

**HOUSING AUTHORITY OF THE CITY OF AVALON  
BOARD OF COMMISSIONERS MEETING  
TUESDAY, JANUARY 20, 2015 – 6:00 P.M.  
410 AVALON CANYON ROAD, AVALON  
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the Board of Commissioners. Such records shall be available at City Hall located at 410 Avalon Canyon Rd. and our website at [www.cityofavalon.com](http://www.cityofavalon.com).

**CALL TO ORDER / ROLL CALL**

**ANNOUNCEMENTS**

**WRITTEN COMMUNICATIONS**

**ORAL COMMUNICATIONS**

The Board will hear comments from the public at this time. Speakers should limit their comments to three (3) minutes each. No action will be taken at this meeting on non-agenda items.

**CONSENT CALENDAR**

1. Actions

Although the live recording is the official record of public meetings, actions are prepared for the Board of Commissioner's approval.

Recommended Action

Approve actions from the December 2, 2014 Housing Authority of the City of Avalon Board of Commissioners meeting.

**GENERAL BUSINESS**

2. Avalon Housing Workshop – Use of Housing Authority Funds

The purpose of this item is to facilitate a focused discussion regarding future affordable housing options for leveraging remaining one-time housing funds of the Housing Authority.

Recommended Action

Discuss options and provide direction to staff regarding use of Housing Authority funds.

3. Amendment to Exclusive Negotiation Agreement with Hamilton Pacific LLC.

In November 2013, the Housing Authority entered into an ENA with Hamilton Pacific to pursue the potential development of a 48 unit affordable housing project. The original ENA was set to expire in August 2014. Staff and Hamilton Pacific have continued to work together to pursue the project consistent with the terms of the ENA even though the termination date has passed. On December 2, 2014, Hamilton Pacific provided a revised proforma for the Housing Authority to consider.

Recommended Action

Approve the Amendment to the Exclusive Negotiation Agreement ("ENA") with Hamilton Pacific.

**HOUSING AUTHORITY AGENDA  
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**EXECUTIVE DIRECTOR REPORT**

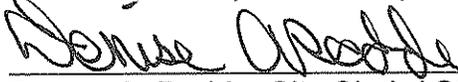
**HOUSING AUTHORITY COUNSEL REPORT**

**COMMISSIONER REPORTS**

**ADJOURN**

**NOTICE OF POSTING**

I, Denise Radde, declare that the January 20, 2015 Housing Authority of the City of Avalon Agenda was posted on Thursday, January 15, 2015, at City Hall, 410 Avalon Canyon Road, and on the City's website at [www.cityofavalon.com](http://www.cityofavalon.com). Copies of agendas and staff reports are available to the public at City Hall during regular business hours.



Denise A. Radde, City Clerk / Chief Administrative Officer

**CITY OF AVALON HOUSING AUTHORITY**

**MEETING DATE:** January 20, 2015

**AGENDA ITEM:** 1

**ORIGINATING DEPT:** City Clerk

**CITY MANAGER:** BH

**PREPARED BY:** Denise Radde, City Clerk

**SUBJECT:** Housing Authority Actions

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**RECOMMENDED ACTION(S):** Approve the Housing Authority of the City of Avalon Board of Commissioners Actions from the December 2, 2014 meeting.

**REPORT SUMMARY:** Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

**FISCAL IMPACTS:** N/A

**GOAL ALIGNMENT:** To be determined.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** N/A

**FOLLOW UP ACTION:** File actions in the City Clerk's office.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda pursuant to the Brown Act.

**ATTACHMENTS:** Housing Authority Actions.

HOUSING AUTHORITY OF THE CITY OF AVALON

MEETING DATE: January 20, 2015

AGENDA ITEM: 2

ORIGINATING DEPARTMENT: Housing Authority

CITY MANAGER: BH

PREPARED BY: Elizabeth Hull, General Counsel

SUBJECT: Amendment to Exclusive Negotiation Agreement with Hamilton Pacific

**RECOMMENDED ACTION-** Approve the Amendment to the Exclusive Negotiation Agreement ("ENA") with Hamilton Pacific.

**SUMMARY**

In November 2013, the Housing Authority entered into an ENA with Hamilton Pacific to pursue the potential development of a 48 unit affordable housing project. Hamilton Pacific and the Housing Authority staff worked toward the drafting of an Affordable Housing Agreement but the project, as proposed, was not financially feasible. The original ENA was set to expire in August, 2014. Staff and Hamilton Pacific have continued to work together to pursue the project consistent with the terms of the ENA even though the termination date had passed. On December 2, 2014, Hamilton Pacific provided a revised proforma for the Housing Authority to consider.

At the December 2 Housing Authority meeting the Board directed staff to return with an extension to the ENA to allow additional time to review the revised proforma. The Board directed the extension run through March 2015.

Before you this evening is an amendment to the ENA extending the term of the ENA through March 31, 2015. No other terms or conditions of the original ENA have been modified. As a condition of approval to the extension, staff recommends that Hamilton Pacific pay all attorneys fees and staff costs due under the ENA.

**GOAL ALIGNMENT:** Housing needs.

**FISCAL IMPACTS:** Approval would set aside \$3.8 million of Housing Authority money for the project.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** No extension of the ENA would occur and the \$3.8 million could be spent on other low income housing projects.

**FOLLOW UP ACTION:** If approved, execute the agreement upon Hamilton Pacific's payment so monies currently owed.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda.

**ATTACHMENTS:** First Amendment to the Exclusive Negotiation Agreement

**FIRST AMENDMENT TO THE  
EXCLUSIVE NEGOTIATION AGREEMENT  
(Canyon Apartments Project)**

THIS FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATION AGREEMENT (Canyon Apartments Project) (this "**Amendment**"), is dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and is entered into by and between the HOUSING AUTHORITY OF THE CITY OF AVALON, a public body, corporate and politic ("**HA**"), and Hamilton Pacific, LLC, a California limited liability company ("**Developer**"), to extend the previously agreed upon specified period of time to attempt to negotiate an Affordable Housing Agreement (as defined in Recital A, below). HA and Developer are sometimes referred to in this Amendment individually, as a "**Party**" and, collectively, as the "**Parties**." This Amendment is entered into by the Parties with reference to the following recited facts (each, a "**Recital**"):

**RECITALS**

A. **WHEREAS**, the Parties entered into that certain "Exclusive Negotiation Agreement" dated, for references purposes only, November 3, 2013 ("**ENA**"). The ENA established a limited, specified two hundred seventy (270) day period of time for Developer to exclusively negotiate with HA regarding a development agreement between Developer and HA (this future agreement was referred to in the ENA and is referred to in this Amendment as the "**Affordable Housing Agreement**"). The ENA further provided the intent of the Parties was to have the Affordable Housing Agreement govern the potential development and use of up to three million, eight hundred thousand dollars (\$3,800,000) ("**HA Funds**") available for Developer to develop a forty-eight (48) unit low and very low income apartment complex ("**Project**") to be located on that certain real property owned by the Santa Catalina Island Company located in the City of Avalon, California as more specifically described in the Exhibit A attached to the ENA ("**Property**"), subject to mutually agreeable terms, conditions, covenants, restrictions and agreements to be negotiated and documented in the future, in the respective sole and absolute discretion of Developer and HA; and

B. **WHEREAS**, at the time of the execution of the ENA, Developer had presented the HA with a Project proposal demonstrating the need for a subsidy for the proposed Project. However, subsequent to the execution of the ENA, Developer has since presented the HA with a new Project proposal ("**New Proposal**") which has caused the Parties to re-evaluate the merits and potential terms and conditions of the Affordable Housing Agreement; and

C. **WHEREAS**, Section 2(a) of the ENA (therein entitled Effective Date) established the day on which the Negotiation Period was to commence. All prerequisites for the commencement of the Negotiation Period have occurred and such Negotiation Period has commenced; and

D. **WHEREAS**, the Parties intend, notwithstanding any language in the ENA or argument that the ENA has expired or is terminated to the contrary, to treat the ENA as ongoing and in full effect and to extend the Negotiation Period through March 31, 2015 to account for Developer's submittal of the New Proposal and to provide the HA with sufficient time to review and evaluate the New Proposal.

NOW, THEREFORE, in consideration of the mutual covenants, restrictions and conditions contained in this Amendment, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**AMENDMENT TERMS**

1. **Incorporation of Recitals.** The Recitals of fact set forth above are true and correct and are incorporated into this Amendment, in their entirety, by this reference.

2. **Extension of Negotiation Period.** Notwithstanding any language in the ENA regarding the length of the Negotiation Period of the automatic termination or expiration thereof, the Parties hereby agree and acknowledge that the ENA is ongoing, valid and in full force and effect and further agree to extend the Negotiation Period through March 31, 2015, in consideration and to account for Developer's submittal of the New Proposal and to provide the HA with sufficient time to review and evaluate the New Proposal. Any further extension of the Negotiation Period beyond March 31, 2015 shall be null and void unless made in writing signed by the Parties. Notwithstanding the extension of the Negotiation Period provided for in this section, the HA's executive director retains his/her right to modify the deadlines for any remaining actions to be taken by either HA or Developer pursuant to the ENA within such extended Negotiation Period through March 31, 2015.

3. **Effect of Amendment.** Except as expressly provided in this Amendment, all of the terms, conditions, and provisions set forth in the ENA shall remain in full force and effect.

4. **Amendment Date.** This Amendment shall be effective after all Parties hereto have signed this Amendment, which date shall be inserted into the preamble to this Amendment.

5. **Execution in Counterparts.** This Amendment may be executed in counterparts, each of which, when all Parties hereto have signed this Amendment, shall be deemed an original.

**[Signatures on the following page]**

**SIGNATURE PAGE  
TO  
FIRST AMENDMENT TO THE  
EXCLUSIVE NEGOTIATION AGREEMENT  
(Canyon Apartments Project)**

IN WITNESS WHEREOF, HA and Developer have signed and entered into this Exclusive Negotiation Agreement (Canyon Apartments Project) by and through the signatures of their authorized representative(s) set forth below:

**HA:**

HOUSING AUTHORITY OF THE CITY OF  
AVALON, a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

**ATTEST:**

By: \_\_\_\_\_  
Authority Secretary

**APPROVED AS TO FORM:**

Best Best & Krieger LLP

By: \_\_\_\_\_  
Authority Counsel

**DEVELOPER:**

HAMILTON PACIFIC, LLC  
A California limited liability company

By:   
\_\_\_\_\_

HAMILTON PACIFIC, LLC  
A California limited liability company

By: \_\_\_\_\_

**HOUSING AUTHORITY OF THE  
CITY OF AVALON**

**MEETING DATE:** January 20, 2015 **AGENDA ITEM:** 3  
**ORIGINATING DEP.:** Housing Authority **CITY MANAGER:** BH  
**PREPARED BY:** Ben Harvey, City Manager  
**SUBJECT:** Avalon Housing Workshop – Use of Housing Authority Funds

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**RECOMMENDED ACTION:** Discuss options and provide direction to staff regarding use of Housing Authority funds.

**SUMMARY:** The purpose of this report is to facilitate a focused discussion regarding future affordable housing options for leveraging remaining one-time housing funds of the Housing Authority.

**BACKGROUND:** Before redevelopment dissolution, the Avalon Community Investment Agency (ACIA) received about \$600,000 per year in net housing money (after debt service on bonds) for housing activities. After dissolution, and going forward, the City and Housing Authority annually receive \$0. The Housing Authority, as the successor to the ACIA's housing functions and assets, now only has access to one-time housing monies and assets that could be leveraged toward near-term and/or long-term housing projects and programs. The dollar value of these assets is as follows:

Cash in AHA General Fund:	\$36,229
In Lieu Fee Fund:	\$260,000
Bond Proceeds:	\$4,358,560
Low and Moderate Income Housing Asset Fund (Asset Fund) Total:	<b>\$5,847,155</b>
<u>Properties:</u>	<u>\$4,251,426</u>
313 Beacon Street (7480-031-902)	\$236,315
238 Descanso Avenue (7480-013-900)	\$150,000
311 Descanso Avenue (7480-035-900)	\$150,000
206 East Whittley Avenue (7480-018-909)	\$2,852,600
309 Beacon Street (7480-031-900 & 7480-031-901)	\$862,511
Cash:	\$380,729
Receivables:	\$1,215,000

Before the ACIA was dissolved, it collected about \$5.5 million per fiscal year in gross tax increment revenue. 20% of that revenue, or about \$1.1 million, was required to be deposited into the ACIA's Low and Moderate Income Housing Fund ("Housing Fund") and earmarked for creating, preserving, or rehabilitating housing affordable to low and moderate income residents, including repaying bonded indebtedness. In 2003, the ACIA issued Taxable Housing Tax Allocation Bonds totaling \$7,430,000. Of the \$1.1 million deposited each year in the Housing Fund, about \$520,000 were annually used to make debt service payments on the 2003 bonds, leaving about \$600,000 in Housing Fund monies available for projects.

Past uses of Housing Fund monies and bond proceeds have included:

- Multifamily rental projects totaling 127 units, 77 of which have restrictive affordability covenants (e.g., Bird Park, Beacon Hill, Tremont Street, Eucalyptus Hill Gardens);
- Property acquisition (e.g., 206 E. Whittley Ave., 309-313 Beacon St., 206-311 Descanso Ave., 320 Sumner Ave.), including ground lease property; and
- Low and Moderate Income Down Payment Assistance Programs (e.g., 206-311 Descanso Ave., 320 Sumner Ave., 336-338 Triana Lane).

After the ACIA was dissolved, the tax increment revenue stream, including housing revenue, was diverted to pay off ACIA debts and to taxing agencies as part of the State’s effort to relieve its backfill obligation to schools. The \$600,000 available each year for housing activities no longer exists. Only one-time monies and assets transferred from the ACIA’s Successor Agency to the Avalon Housing Authority are now available for future housing activities.

**DISCUSSION:** As part of the Housing Authority meeting this evening, the City Council must determine whether or not to extend the Exclusive Negotiation Agreement (ENA) with Hamilton Pacific for a proposed development of 48 affordable housing units through the use of \$3.8M in Housing Authority funds. The proposed extension is brought forward following the December 2, 2014 Housing Authority meeting, and would allow for an extension of the agreement through March, 2015 to allow for City staff and Hamilton Pacific to continue discussions regarding components of the proposal. This is important to consider first, because what the Housing Authority decides to do as it relates to the proposed extension of the ENA will determine the amount of available housing authority proceeds, and approval of the extension could limit the funds available to pursue any other projects other than the 48 affordable housing units proposed by Hamilton Pacific through the use of \$3.8M in Housing Authority funds.

The following matrix provides a summary of potential options for future housing projects and/or programs in Avalon. 100% of available funds do not need to be spent on a single project or program. This will depend greatly, however, on the scope of the project(s) or program(s). Also, depending on the level of financial assistance provided for a project, the Housing Authority should contemplate what community benefits and/or amenities a project should provide (e.g., community center, park/playground).

Project or Program	Advantages	Disadvantages	Return on Investment
<b>Multifamily Rental Project – New Construction</b>	Product type addresses community need. If sufficient land is available, would yield large number of units and provide opportunity to require public amenities.	Depending on scope of project, could require Housing Authority to use most, if not all, of funds available. One-time use of funds; no revolving funds.	High
<b>Multifamily Rental Project(s) – Rehabilitation</b>	Funds can be stretched further to address substandard housing conditions in existing housing stock across multiple properties. Provides safe and sanitary housing for existing residents.	Depending on property conditions, may be more cost-effective to “scrape and rebuild” than to rehabilitate. Structural design of housing stock may be outdated or obsolete. Limited ability to require public amenities.	Medium

Project or Program	Advantages	Disadvantages	Return on Investment
<b>Infrastructure</b>	Provides funding for the replacement of infrastructure or infrastructure improvements – such as the replacement of private sewer laterals that service eligible low-income properties.	Would not increase the amount of available affordable housing stock within the community	Medium
<b>Rental Assistance Program</b>	Better geared toward extremely low and very low income families. Addresses community need. LA County Housing Authority Section 8 voucher program has long waiting list. Can be combined with multifamily new construction or rehabilitation project.	Subsidizing rents to extremely low and very low income levels can be very costly since subsidies ideally would last as long as affordability of properties (55 years). Subsidies are not loans and therefore may not make sense for use of one-time monies.	Low
<b>Single Family Project(s)</b>	Provides homeownership opportunities for lower income families. Housing Authority would qualify developer. Ability to require amenities.	Limited land availability. Requires significant subsidy to make single family homes affordable to very low and lower income families. Difficult to find qualified buyers.	Low
<b>Low and Moderate Income Down Payment Assistance Program</b>	Program already established with existing rules and regulations. Can be combined with new single family project(s). One project already in progress (Triana Lane). Provides homeownership opportunities for lower income families.	Limited land availability. Requires significant subsidy to make single family homes affordable to very low and lower income families. Difficult to find qualified buyers.	Low

**GOAL ALIGNMENT:** Affordable Housing.

**FISCAL IMPACTS:** Dependent upon Housing Authority action.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** The determination of affordable housing priorities and the commitment of affordable housing funds will not occur.

**FOLLOW UP ACTION:** Dependent upon Housing Authority determination following review of options.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda.

**ATTACHMENTS:** None.