

MEMORANDUM – CITY OF PASADENA

AUGUST 8, 2023

TO: NORTHWEST COMMISSION

FROM: DEPARTMENT OF HOUSING 

SUBJECT: INFORMATIONAL UPDATE - HOPE HOUSING PROJECTS AT 940 N. SUMMIT AVE. AND 760 WORCESTER ST.

The Housing Department has been evaluating a funding proposal from HOPE, a non-profit housing sponsor which specializes in providing permanent, independent living housing opportunities for low-income persons with intellectual and developmental disabilities. HOPE has a 30-year track record with properties located across Los Angeles County including Long Beach, Norwalk, South Gate, and Pasadena.

In 2020, in response to the COVID-19 pandemic, HOPE acquired two apartment properties in Pasadena (City funds were not involved) which HOPE operates and manage for their target population:

- **940 N. Summit Ave.** - Three (3) rental units serving six (6) residents; built 1963.
- **760 Worcester St.** - Six (6) rental units serving eight (8) residents; built 1962.

HOPE's funding proposal totals \$1,997,000 which will cover: 1) the pay down of conventional mortgage debt to improve the two projects' long-term affordability and financial feasibility; and 2) rehabilitation to improve the long-term usefulness and livability of the properties. The rehabilitation for each property includes a new plumbing system, roof, stair rails, windows, driveway, and landscaping. Interior renovations include accessibility modifications to the units, kitchen and bathroom remodeling, new appliances, flooring, and painting.

FUNDING SOURCES AND USES	940 N. Summit	760 Worcester	Total
SOURCE			
City Loan	\$1,274,000	\$723,000	\$1,997,000
HOPE Equity	\$10,000	\$10,000	\$20,000
Total Sources	\$1,284,000	\$733,000	\$2,017,000
USES			
Mortgage Pay Down (and closing costs)	\$648,185	\$363,300	\$1,011,485
Renovations and Project Management	\$635,815	\$369,700	\$1,005,515
Total Uses	\$1,284,000	\$733,000	\$2,017,000

The funding will be drawn from the City's grant allocation of HUD "HOME" program monies which are required by federal regulations to be expended by September 30, 2023. The rents in the Summit and Worcester properties will comply with HUD/HOME very low- and low-income affordable limits. The City will require recorded affordable housing deed restrictions which will be in effect for a minimum period of 30 years, coterminous with the City loan. The projects will also be required to comply with City policies and regulations including insurance requirements and Local Hiring.

There are still a number of business terms that need to be negotiated and we expect that they will be finalized over the next two weeks. If successful, the complete terms of the funding agreement with HOPE will be brought to City Council on August 28, 2023 for approval. To comply with the tight funding schedule imposed by HUD for the City to expend the HOME dollars by September 30, 2023, it would not be feasible to bring a recommendation to City Council at one of its September meetings. Therefore, unfortunately, the Housing Department is not able to bring a staff recommendation of the complete transaction terms to the Northwest Commission at its August 8, 2023 regular meeting.

760 Worcester Ave.



640 N. Summit Ave.

