

TO: James App, City Manager

FROM: Robert A. Lata, Community Development Director

SUBJECT: Creekside Gardens Seniors Apartments: Request for Additional Funds (Peoples' Self-Help Housing Corp.)

DATE: December 17, 2002

NEEDS: For the Redevelopment Agency to consider a request from Peoples' Self-Help Housing Corp. (PSHHC) for an additional \$200,000 in Low and Moderate Income Housing (LMIH) Funds to assist the Creekside Gardens Senior Apartments Project.

FACTS:

1. Attached is a letter from PSHHC requesting that the Redevelopment Agency approve an additional grant of \$200,000 in LMIH Funds to assist in the development of Creekside Gardens Senior Housing. The purpose of the additional fees would be to offset increases in City water and sewer connection fees enacted in early 2002 and to compensate for unforeseen increases in construction costs.
2. Creekside Gardens Senior Housing is a proposed 29 unit apartment complex for low-income seniors to be located on the northwest corner of Nicklaus Drive and Oak Hill Road.
3. To date, PSHHC has received a reservation of \$2.54 million in HUD Section 202 funds, a grant of \$435,000 in LMIH funds from the Redevelopment Agency, and a loan of \$225,000 in federal HOME funds from the County of San Luis Obispo.
4. In addition to their request for an additional \$200,000 in LMIH funds, PSHHC has applied to the County for an additional \$525,000 in HOME funds for this project. County Planning Department staff has indicated that there do not appear to be any substantial competition for HOME funds and that they may recommend approval of PSHHC's request.
5. In April 2002, PSHHC purchased the site for Creekside Gardens, using \$235,000 of the \$435,000 in LMIH funds approved for this project.
6. On July 9, 2002, the Planning Commission approved a development plan for this project. In October, the Building Division completed building plan check. In November, the Engineering Division is near to completing grading plan check. PSHHC has applied to HUD for a final commitment of Section 202 funds.
7. The City enacted increases in its water and sewer connection fees in early 2002. The effect of those increases on Creekside Gardens was to add an additional \$133,000 to the cost of the project. Additionally, PSHHC has indicated that the bids received for this project significantly exceeded their cost estimate.
8. Attached is a status report on the LMIH Fund entitled "LMIH Fund Balance Projections", which indicates that, at the end of the current fiscal year, there should be

an uncommitted balance of \$451,900. This report also shows projected annual deposits into the LMIH fund for the next 10 years.

9. The Redevelopment Agency has also received a request from the Paso Robles' Nonprofit Housing Corp. for \$520,000 in financial assistance from the LMIH fund for their Oak Park senior housing project. (This will be discussed in a separate staff report.)
10. On December 4, 2002, the Project Area Committee (PAC) unanimously recommended that the Agency approve PSHHC's request for additional LMIH funds.
11. The City Attorney has prepared a "Third Implementation Agreement" to amend the original Participation Agreement and provide that the total amount of LMIH assistance is increased to \$635,000. A copy of this document is attached.

ANALYSIS AND

CONCLUSION: The increase in sewer and water connection fees accounts for two-thirds of the \$200,000 in additional LMIH funds being requested. An unforeseen significant increase in construction costs account for the remainder of this request.

The Creekside Gardens Project is an important component of the City's efforts to meet its affordable housing needs, including a portion of the City's share of the regional housing need.

Together, PSHHC's and the Paso Robles' Nonprofit Housing Corp.'s requests for LMIH assistance total \$720,000, and there are presently only \$451,900 in uncommitted LMIH funds available this fiscal year. Of the two projects, PSHHC's is the closest to commencing construction, having already obtained Development Plan approval and completed building plan check. (They are only waiting on HUD to complete the final commitment for their federal financing.)

AB 687, which became effective in 2002, limits the amount of LMIH funds that may be spent between 2002 and 2014 to the same percentage that persons aged 65 and older occupy of the total City population, according to the latest (i.e. 2000) US Census. For Paso Robles, this percentage is 13.4%. Using projections of LMIH fund deposits through 2014, staff calculated that, in this 12 year period, no more than \$755,000 in LMIH funds may be used for senior housing projects. Therefore, if the Agency approves the current total of \$720,000 in requests from NPHC and Peoples' Self-Help Housing Corp., absent any change in legislation, the Agency would be limited to spending no more than an additional \$35,000 in LMIH funds on senior housing projects until after 2014.

The appropriate document for securing the Agency's interests in providing LMIH assistance is an Implementation Agreement to Amend the Participation Agreement by which the original \$435,000 in LMIH assistance was secured. The attached "Third Amendment to the Participation Agreement" was prepared for this purpose.

REFERENCE: California Redevelopment Law

FISCAL

IMPACT:PSHHC's request would have no effect on the General fund. The additional \$200,000 in LMIH Funds requested is presently available.

OPTIONS: That the Redevelopment Agency take one of the following options:

- a. Adopt the Resolution No. 02-xx approving a Third Implementation Agreement to the Participation Agreement for the Creekside Gardens Seniors Apartments Project. Said Third Implementation Agreement increases the total amount of LMIH Assistance to this project to \$635,000.
- b. Amend, modify, or reject the above option.

Prepared By:

Ed Gallagher
Housing Programs Manager

ATTACHMENTS:

1. Resolution to Approve a Third Implementation Agreement (including said agreement)
2. Location Map
3. Letter from PSHHC dated November 5, 2002 with attached Pro Forma
4. LMIH Fund Balance Projections

ED\PSH\CREEKSIDE GARDENS\IMPLEMENTATION AGREEMENT 3 RDA REPORT 121702

**THIRD IMPLEMENTATION AGREEMENT
TO
PARTICIPATION AGREEMENT
(Creekside)**

This Third Implementation Agreement to Participation Agreement (this "Implementation Agreement") is entered into as of _____, 200_, by and between the **REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES** (the "Agency"), and **PEOPLE'S SELF-HELP HOUSING CORPORATION**, a California non-profit public benefit corporation (the "Participant").

Recitals

A. The Agency and Participant previously entered into a Participation Agreement, on February 20, 2001 as amended by the First Implementation Agreement to Participation Agreement dated October 16, 2001, and further amended by the Second Implementation Agreement to Participation Agreement dated March 28, 2002 (collectively, the "Participation Agreement"), pursuant to which the Agency agreed to grant to the Participant funds from the Agency's Low and Moderate Income Housing Fund to assist in the development of certain property (the "Site") located within the City of Paso Robles, California, with a multi-family senior residential housing complex consisting of approximately 29 affordable rental dwelling units for affordable housing purposes (the "Project").

B. In addition to the financial assistance to be provided by the Agency, the Project is intended to be financed with a federal Department of Housing and Urban Development grant to construct supportive housing for the elderly (a "Section 202 Grant"), a grant from the County of San Luis Obispo (the "County Grant") and other alternative funding sources which are or may become available to the Participant for the Project. To date, the Participant has obtained commitments for funding from various sources, and has received approval for the Section 202 Grant, which grant must be used for development related costs.

C. In light of current conditions and circumstances and the further planning and decisions of the parties, the Agency and Participant now desire to make certain additional modifications to the Participation Agreement to (i) increase the amount of the Agency's grant to cover the increased costs related to development of the Project.

Agreements

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agency and Participant hereby agree as follows:

Section 1. Purpose of this Implementation Agreement

The purpose of this Implementation Agreement is to effectuate and implement the Participation Agreement by making certain modifications necessary to reflect certain changes, in light of current conditions and circumstances and the further planning and decisions of the parties following execution of the Participation Agreement.

Section 2. Low and Moderate Income Housing Grant

It is the intent of the parties that a portion of the Agency financial assistance be converted into a loan, and that such portion be used for acquisition of the Site. The first paragraph of Section 302 of the Participation Agreement is hereby replaced and amended in its entirety to read as follows:

"1. [§302] Low and Moderate Income Housing Fund Assistance

Subject to the conditions set forth herein, the Agency agrees to provide to the Participant an amount equal to SIX HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$635,000) in Low and Moderate Income Housing Funds (the "Agency Funds"), of which TWO HUNDRED THIRTY-FIVE THOUSAND (\$235,000) shall be used to help pay for the cost of acquisition of the Site (the "Acquisition Loan") and FOUR HUNDRED THOUSAND (\$400,000) shall be used to development on-site improvements and/or off-site public improvements for the Project (the "Agency Grant"). "

Section 2. Force and Effect

The effective date of this Implementation Agreement shall be the date that this Implementation Agreement is signed by the Agency. Except as modified and amended by this Implementation Agreement, all other provisions of the Participation Agreement shall remain unchanged and in full force and effect.

The parties hereto have entered into this Third Implementation Agreement as of the date first above written.

AGENCY:

REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES

By: _____
Agency Chairman

Attest:

By: _____
Agency Secretary

-AND-

PARTICIPANT:

PEOPLE'S SELF-HELP HOUSING
CORPORATION, a California non-profit
public benefit corporation

By: _____
Executive Director

LMIH FUND BALANCE PROJECTIONS
November 4, 2002

Current Fund Balance and Commitments Through 7/01/03

LMIH Fund balance as of 6/30/02	814,000	¹
Projected LMIH fund deposits as of 6/30/03	281,000	²
FY 02/03 Housing Programs Administration.....	(112,900)	³
Canyon Creek Assistance.....	(300,000)	⁴
Creekside Gardens Assistance remaining assistance	(200,000)	⁵
CalHome Loan Admin Assistance	(15,600)	⁶
<u>Assistance to Oak Park Senior Housing</u>	<u>(14,600)</u>	⁷
Balance.....	451,900	

Notes:

1. As estimated by Director of Administrative Services 09/11/02 (and confirmed 10/29/02)
2. As estimated by Director of Administrative Services 10/29/02.
3. \$112,900 = \$182,200 (FY 02/03 budget for Acct 211) - \$69,900 (CDBG Admin for 2002)
4. Resolution RA 01-02
5. Resolution RA 01-03 (\$435,000 approved; \$235,000 spent in FY 02; \$200,000 remaining)
6. Resolutions RA 01-06 and RA 02-01
7. Resolution RA 01-11 (\$25,000 approved; \$10,400 spent in FY 02; \$14,600 remaining)

On 11/04/02, Mike Compton reported the following projected additions to the LMIH fund.

FY	Amount
02/03	281,000
03/04	319,000
04/05	340,000
05/06	362,000
06/07	385,000
07/08	408,000
08/09	433,000
09/10	459,000
10/11	485,000
11/12	513,000
12/13	542,000

NOTES: (1) The numbers above do not include any long-term impact of extending the supposedly one-time ERAF shift that is occurring in FY 02/03. (2) All numbers above have been rounded to the nearest \$1,000.

RESOLUTION NO. RA 02-

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
APPROVING A THIRD IMPLEMENTATION AGREEMENT TO THE PARTICIPATION AGREEMENT IN
CONJUNCTION WITH A GRANT OF REDEVELOPMENT LOW AND MODERATE INCOME HOUSING
FUNDS TO ASSIST THE DEVELOPMENT OF AFFORDABLE HOUSING BY PEOPLES' SELF-HELP
HOUSING CORP. AND APPROPRIATING FUNDS FOR SAID LOAN (CREEKSID GARDENS)

WHEREAS, at its meeting of February 20, 2001, the Redevelopment Agency adopted Resolution RA 01-03 to approve a Participation Agreement whereby Peoples' Self-Help Housing Corp. (PSHHC) was approved for a grant of \$435,000 in Low and Moderate Income Housing (LMIH) Funds (the "Grant") to assist in the Development of Creekside Gardens Senior Apartments; and

WHEREAS, at its meeting of October 16, 2001, the Redevelopment Agency adopted Resolution RA 01-09 to approve the First Implementation Agreement to the Participation Agreement to amend the Schedule of Performance; and

WHEREAS, at its meeting of March 5, 2002, the Redevelopment Agency adopted Resolution RA 02-03 to approve the Second Implementation Agreement to the Participation Agreement to provide that a portion of the LMIH Funds may be used for site acquisition and to amend the Schedule of Performance; and

WHEREAS, Creekside Gardens is a proposed 29 unit affordable apartment complex (the Project), to be located on a 7-acre, R-2,PD zoned site on the northwest corner of Oak Hill Road and Nicklaus Drive; residency in Creekside Gardens would be limited to seniors whose income is 80 percent of less of the County Median Income; and

WHEREAS, since execution of the Second Implementation Agreement, PSHHC has: (a) acquired the property for the Project using \$235,000 of the previously-approved LMIH assistance; (b) received City Planning Commission approval of a development plan for the Project; and (c) has completed Building Division plan check for the Project; and

WHEREAS, PSHHC has requested that the Participation Agreement be amended to provide an additional \$200,000 in LMIH funds to account for increases in City water and sewer connection fees made in 2002 and for increased construction costs such that the total amount of LMIH assistance to the Project would become \$635,000; and

WHEREAS, the Creekside Gardens project would help the City meet its low-income housing needs, as set forth in the 1994 Housing Element of the General Plan; and

WHEREAS, at its meeting of December 4, 2002, the Project Area Committee (PAC) unanimously recommended that the Redevelopment Agency approve a Third Implementation Agreement that would amend the Participation Agreement to provide for an additional grant of \$200,000 to the Project, bringing the total assistance to \$635,000.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1: To increase the total amount of LMIH Funds for the Project from \$435,000 to \$635,000.

SECTION 2: The Redevelopment Agency of the City of Paso Robles does hereby approve the Third Implementation Agreement to Participation Agreement for Creekside Gardens Apartments, with Peoples' Self-Help Housing Corp., in substantially the form attached to this resolution as Exhibit A, subject to any technical and non-substantive changes approved by Agency Counsel. The Agency's Executive Director and Secretary are authorized and directed to execute the Second Implementation Agreement on behalf of the Agency, and subject to the terms and conditions set forth in the Participation Agreement, to take all acts and execute such additional documents as may be necessary to carry out the Agency's obligations under the Participation Agreement.

PASSED AND ADOPTED by the Redevelopment Agency of the City of Paso Robles on this 17th day of December 2002 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

George P. Finigan, Chairman

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk