

TO: James App, City Manager

FROM: Robert A. Lata, Community Development Director

SUBJECT: Oak Park Senior Housing: Request for a Reservation of Low and Moderate Income Housing Funds to Assist This Project

DATE: December 17, 2002

NEEDS: For the Redevelopment Agency to consider a request filed by Paso Robles Nonprofit Housing Corp. (NPHC) for a Reservation of Low and Moderate Income Housing (LMIH) Funds to assist in the Development of Oak Park Senior Housing.

FACTS:

1. Oak Park Senior Housing is a proposed 40 unit apartment complex for low-income seniors to be located on the northeast corner of 28th and Park Streets. The NPHC is the nonprofit development organization formed by the Paso Robles Housing Authority.
2. Attached is a letter from Richard Willhoit, on behalf of the NPHC, requesting that the Redevelopment Agency provide financial assistance to this project to offset the estimated \$520,000 in City building and development fees. A fee estimate is also attached.
3. Attached to Mr. Willhoit's letter is a pro forma, which estimates that the total costs for the project will be about \$3.1 million. This letter also indicates a desire to break ground in Spring 2003.
4. At its meeting of October 11, 2002, the Redevelopment Agency adopted Resolution 01-11, which approved a grant of \$25,000 to the Housing Authority for the purposes of preparing environmental reports and architectural plans for this project.
5. Three environmental studies have been completed: Noise, Archaeological, and Phase One Environmental Site Analysis (hazardous materials assessment). An arborist's report will be completed once the preliminary grading plan has been prepared. The architectural plans are nearly complete.
6. NPHC has not yet filed an application with the City for a development plan for this project. However, they have provided City staff with conceptual plan drawings, and staff has met with their engineers to discuss site and off-site improvement design issues. A reduction of a conceptual site plan is attached.
7. The Redevelopment Agency has previously used LMIH Funds to provide financial support to other low income rental housing projects. In 1991, \$120,000 was granted to Los Robles Terrace senior apartments (to offset City fees); in 2002, \$435,000 was granted to Creekside Gardens senior apartments (for site acquisition and other project costs); also in 2002, a loan of \$300,000 was approved for Canyon Creek family apartments (for project costs).
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 Peoples' Self-Help Housing Corp. for an additional \$200,000 in financial assistance from the LMIH fund for their Creekside Gardens 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 NPHC's request.
11. In December 2000, Congress had passed P.L. 106-554, which included an Economic Development Initiative Grant of \$498,900 to be used to develop senior housing at Oak Park Public Housing. The US Department of Housing and Urban Development (HUD) has informed the NPHC and Housing Authority that the actual language in that bill may limit the use of funds to improving the existing Oak Park units, not build new senior units. NPHC has informed the City that it intends to proceed with the project with or without this grant.

ANALYSIS AND

CONCLUSION: As noted in Fact #5, above, the Agency has previously provided financial support for several low income housing projects, and with the exception of the Canyon Creek (family) apartments project, has done so via grant.

The Oak Park Senior Housing Project would help the City meet its low-income housing needs, as set forth in the 1994 Housing Element of the General Plan.

The 1999 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH funds to assist large-scale multi-family projects (those with more than 12 dwelling units), following a recommendation by the PAC. PAC made such recommendations for the LMIH assistance to the Creekside Gardens and Canyon Creek apartments projects.

Together, NPHC's and Peoples' Self-Help 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, Peoples' Self-Help Housing Corp.'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.)

Since the proposed use of the \$520,000 in LMIH funds being requested by NPHC is for payment of City fees, the City Attorney has advised that the City, Redevelopment Agency, and NPHC may enter into a three-way agreement under which LMIH funds can be committed for the project, but payment of the fees from the Agency to the City may be deferred until they are received by the City (in the next 1-2 fiscal years). Under such an agreement, the project could be built and occupied before the City receives all of the fees.

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 a Participation Agreement. The City Attorney has advised that it would be best to have more information on NPHC's proposal and more progress toward commencement of construction (e.g. HUD approval of creating a new parcel for the project from the Oak Park property, City approval of a development plan, evidence of loan commitments from financial institutions) before preparing such an agreement.

In the interim, the Agency may choose to adopt a resolution reserving the requested \$520,000 in LMIH funds for a limited amount of time (e.g. 6 months, 1 year, 2 years), which could be extended upon a demonstration of substantial progress. PAC recommended a six month period.

REFERENCE: California Redevelopment Law; 1999 Redevelopment Implementation Plan; Housing Element

FISCAL

IMPACT: NPHC's request would have no effect on the General fund. As noted in the analysis above, approval of this request will limit the Agency's ability to assist senior housing projects for the next 12 years. However, there are presently no other senior housing projects on the horizon. The Agency would not be restricted from using LMIH funds to assist low income family rental housing or family ownership housing.

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

- a. Approve NPHC's request and adopt Resolution No. 02-xx reserving LMIH funds for six months to assist the development of low income senior housing at Oak Park Public Housing.
- b. Amend, modify, or reject the above options.

Prepared By:

Ed Gallagher, Housing Programs Manager

ATTACHMENTS:

1. Resolution Reserving LMIH Funds
2. Letter from Richard Willhoit dated November 8, 2002 with attached Pro Forma
3. Estimate of Building and Development Impact Fees for Oak Park Senior Housing
4. Conceptual Site Plan
5. LMIH Fund Balance Projections

**DEVELOPMENT IMPACT AND BUILDING PERMIT FEE ESTIMATES FOR 40 UNIT
APARTMENT COMPLEX WITH CLUBHOUSE
NEC PARK 28TH STREET
03/15/2002**

Item	Rate	Units	Fee	Notes/Assumptions
Development Impact Fees				
Sewer Connection	\$3,974/unit	40	158,960	
Sewer Connection	\$4,319	1	4,319	Recreation building
Water Reconveyance for units	\$2,860/unit	40	114,400	
Water Reconveyance	\$3,850	1	3,853	Recreation building
Water Meter for units	\$588 ea	1	588	2" meter
Water Reconveyance for LS	\$12,008	1	12,008	
Water Meter for LS	\$453	1	588	1 1/2" meter
Niblick Bridge I	\$2,189/unit	40	87,560	
Niblick Bridge I	\$459	1	459	Recreation building
Niblick Bridge II	\$811/unit	40	32,440	
Public Facilities	\$1,900/unit	40	76,000	
Signalization	\$10.70/ADT	40	2,649	Building Division calculation
Signalization	\$65	1	65	Recreation building
Curb, gutter, sidewalk	\$118		118	
Driveway Aprons	\$22/driveway		22	
Subtotal			494,029	
Building Permit Fees				
Building Permit	UBC Table 1-A		9,244	Building Division calculation
Mechanical Permit			1,902	
Plumbing Permit			3,667	
Electrical Permit			1,436	
Building Plan Check			7,725	65% of bldg permit, 25% of Plumb,Elec,Mech
SMIP			198	
AB 717			253	
Plot Plan review	\$20		20	
Info Systems Support	\$9/permit		9	
Electronic archiving			600	
Grading Plan Check			600	
Engineering Plan Check				Estimate from City Engineer
Subtotal			25,654	
School Fees (Note: These are not collected by the City.)				
Per unit	\$2.05/sf		47,232	Assumes 23040 for 40 units
Recreation Building	\$0.33/sf		744	Assumes 2256 sq ft Rec Bldg
Subtotal			47,976	
TOTAL FEES			567,659	

NOTE: Building Permit fees do not include balconies or patios.

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
RESERVING REDEVELOPMENT LOW AND MODERATE INCOME HOUSING FUNDS TO ASSIST THE
DEVELOPMENT OF LOW INCOME SENIOR HOUSING
AT OAK PARK PUBLIC HOUSING

WHEREAS, in November 2000, the Paso Robles Housing Authority was informed that the federal government approved a Economic Development Initiative - Special Project Grant of \$498,900 to develop as many as 40 housing units for low income seniors at Oak Park Public Housing (the "Project"); and

WHEREAS, in 1985, an Article 34 referendum to construct up to 75 units of low income senior housing at the northeast corner of 28th and Park Streets (on Public Housing property) was passed by the voters of the City of Paso Robles ("City"); and

WHEREAS, at its meeting of October 16, 2001, the Redevelopment Agency of the City of Paso Robles ("Agency") adopted Resolution RA 01-11 to appropriate \$25,000 in Low and Moderate Income Housing (LMIH) Funds to defray the Project's costs for preparation of environmental studies and architectural plans; and

WHEREAS, in 2002, the Housing Authority formed the Paso Robles Nonprofit Housing Corporation ("Corporation") for the purpose of developing, owning and maintaining the Project; and

WHEREAS, the City of Paso Robles estimates that the cost of building permit and development impact fees for the Project will be \$520,000; and

WHEREAS, the Corporation has requested that the Agency grant \$520,000 in LMIH Funds for the purpose of offsetting City building permit and development impact fees for the Project; and

WHEREAS, the Agency has provided grants of LMIH Funds to other low income senior housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees) and Creekside Gardens (\$635,000 for land acquisition and project development costs); and

WHEREAS, the 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, the Project would further the Agency's goals and objectives set forth in the Redevelopment Plan for the Paso Robles Redevelopment Project and the 1999 Redevelopment Implementation Plan for the use of Redevelopment Low and Moderate Income Housing (LMIH) Funds; and

WHEREAS, the 1999 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units), following a recommendation by the Project Area Committee; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons and families of low and moderate income and lower income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, on December 4, 2002, the Project Area Committee (PAC) recommended that the Agency reserve \$520,000 in LMIH Funds to be a grant to the Corporation for the purpose of offsetting City building permit and development

impact fees for the Project; and

WHEREAS, given prior commitments of LMIH Funds made by the Agency to other housing projects and programs and for administration of the City's Housing Programs, the available balance of LMIH Funds is presently less than \$520,000, and it may take one or more years before the Agency receives enough additional LMIH Funds to provide the requested \$520,000; and

WHEREAS, award of a grant of LMIH Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIH grant, including without limitation an Affordable Housing Covenant (the "Affordability Covenant") to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of the Corporation's request, the following had not yet been completed: submittal to the City of a complete application for a development plan for the Project and evidence of pre-approved financing for the entire Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves \$520,000 in future LMIH Funds to be a grant to the Corporation for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Corporation.
2. The form of financial assistance to the Project will be a grant.
3. Prior to distribution of any grant funds, the Corporation shall enter into a Participation Agreement (PA) with the Redevelopment Agency, which shall set forth the terms and conditions for the grant.
4. As a prerequisite to obtaining the grant, Corporation shall submit to City a complete application for a development plan and evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
5. The PA shall provide that the residents of the senior housing qualify as "Lower Income Households", as defined by Health and Safety Code Section 50079.5.
6. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit rent prices of the senior housing to levels affordable to "Lower Income Households", as set forth in Health and Safety Code Section 50052.5, for a period of at least 55 years.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

George Finigan, Chairman

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk