

**BACKGROUND:**

When the Heritage Square Senior Affordable Housing Project Request For Proposals was issued in March 2011 it contemplated preferred and back-up financing plans for the development of the Project. The key components of the "Preferred Financing Plan" consisted principally of federal HUD 202 program funding, 4% Low Income Housing Tax Credits, Los Angeles County "City Of Industry" program financing, and City funding assistance. The "Back-Up Financing Plan" replaces the HUD 202 and 4% Tax Credits with 9% Low Income Housing Tax Credits and provides for a greater level of City funding assistance.

In November 2011 the City Council unanimously approved key business points of a Development and Lease Agreement (the "DLA") with BRIDGE Housing Corporation ("Developer") for the development of the Project. The terms of the DLA included provisions for the Preferred Financing Plan as discussed above, including Section 8 Project-Based rental subsidy vouchers for 16 of the Project units. Subsequently, as the Developer began to move the project forward, significant changes in the affordable housing funding environment transpired which compelled the Developer and City Housing staff to consider an alternative financing structure. These changes consisted of: 1) the elimination of funding for new construction projects in the HUD 202 program budget for the current federal fiscal year; and 2) the dissolution of local redevelopment agencies in the State of California which makes uncertain the continued availability of the County's City of Industry funding program.

**AMENDED BUSINESS TERMS:**

Consequently, to ensure that the Project is economically viable, and to enable the Developer to move the Project forward without further delay, certain amendments to the DLA business terms to incorporate a modified Back-Up Financing Plan which relies on 9% Tax Credits are being recommended by staff as summarized in the table below:

<b>EXISTING DLA BUSINESS TERMS</b>	<b>AMENDED DLA BUSINESS TERMS</b>
<b>External financing sources:</b> HUD 202, City of Industry loan, 4% Low Income Housing Tax Credits	<b>External financing sources:</b> 9% Low Income Housing Tax Credits, Federal Home Loan Bank grant, conventional permanent loan
<b>City capital subsidy:</b> \$0	<b>City capital subsidy:</b> \$600,000 Inclusionary
<b>Project-Based Section 8 vouchers:</b> 16 units	<b>Project-Based Section 8 vouchers:</b> 63 units
<b>Annual Payment In-Lieu Of Taxes to City:</b> \$50,000	<b>Annual Payment In-Lieu Of Taxes to City:</b> \$25,000
<b>Capitalized Ground Lease Payment to City:</b> \$437,000	<b>Capitalized Ground Lease Payment to City:</b> \$0
<b>City Compliance Monitoring Fee:</b> No	<b>City Compliance Monitoring Fee:</b> Yes

The City's capital subsidy, which shall be applied toward approved predevelopment and construction costs, will be in the form of a secured trust deed loan with a term of 55 years bearing 3% simple interest. Annual payments on the City loan will be made from Project residual receipts. Furthermore, should the HUD 202 New Construction and/or City of Industry funding programs be continued in the future, the Developer may apply



for those funds and thereby reduce or eliminate the City's capital subsidy and fund the capitalized ground lease payment.

While the financing plan for the Project needs to change, certain important aspects of the Project will stay the same:

- Total project units: 70
- Population served: Very low income seniors
- Affordable rents: 63 of the 69 restricted units will still pay affordable rents not to exceed 30% of household income (\$505). And rent for the other 16 units will still be affordable (\$745 compared to \$1,300 market rate).
- Local Benefit Requirements: 20% local hiring, 20% local subcontracting, 20% local procurement of materials
- Basic design
- Timeline

Subject to approval of the staff recommendation, the proposed Heritage Square development schedule is as follows:

April 21, 2012	Community meeting to discuss concept design of the project
June 2012	Secure Planning entitlements
July 2012	Submit tax credits application (contingent on Planning entitlements)
September 2012	Receive 9% tax credits award
March 2013	Begin construction
May 2014	Complete construction
August 2014	Achieve full project lease-up

**COUNCIL POLICY 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 Objectives.

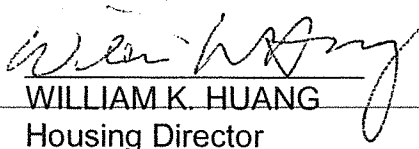
**ENVIRONMENTAL ANALYSIS:**

In accordance with the provisions of the California Environmental Quality Act (CEQA), a categorical exemption (Section 15332) was adopted for the Project by the City Council on November 11, 2011. The action proposed herein is the approval of certain amended business points of the Development and Lease Agreement in connection with the Project and this activity is consistent with the adopted CEQA categorical exemption. No further CEQA review is required for this action.

**FISCAL IMPACT:**

The direct cost of this action will be \$600,000. Funding for this action will be addressed by an increase in appropriation in the Heritage Square Senior Housing Project (Account No. 51333) in the amount of \$600,000 and a decrease in the Inclusionary Housing Fund Balance (Account No. 619-684140) in the amount of \$600,000. It is anticipated that the full amount of the requested appropriation will be spent during the current fiscal year.

Respectfully submitted,

  
WILLIAM K. HUANG  
Housing Director

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Prepared by:



JAMES WONG  
Senior Project Manager

Approved by:



MICHAEL J. BECK  
City Manager