



**ECONOMIC DEVELOPMENT DIVISION**

*Office of the City Manager*

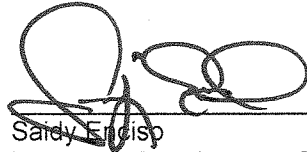
**CITY OF PASADENA  
NOTICE OF REGULAR MEETING  
OF THE ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE  
MONDAY, FEBRUARY 3, 2014  
CITY HALL  
100 NORTH GARFIELD AVENUE-Council Conference Room S246**

**NOTICE IS HEREBY GIVEN** that a regular meeting of the Economic Development and Technology Committee will occur on Monday, February 3, 2014 at 4:15 p.m., at Pasadena City Hall, Council Conference Room S246, 100 North Garfield Avenue. The meeting agenda follows:

1. ROLL CALL
2. PUBLIC COMMENT
3. APPROVAL OF MINUTES
  - A. DECEMBER 2, 2013\*
  - B. JANUARY 6, 2014\* (cancellation)
4. NEW BUSINESS
  - A. APPROVAL OF KEY BUSINESS TERMS OF FIRST AMENDMENT TO DEVELOPMENT, LOAN AND LEASE AGREEMENT WITH BRIDGE HOUSING CORPORATION FOR THE HERITAGE SQUARE SENIOR HOUSING PROJECT AT 750-790 N. FAIR OAKS AVENUE; INCREASE IN CITY LOAN BY AN AMOUNT NOT TO EXCEED \$400,000
5. INFORMATION ITEMS
  - A. UPDATE- OVERVIEW OF PASADENA CONSUMER SPENDING
  - B. UPDATE-EDISON R.O.W.

\*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 31<sup>st</sup> day of January, 2014, by 5:30 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.



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Sairy Enciso  
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 DECEMBER 2, 2013  
SPECIAL MEETING**

**OPENING** The Chair, called the special meeting of the Economic Development and Technology Committee to order at 4:02 p.m.

**ROLL CALL:** Councilmember Victor Gordo, Chair  
Vice Mayor Jacque Robinson  
Councilmember Steve Madison (Arrived 4:16 p.m.)  
Councilmember Gene Masuda

Staff: Steve Mermell, Assistant City Manager  
Eric Duyshart, Economic Development Manager  
Brad Fuller, Assistant City Attorney  
William Huang, Housing Director  
James Wong, Senior Project Manager  
Valerie Flores, Recording Secretary

**PUBLIC COMMENT** No one appeared for public comment

**APPROVAL OF MINUTES** It was moved by Councilmember Masuda, seconded by Vice Mayor Robinson, to approve the minutes of November 4, 2013, as submitted. (Motion unanimously carried) (Absent: Councilmember Madison)

**NEW BUSINESS AMENDMENT OF INCLUSIONARY HOUSING REGULATIONS**

William Huang, Director of Housing, introduced the agenda item including the three proposed amendments (Items A, B, and C contained on Page 2 of the agenda report) to the Inclusionary Housing Regulations, and responded to questions.

Councilmember Madison arrived at 4:16 p.m.

James Wong, Senior Project Manager, summarized the agenda report as part of a PowerPoint presentation, including background of the inclusionary housing regulations, the three proposed amendments, and responded to questions.

The Chair requested staff amend the agenda report, Page 2, Item A, Section IV.B.3.b., as follows:

“The Off-Site units are located within a homeownership project developed on a ~~commercial-zoned~~ property which development eliminates a nuisance, legal non-conforming use, and which the nuisance, legal nonconforming use comprises at least 15% of the total site area of the entire project site.”

Councilmember Madison and the Chair spoke in opposition to the language proposed on Page 2, Item C, Section VII of the Inclusionary Housing Regulations, as follows:

“(C) Section 7 of the Regulations shall be amended to specify that the use of Inclusionary Housing Trust Funds to assist affordable housing projects shall be limited to assist units restricted at the very low- or low-income levels (but not moderate-income).”

Following discussion, it was moved by Councilmember Madison, seconded by Councilmember Masuda, to approve staff’s recommendations on Page 2, Items A and B with the requested modifications to Item A of the proposed amendment as noted above, and hold recommendation Item C at this time for further study by staff, with the approved recommended amendments to be forwarded to the full City Council for consideration. (Motion unanimously carried) (Absent: None)

**APPROVAL OF RESTATED INCLUSIONARY HOUSING ACQUISITION FINANCING AGREEMENT (CITY AGREEMENT NO 21, 207) WITH HERITAGE HOUSING PARTNERS; ADDITIONAL FUNDING IN AN AMOUNT NOT TO EXCEED \$750,000 TO IMPLEMENT PURCHASE OPTIONS ON THREE AFFORDABLE FOR-SALE HOUSING UNITS**

William Huang, Director of Housing, provided an overview of the agenda report, including background information on the restated agreement to acquire three affordable for-sale housing units.

Following discussion, it was moved by Vice Mayor Robinson, seconded by Councilmember Madison, to approve the staff recommendation, and forward the item to the City Council for consideration. (Motion unanimously carried) (Absent: None)

**APPROVAL OF KEY BUSINESS TERMS OF AFFORDABLE HOUSING LOAN AGREEMENT WITH SAN GABRIEL VALLEY HABITAT FOR HUMANITY FOR ACQUISITION OF 752 MANZANITA AVENUE WITH \$175,000 LOAN ASSISTANCE AND DEVELOPMENT OF A TWO-UNIT AFFORDABLE HOMEOWNERSHIP PROJECT**

James Wong, Senior Project Manager, provided a PowerPoint presentation summarizing the agenda item including the background of the proposal to acquire 752 Manzanita Avenue, key terms of the affordable housing loan agreement, and responded to questions.

Following a brief discussion, it was moved by Vice Mayor Robinson, seconded by Councilmember Masuda, to approve staff’s recommendation and forward the item to the City Council for consideration. (Motion unanimously carried) (Absent: None)

**ADJOURNMENT:**

On the order of the Chair, the regular meeting of the Economic Development and Technology Committee was adjourned at 4:49 p.m.

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VICTOR GORDO, Chair  
Economic Development and Technology Committee

**ATTEST:**

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Valerie Flores  
Recording Secretary

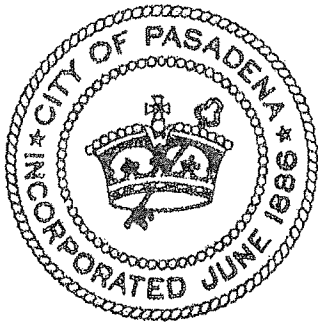
**CITY OF PASADENA  
ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE  
CITY HALL  
100 NORTH GARFIELD AVENUE  
CITY HALL COUNCIL CONFERENCE ROOM – S246  
JANUARY 6, 2014  
REGULAR MEETING**

The regular meeting of the Economic Development and Technology Committee, scheduled for Monday, January 6, 2014, at 4:15 p.m., was cancelled as ordered on January 3, 2014, and posted as required by law.

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VICTOR GORDO, Chair  
Economic Development and Technology Committee

ATTEST:

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Valerie Flores  
Recording Secretary



# Agenda Report

February 10, 2014

**TO:** Honorable Mayor and City Council

**THROUGH:** Economic Development and Technology Committee (Feb. 3, 2014)

**FROM:** Housing and Career Services Department

**SUBJECT:** APPROVAL OF KEY BUSINESS TERMS OF FIRST AMENDMENT TO DEVELOPMENT, LOAN AND LEASE AGREEMENT WITH BRIDGE HOUSING CORPORATION FOR THE HERITAGE SQUARE SENIOR HOUSING PROJECT AT 750-790 N. FAIR OAKS AVENUE; INCREASE IN CITY LOAN BY AN AMOUNT NOT TO EXCEED \$400,000

## **RECOMMENDATION:**

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

- 1) Find that the proposed business terms, as described in this agenda report, of the First Amendment to Development, Loan, and Lease Agreement with Bridge Housing Corporation for the development of the Heritage Square senior housing project located at 750-790 N. Fair Oaks Avenue are consistent with the In-Fill Development Projects exemption under Section 15332 of the California Environmental Quality Act that was adopted by City Council on November 7, 2011 for this project;
- 2) Approve a journal voucher appropriating \$400,000 from the Inclusionary Housing Fund balance to the "Heritage Square" project (Account No. 8167-619-684140-55-51333); and
- 3) Approve key business terms of the First Amendment to Development, Loan, and Lease Agreement with Bridge Housing Corporation, as set forth in this agenda report, to increase the City loan assistance for the Heritage Square senior housing project by an additional amount not to exceed \$400,000.

## **ADVISORY BODY RECOMMENDATION:**

At its regular meeting on January 9, 2014, the Northwest Commission voted to recommend to the City Council approval of the staff recommendation.

**BACKGROUND:**

In March 2013 the City entered into that certain Development, Loan and Lease Agreement (City Agreement No. 20,998) (the "DLLA") with developer Bridge Housing Corporation ("BRIDGE") in connection with the development of a 70-unit affordable rental housing project for very low income seniors at 750-790 N. Fair Oaks Avenue (the "Heritage Square project"). Under the DLLA, the project financing structure includes a predevelopment loan in the amount of \$600,000 from City housing funds; a reservation of project-based rental subsidies for 69 units under the Housing Choice Voucher program administered by the City's housing authority; and 9% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee ("TCAC"). BRIDGE applied for the tax credits in the previous two funding cycles last year (March and July, 2013) but were not successful. BRIDGE will be reapplying in the upcoming funding cycle on March 5, 2014.

Heritage Square was edged out of the tax credit allocation process in the July 2013 funding cycle because funding in the first of two categories that the project was eligible to compete in (the "Nonprofit Setaside" funding pool) was fully allocated to three special needs projects serving the homeless and a senior housing project in Palo Alto. Furthermore, Heritage Square was not able to compete in the second category (the geographic "Balance of LA County Region" funding pool) because TCAC's statewide 15% cap on funding for senior housing projects had already been reached.

Staff have monitored potential competition from projects which did not receive an award in the July 2013 funding cycle and which may reapply in March 2014. The most likely competition are two projects with high scores that competed in the Nonprofit Setaside pool (a large-family project and a senior project, both located outside of Los Angeles County). Staff have determined that both projects were subsequently financially restructured with 4% tax credits and bond financing. Therefore, these projects will not be competing with Heritage Square in the upcoming cycle for 9% tax credits.

Additional City financial leveraging may increase Heritage Square's competitiveness. The tax credit application submitted by BRIDGE in the July 2013 funding cycle had a relatively high score of 56.1 points. By comparison, the senior housing project in Palo Alto that was awarded funding in the Nonprofit Setaside pool had a score of 58.3. To bring up Heritage Square's score by two points in the next cycle would require an increase of \$400,000 in City loan assistance under the DLLA.

Therefore, to enhance the competitiveness of the Heritage Square project in the upcoming tax credit funding cycle, staff is recommending that the DLLA be amended to increase the City loan assistance by \$400,000. This would bring the total City loan amount to \$1,000,000 which represents a loan subsidy of \$14,706 per affordable unit. TCAC is expected to announce tax credit awards for the next funding cycle in June 2014. An allocation of tax credits for Heritage Square will enable the project to proceed into plan check, obtain a building permit, and commence construction.



**KEY BUSINESS TERMS OF FIRST AMENDMENT TO DLLA**

- The City loan to BRIDGE shall be increased by \$400,000.
- The City's disbursement of the additional loan funds (\$400,000) shall be conditioned on, among other things, the Heritage Square project receiving an award of 9% tax credits in the Spring 2014 funding cycle.
- Should the Heritage Square project receive an award of 9% tax credits in the Spring 2014 funding cycle and the project is able to proceed into construction, the additional City loan funds shall be utilized only for project construction costs.
- If the Heritage Square project does not receive an award of 9% tax credits in the Spring 2014 funding cycle, the City's commitment of the additional loan funds shall be automatically rescinded.

**ENVIRONMENTAL ANALYSIS:**

In accordance with the provisions of the California Environmental Quality Act (CEQA), an In-Fill Development Projects exemption under Section 15332 of CEQA was adopted by the City Council on November 7, 2011 for the Heritage Square project. The action proposed herein consists of the approval of key business terms of an amendment to the DLLA for the project and this activity is consistent with the adopted CEQA exemption. No further CEQA review is required for this action.

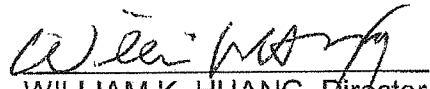
**COUNCIL POLICY CONSIDERATION:**

The proposed action will provide a competitive advantage for the Heritage Square affordable senior housing project in the upcoming tax credit funding round. The project is consistent with the City's General Plan - Housing Element, and it supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Objectives.

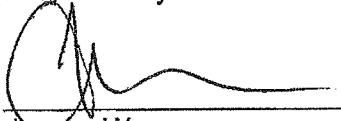
**FISCAL IMPACT:**

The proposed increase in the amount \$400,000 in City loan assistance for the Heritage Square senior housing project will be drawn from City's Inclusionary Housing Fund (Fund 619, account no. 8167-619-684140-55-51333) . Approval of the staff recommendation will reduce the available balance of the Inclusionary Housing Fund balance to approximately \$2.8 million.

Respectfully submitted,

  
WILLIAM K. HUANG, Director  
Housing and Career Services

Prepared by:

  
James Wong  
Senior Project Manager

Approved by:

  
MICHAEL J. BECK  
City Manager