



# City of Carson Report to Mayor and City Council

March 16, 2011  
Special Orders of the Day

**SUBJECT: JOINT PUBLIC HEARING TO CONSIDER RESOLUTION NO. 11-037 APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND AFFIRMED HOUSING GROUP, INC., A DELAWARE CORPORATION, FOR THE SALE AND DEVELOPMENT OF 1.03 ACRES OF AGENCY-OWNED PROPERTY LOCATED AT 21227 FIGUEROA STREET (CARSON CONSOLIDATED PROJECT AREA)**

Submitted by Clifford W. Graves  
Economic Development General Manager

Approved by Clifford W. Graves  
Interim City Manager

## THIS IS A JOINT AGENDA ITEM

### I. SUMMARY

The subject of this report is Resolution No. 11-037 (Exhibit No. 1) authorizing a Disposition and Development Agreement (DDA) by and between the Carson Redevelopment Agency (Agency) and Affirmed Housing Group, Inc., a Delaware Corporation (Developer) (Exhibit No. 2) for development of a 40-unit workforce housing project.

The Developer wishes to purchase approximately 1.03 acres of Agency-owned land located at 21227 Figueroa Street (Agency Property) (Exhibit No. 3) for the fair market value of \$1,345,000.00. In addition to the Agency Property, the Developer will acquire 0.33 acres of additional land, which is adjacent to and south of the Agency Property, for a total land acquisition of approximately 1.36 acres (Site). The Developer also requests that the Agency provide a \$4,200,000.00 loan from housing set-aside funds. The combined value of the land and set-aside funds will be evidenced by a promissory note and secured by a Deed of Trust.

### II. RECOMMENDATION

TAKE the following actions:

1. OPEN the joint Public Hearing, TAKE public testimony, and CLOSE the joint Public Hearing.
2. WAIVE further reading and ADOPT Resolution No. 11-037, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND AFFIRMED HOUSING GROUP, INC., A DELAWARE CORPORATION, RELATING TO THE SALE AND DEVELOPMENT OF 21227 FIGUEROA STREET."

3. AUTHORIZE the Mayor to execute the Disposition and Development Agreement following approval as to form by the City Attorney.

### **III. ALTERNATIVES**

1. MODIFY the agreement and APPROVE as modified.
2. TAKE another action the City Council deems appropriate.

### **IV. BACKGROUND**

Seven developers were invited to respond to a Request for Proposals for development of the Agency Property. At the regular Agency Board meeting of July 6, 2010 (Exhibit No. 4), the Agency Board selected the Developer as the respondent with the best overall proposal and vision for the Agency Property. The Developer proposes to construct a 40-unit workforce housing project on the Site that will provide housing for low- and moderate-income households (Project). The product type ranges from one-bedroom to three-bedroom units. All units are designed to market rate quality. As part of the Project, the Developer will also provide upgraded project amenities such as community space and a large courtyard designed for gathering, grilling and casual dining. The courtyard is further enhanced by a children's play area with benches and pathways bordered with landscaped planters. The site plan (Exhibit No. 5) is detailed below:

- 14 one-bedroom units, 672 square feet each
- 12 two-bedroom units, 858 square feet each
- 14 three-bedroom units, 1084 square feet each
- Onsite laundry
- Community center with computer lab
- Outdoor recreation and barbeque amenities
- Children's play area
- Gardening plots for community garden
- 68 parking spaces (at grade podium, tuck-under and surface)

A regulatory agreement restricting income affordability levels will be recorded against the Site to specify the terms of affordability restrictions of the units to low- and moderate-income residents. These terms will be in effect for a minimum of 55 years following the issuance of the Certificate of Occupancy. Affordability restrictions are as follows:

- 19 low-income units
- 20 moderate-income units
- 1 unrestricted manager's unit

An independent highest and best use appraisal was prepared for the Agency Property, which listed the fair market value at \$30.00 per square foot. Based on said appraisal, the Agency will transfer the Agency Property to the Developer for the fair market value of \$1,345,000.00 (Purchase Price). In addition the Agency will provide Project assistance in the amount of \$4,200,000.00 from housing set-aside funds towards Project development costs (Agency Assistance). The housing set-aside funds will be in the form of a loan and evidenced by a promissory note and secured by a Deed of Trust. The Purchase Price and the Agency Assistance total of \$5,545,000.00 will be repaid by the Developer with residual receipts, with a credit for the Purchase Price made at close of escrow and interest accruing at 0.5% per annum (Note). Any balance on the Note is due and payable at the end of 55 years.

As part of its financial plan, the Developer is applying for tax credit financing through the California Tax Credit Allocation Committee (TCAC). As a condition of receiving its TCAC allocation, the Developer must finalize the DDA with the Agency. Pursuant to the DDA, the Developer may apply for a tax credit allocation up to four consecutive times before the DDA terminates.

The approximate total development cost of the proposed Project is estimated at \$12,655,480.00. Redevelopment law requires that agencies convey property for at least the fair reuse value. Based on a fair reuse analysis conducted by Keyser Marston & Associates (KMA) (Exhibit No. 6), the reuse value is a negative \$4.19 million. Therefore, KMA concludes that the Developers request of land conveyance at no cost and \$4.20 million in financial assistance is warranted.

The Agency Property was purchased with housing set-aside funds; the use of all housing set-aside funds exempts the Project from prevailing wage requirements.

A summary report (Exhibit No. 7) has been prepared pursuant to the requirements of Section 33433 of the California Health and Safety Code (Summary Report). The Summary Report must include:

- 1) The cost of the agreement to the Agency.
- 2) The estimated value of the interest to be conveyed determined at the highest and best use permitted under the plan (current market value).
- 3) The estimated value of the interest to be conveyed or leased, determined at the use with the conditions, covenants, and development costs required by the sale or lease. This is determined by a reuse appraisal previously prepared for the Project.
- 4) An explanation of why the sale or lease of the property will assist in the elimination of blight.

Agency support of workforce affordable housing projects is consistent with the city's Housing Element and with the Redevelopment Agency Plan and related Five-Year Implementation Plan 2010-2014. The amount of Agency assistance

takes into consideration that the Developer is providing high-quality affordable housing for the community.

The proposed Project is consistent with the city's mission to eliminate conditions of blight and to develop quality housing, as illustrated in the Carson Redevelopment Agency's Five-Year Implementation Plan 2010-2014. Staff, therefore, recommends that the Agency Board enter into the DDA with Affirmed Housing Group, Inc., a Delaware Corporation.

**V. FISCAL IMPACT**

The Agency will convey the 1.03 acre Agency parcel to the Developer at no cost. The Agency will expend \$4,200,000.00 from the taxable housing bonds as gap financing assistance for the Project. The Agency assistance, \$4,200,000.00, will be repaid by residual receipts over a 55 year period.

**VI. EXHIBITS**

1. Resolution No. 11-037. (pgs. 5-6)

**Exhibits listed below are included with the Carson Redevelopment Agency Joint Item.**

2. Disposition and Development Agreement. (pgs. 7-161)
3. Vicinity map. (pg. 162)
4. Minutes, July 06, 2011, Item No. 7. (pg. 163)
5. Site Plan. (pgs. 164-168)
6. Fair Reuse Analysis. (pgs. 169-183)
7. Summary Report Pursuant to Section 33433 of the California Community Redevelopment Law. (pgs. 184-189)

Prepared by: Michelle Chambers, Redevelopment Project Manager  
TO:Rev010511

Reviewed by:

|                               |                      |
|-------------------------------|----------------------|
| City Clerk                    | City Treasurer       |
| Administrative Services       | Development Services |
| Economic Development Services | Public Services      |

**Action taken by City Council**

Date\_\_\_\_\_ Action\_\_\_\_\_

RESOLUTION NO. 11-037

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND AFFIRMED HOUSING GROUP, INC., A DELAWARE CORPORATION, RELATING TO THE SALE AND DEVELOPMENT OF 21227 FIGUEROA STREET

WHEREAS, the Carson Redevelopment Agency (Agency) has been duly created, established and authorized to transact business and exercise its powers under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California); and

WHEREAS, to effectuate the provisions of the Redevelopment Plan (Redevelopment Plan) for Carson Consolidated Project Area (Project Area), the Agency is considering the transfer of the site located at 21227 Figueroa Street (Site) to Affirmed Housing Group, Inc., a Delaware corporation (Developer), pursuant to a Disposition and Development Agreement (DDA) with the Developer for the construction of 40 affordable residential apartment units (Project) as further described in the DDA; and

WHEREAS, Section 33433 requires that the Agency Board and the City Council approve the DDA, that certain findings be made and that the Summary Report and a copy of the DDA be made available for public inspection; and

WHEREAS, on March 16, 2011, the Agency and the City Council conducted and concluded a duly noticed joint public hearing pursuant to Section 33433 to consider the DDA and the Summary Report; and

WHEREAS, in accordance with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq. "CEQA"), after examining the potential impacts of the development of the Project on the environment, an exemption from CEQA was approved, for the purpose of complying with CEQA, on February 22, 2011 by Planning Commission Resolution 11-2379; and

WHEREAS, all legal prerequisites to the adoption of this resolution have occurred.

NOW, THEREFORE, based on the evidence presented to the City Council, including the written staff report and oral testimony on this matter, and the 33433 Report, the City Council does hereby find, determine and resolve as follows:

**Section 1.** The above recitals are all true and correct and adopted as findings.

**Section 2.** The DDA is consistent with the Agency's adopted Redevelopment Plan for the Project Area and the Agency's Implementation Plan adopted pursuant to California Health and Safety Code Section 33490.

**Section 3.** The CEQA Exemption, which was adopted on February 22, 2011, remains adequate to address all potential environmental impacts of this Project and no further environmental review is necessary.

**Section 4.** The consideration to be paid by Developer for the Site pursuant to the DDA is not less than fair market value at its highest and best use in accordance with the Redevelopment Plan. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

**Section 5.** The sale of the Site will assist in the elimination of blight in the Project Area and will provide housing for very low and not to exceed moderate income persons. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

**Section 6.** The DDA, a copy of which is available at the Economic Development Department, and by this reference incorporated herein, and the instruments referenced therein are hereby approved.

**Section 7.** The Mayor and/or City Manager and/or any other authorized officers are hereby authorized to take such actions, perform such deeds, and execute, acknowledge and deliver such instruments and documents as they deem necessary to effectuate the transactions contemplated under the DDA.

**PASSED, APPROVED and ADOPTED** this 16<sup>th</sup> day of March, 2011.

\_\_\_\_\_  
Mayor Jim Dear

ATTEST:

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City Clerk Helen S. Kawagoe

APPROVED AS TO FORM:

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City Attorney William W. Wynder

