

TO: James App, City Manager

FROM: Robert A. Lata, Community Development Director

SUBJECT: Participation Agreement for Oak Park Senior Housing

DATE: January 7, 2003

NEEDS: For the Redevelopment Agency to consider a Participation Agreement with the Paso Robles Nonprofit Housing Corp. (NPHC) regarding the use of Low and Moderate Income Housing (LMIH) Funds to assist in the Development of Oak Park Senior Housing.

FACTS:

1. At its meeting of December 17, 2002, the Redevelopment Agency adopted Resolution RA 02-05 to reserve \$520,000 in LMIH Funds for assisting Oak Park Senior Housing, a proposed 40 unit apartment complex for low-income seniors to be located on the northeast corner of 28th and Park Streets. A copy of Resolution RA 02-05 is attached.
2. The \$520,000 in LMIH funds is to be used to offset the estimated City building and development fees for this project.
3. A development plan application for this project was submitted to the City in December 2002.
4. In December 2002, the City learned that the Governor and state legislature have proposed to take all unencumbered LMIH funds statewide as a measure to deal with the present state budget deficit. To be "encumbered", LMIH funds need to be contractually committed via a participation agreement.
5. To prevent the LMIH funds reserved for the Oak Creek Senior Housing Project from being taken by the State, a participation agreement has been prepared to encumber the \$520,000 in LMIH funds.

#### ANALYSIS AND

CONCLUSION: The proposed senior housing project would meet an urgent need for more affordable housing. The project and use of funds is consistent with the Housing Element and the Redevelopment Implementation Plan.

Much effort on the part of the NPHC and the City has been put into this project. It is anticipated that on the development plan might be presented to the Planning Commission for their review in February 2003. The NPHC is presently seeking financing and has expressed a desire to break ground in the spring of 2003.

The State Legislature reconvenes in January, and the budget deficit appears to have top priority. Time is of the essence in protecting the Agency's LMIH resources and the badly needed affordable housing projects they will assist.

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

FISCAL

IMPACT: The \$520,000 in LMIH Assistance has no effect on the General fund. If action is not taken to encumber these funds, they may be lost to both the Agency and the City.

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

- a. Approve NPHC's request and adopt Resolution No. RA 03-xx approving a Participation Agreement and Affordability Covenant in conjunction with a grant of Redevelopment Low and Moderate Income Housing funds to assist the development of affordable senior housing by the Paso Robles Nonprofit Housing Corp. and appropriating funds for said grant.
- b. Amend, modify, or reject the above option.

Prepared By:

Ed Gallagher  
Housing Programs Manager

ATTACHMENTS:

1. Resolution Approving a Participation Agreement
2. Participation Agreement
3. Resolution RA 02-05

RESOLUTION NO. RA. 03-

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES  
APPROVING A PARTICIPATION AGREEMENT AND AFFORDABILITY COVENANT IN  
CONJUNCTION WITH A GRANT OF REDEVELOPMENT LOW AND MODERATE  
INCOME HOUSING FUNDS TO ASSIST THE DEVELOPMENT OF AFFORDABLE  
SENIOR HOUSING BY THE PASO ROBLES NONPROFIT HOUSING CORP.  
AND APPROPRIATING FUNDS FOR SAID GRANT  
(OAK PARK SENIOR HOUSING)

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WHEREAS, the Paso Robles Nonprofit Housing Corp. ("PRNPHC"), a nonprofit organization that develops housing for low income households, has requested that the Paso Robles Redevelopment Agency ("Agency") provide a grant of up to \$520,000 in Low and Moderate Income Housing ("LMIH") Funds to assist in the development of 40 housing units for occupancy by low income seniors, to be located at Oak Park Public Housing, on the northeast corner of Park and 28th Streets ("the Project"); and

WHEREAS, the Housing Authority of the City of Paso Robles ("Housing Authority") has informed the Agency that it has been awarded a \$500,000 Federal Economic Initiative Grant to build senior housing at Oak Park Public Housing; and

WHEREAS, pursuant to federal regulations governing the Economic Initiative Grant, the Housing Authority formed the PRNPHC to develop, own and maintain the Project; 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; this project also conforms with Housing Element Policy 1.6, which calls for dispersal of low income housing, rather than concentrating it in a few neighborhoods; 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; and

WHEREAS, California 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 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, at a meeting conducted on December 4, 2002, the Project Area Committee considered PRNPHC's request and recommended that the Agency approve the requested assistance in the form of a grant;

WHEREAS, the Agency and PRNPHC have cooperated in the preparation of a Participation Agreement which set forth the terms and conditions relating to the LMIH Grant, including without limitation an Affordable Housing Covenant (the "Affordability Covenant") to be executed by the parties and recorded against the Project;

NOW, THEREFORE, BE IT RESOLVED, by the Paso Robles Redevelopment Agency as follows:

SECTION 1: The Agency hereby approves the Participation Agreement, including without limitation the Affordability Covenant incorporated therein as Exhibit F, with Paso Robles Nonprofit 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 Participation 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, including without limitation execution and recordation of the Affordability Covenant and appropriation and disbursement of the LMIH Grant provided for under the Participation Agreement.

SECTION 2: The Agency hereby authorizes the appropriation of \$520,000 from the Agency's Low and Moderate Income Housing funds to Account No. 701-810-5452-597 to assist the development of the Project.

PASSED AND ADOPTED by the Redevelopment Agency of the City of Paso Robles on this 7th day of January 2003 by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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George P. Finigan, Chairman

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk