



Legislation Text

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Report to City Council, Successor Agency and Housing Authority

Monday, November 28, 2016

Special Orders of the Day

SUBJECT:

CONTINUED JOINT PUBLIC HEARING ON A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON SUCCESSOR AGENCY, THE CARSON HOUSING AUTHORITY, AND CARSON FIGUEROA AFFORDABLE HOUSING, LP, FOR 50 UNITS OF AFFORDABLE HOUSING FOR VETERANS AT 600 WEST CARSON STREET, AND CONTINUE THE PUBLIC HEARING TO THE DECEMBER 6, 2016 REGULAR MEETING

I. SUMMARY

On November 14, 2016, this hearing was opened and public testimony was taken. The hearing was continued to this evening's meeting.

This action opens the Joint Public Hearing between the Carson Housing Authority (Authority), the Carson Successor Agency and Carson Figueroa Affordable Housing, LP (Developer) on a Disposition and Development Agreement (Agreement) for the development of 50 units of affordable housing for veterans and one (1) manager's unit at 600 West Carson Street and 21723 South Figueroa Street. The Agreement was noticed for the November 14, 2016 meeting because the broad business terms have been negotiated and the Agreement nearly completely drafted. However, the calculation of the fair reuse value of the conveyed parcels needs to be completed, and there is one matter related to title that needs to be resolved before the Agreement is ready for approval. All of these matters will be settled in time for the Authority to consider the item at its November 28, 2016 meeting.

II. RECOMMENDATION

TAKE the following actions:

1. TAKE additional public testimony on the project.
2. CONTINUE the Public Hearing to the December 6, 2016 meeting.

III. ALTERNATIVES

TAKE another action the Housing Authority/Successor Agency deems appropriate.

IV. BACKGROUND

This action opens the Joint Public Hearing between the Carson Housing Authority (Authority), the Carson Successor Agency (Agency) and Carson Figueroa Affordable Housing, LP (Developer) on a Disposition and Development Agreement (Agreement) for the development of 50 units of affordable housing for veterans and one (1) manager's unit at 600 West Carson Street and 21723 South Figueroa Street.

Under the Agreement, the Successor Agency will convey to the Housing Authority three parcels located at 600 West Carson Street (Site), totaling .44-acres, and at closing the Authority will convey them to the Developer for the development of a mixed-use project including 51-unit income-restricted apartment units with a veteran's preference and up to 2,500 square feet of retail space (Project). The purpose of the Agreement is to implement the Authority's objective of improving and increasing the supply of affordable housing in the City of Carson.

The Site is comprised of approximately 1.14-acres of vacant land and is zoned MU-CS. The Project will have a total gross building area (GBA) of approximately 58,650 square feet, or 1.18 FAR. The following breaks out the proposed GBA:

	Square Footage
Gross Living Area	45,450
Community Room	3,500
Retail Space	2,500
Tot Lot / Garden / BBQ	7,200
Total Gross Building Area	58,650

The building will be three stories over a 78 space parking structure with the retail space also on the ground floor. The Project will include the following unit mix:

	Number of Units	Unit Size (Sf)
One-bedroom Units	24	650
Two-bedroom Units	13	950
Three-bedroom Units	14	1,250
Totals / Averages	51	891

For SB 341 purposes, the Developer proposes allocating the units to the following income categories:

	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Extremely-Low Income Units	1	2	2	5
Very-Low Income Units	12	8	8	28
Low Income Units	12	3	3	18
Total Units	25	13	13	51

The units will have a preference for veterans of the United States Armed Forces.

The Project amenities will include a community room, open outdoor courtyard with BBQ and seating area, fitness center, and laundry room. The community space will include indoor and outdoor areas multiple uses and space for classes. There will also be a quiet area for computer based art software programs, and community use.

Social services will be provided by Thomas Safran & Associates, a property management company that has provided social services in Southern California since for over forty years. Their programming includes financial assistance, vocational programs, social activities such as birthday parties and movie nights, and various educational, recreational, and fitness classes. These services are provided to the residents free of charge and programming varies based on resident interest.

Developer Responsibilities

Prior to close of escrow, Developer must provide evidence of financing, including a 9% Tax Credit reservation, prior to close of escrow. Developer is allowed to submit up to four 9% Tax Credit applications for the Project beginning with the March 2017 application round. If all four applications fail to generate an award, the Developer and Authority will then meet and confer to determine whether future applications will be competitive. However, neither party will have an obligation to continue with the Agreement. Developer is to obtain all entitlements and permits at its own cost.

One obligation is that the Developer must maintain a list of persons who have filed a complete application to rent a unit. The eligibility requirements are in the following order:

- a. Veterans
- b. Displaced persons,
- c. Residents of the City of Carson, and
- d. Other persons who meet the income restrictions, on a first come, first served basis.

In terms of the deal structure, the Agency will sell the 600 W. Carson Site to the Authority

and the Authority shall sell the Agency Parcel to Developer subject to the terms of the DDA. In addition, Authority shall purchase the 21723 S. Figueroa site from the seller (the Developer and seller are in escrow, which will be assigned to the Authority) and the Authority shall sell this parcel to Developer subject to the terms of the DDA.

A promissory note (Note) will be secured with a Deed of Trust. The Authority will place the following affordability covenants will be in effect for a period of 55 years from the date of the Release of Construction Covenants and will run with the land.

- i. Five (5) of the Affordable Units (1 one-bedroom unit, 2 two-bedroom units, and 2 three-bedroom units) shall be available to Eligible Households whose income does not exceed 30% of the area median income (AMI) in accordance with Health and Safety Code Section 50106, adjusted for household size appropriate to the unit, at an affordable rent as defined in Section 50053;
- ii. Twenty-eight (28) of the Affordable Units (12 one-bedroom unit, 8 two-bedroom units, and 8 three-bedroom units) shall be available to Eligible Households in accordance with California Health and Safety Code Section 50105 whose income does not exceed 50% of the AMI, adjusted for household size appropriate to the unit, at an affordable rent as defined in Section 50053; and
- iii. Eighteen (18) of the Affordable Units (12 one-bedroom unit, 3 two-bedroom units, and 3 three-bedroom units) shall be available to Eligible Households in accordance with California Health and Safety Code Section 50079.5 whose income does not exceed 60% of the AMI, adjusted for household size appropriate to the unit, at an affordable rent as defined in Section 50053.
- iv. One unit will be unrestricted and set-aside for the on-site manager.

V. FISCAL IMPACT

The specific Fiscal Impact will be determined through the Financial Analysis is completed and the reuse value of the parcels is determined based on the covenants/restrictions. That is where the “net” contribution is determined. However, in terms of contribution to the project, the Authority will provide up to \$3,672,500 in cash assistance to the Project, with \$3,000,000 from the Authority’s Tax Exempt Bonds and \$672,500 from the Authority’s Taxable Bonds. That \$672,500 will be used to pay the Successor Agency for the 600 West Carson Street parcels, which creates a net benefit to the Agency. Additionally, closing on the Figueroa parcel with the seller will also be paid from the Tax Exempt Bonds. The variable will be the amount of the Land Notes for the two parcels, and what net residual receipts income paid back to the Authority over the life of the Note.

VI. EXHIBITS

None.

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