

**JOINT MEETING OF THE COSTA MESA
REDEVELOPMENT AGENCY AND CITY COUNCIL**

February 9, 2010

The Redevelopment Agency and City Council met in a Joint Meeting that was held on Tuesday, February 9, 2010 in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. Agency Chair Katrina Foley called the meeting to order at 7:15 p.m. and led in the Pledge of Allegiance.

I. ROLL CALL

Members Present: Agency Chair/Council Member Katrina Foley
Agency Vice Chair/Mayor Pro Tem Wendy Leece
Agency/Council Member Eric Bever
Agency/Council Member Gary Monahan
Agency Member/Mayor Allan Mansoor

Members Absent: None

Officials Present: Acting Executive Director Khanh Nguyen
Agency/City Attorney Kimberly Hall Barlow
Neighborhood Improvement Manager Muriel Ullman
Management Analyst Hilda Veturis
Clerk Julie Folcik

II. CLERK'S STATEMENT

The Joint Redevelopment Agency/Council Meeting Agenda and Notice and Call were posted at the City Council Chambers, Postal Office, Headquarters Police Department, the Neighborhood Community Center and the Mesa Verde Public Library on Thursday, February 4, 2010.

III. MINUTES

Regular Meeting of the Redevelopment Agency of January 12, 2010.

The Minutes were unanimously approved by the following roll call vote:

Ayes: Agency Chair/Council Member Katrina Foley, Agency Vice Chair/Mayor Pro Tem Wendy Leece, Agency/Council Member Eric Bever, Agency/Council Member Gary Monahan, Agency Member/Mayor Allan Mansoor

Noes: None.

Absent: None

IV. PUBLIC COMMENTS – None

V. AGENCY MEMBERS' COMMENTS AND SUGGESTIONS –

Agency/Council Member Eric Bever made a request that staff work with the City of Stanton to investigate the mechanisms Stanton was using to purchase distressed homes.

Agency/Council Member Gary Monahan requested an update on Triangle Square.

VI. WARRANT RESOLUTIONS

1. Approve Warrant Resolution CMRA-391.

MOTION: Approve. Moved by Agency/Council Member Gary Monahan, seconded by Agency/Council Member Eric Bever.

The motion carried by the following roll call vote:

Ayes: Agency Chair/Council Member Katrina Foley, Agency Vice Chair/Mayor Pro Tem Wendy Leece, Agency/Council Member Eric Bever, Agency/Council Member Gary Monahan, Agency Member/Mayor Allan Mansoor

Noes: None.

Absent: None.

VII. OLD BUSINESS – None

VIII. NEW BUSINESS

1. Direction on Baker Street Apartments Project and Other Senior Affordable Housing Projects

CITY COUNCIL RECOMMENDATIONS

1. Approve the reallocation of \$385,500 HOME Funds from the cancelled Bethel Towers project to the proposed Baker Street Apartments Project with Sequoia Standard and authorize staff to enter into an Exclusive Right to Negotiate for a period of 120 days with Sequoia Standard.
2. Authorize staff to work with the Costa Mesa Senior Center Board to identify design considerations to include in a Request for Proposals and to issue a Request for Proposals for a Senior Housing Project on the Senior Center Site located at 695 W. 19th Street, subject to the availability of funding.

REDEVELOPMENT AGENCY RECOMMENDATIONS:

1. Approve the reallocation of \$248,629 from the cancelled Bethel Towers project to the proposed Baker Street Apartment Project with Sequoia Standard and set aside additional funds in 2010-2011 Low/Moderate Housing and Downtown Project funds for this project and authorize staff to enter into an Exclusive Right to Negotiate for a period of 120 days with Sequoia Standard.
2. Authorize staff to work with the Costa Mesa Senior Center Board to identify design considerations to include in a Request for Proposals and to issue a Request for Proposals for a Senior Housing Project on the Senior Center Site located at 695 W. 19th St., subject to the availability of funding.

Before presentation of the staff report, Agency/Council Member Bever asked if he could have the floor. Chair/Council Member Katrina Foley granted Agency/Council Member the floor.

Agency/Council Member Bever expressed several concerns (affordability covenants, less ambitious alternatives, etc.) about the Bethel Towers project. A conversation between Member Bever and Neighborhood Improvement Manager Muriel Ullman followed. Agency Chair/Council Member Katrina Foley intercepted and stated it would be appropriate to let Ms. Ullman present her staff report and discuss suggestions afterwards. Agency/Council Member Eric Bever said he wanted to discuss the Bethel Towers Project before discussing the new project (Baker Street Apartments) because he felt the Agency was throwing away a project that a lot of effort had gone into.

Neighborhood Improvement Manager Muriel Ullman presented the staff report. Prior to concluding her presentation, she reported that after the staff report was finalized, staff received another proposal from a potential buyer of the motel on Newport Blvd. (owned by Vanguard) who was interested in building affordable housing, possibly a mix of student and faculty units. Due to the nature of the proposal, staff was revising their recommendation and requesting that Agency/Council Members approve only City/Agency Recommendation No. 1 and table City/Agency Recommendation No. 2 until staff spoke and analyzed the Vanguard property. Ms. Ullman concluded her presentation.

Agency/Council Member Gary Monahan asked why an RFP was not sent to Sequoia Standard and Mercy Housing for the Senior Citizen's Center and why staff was not entering into negotiations with Mercy Housing without an RFP.

Ms. Ullman reported that Sequoia Standard was a separate project and the property was not owned by the Agency. After staff conducted a preliminary analysis, the Sequoia Standard project appeared to be a feasible project to replace the Bethel Towers project. Ms. Ullman added that Sequoia Standard was in the middle of applying for tax credits as well as County funding, and needed a commitment from Costa Mesa to move forward (a practice that is common when developers have control of the properties).

Ms. Ullman stated that because the Senior Citizen Center was publicly owned, staff felt greater interest would be generated from a limited solicitation rather than offering it to one developer.

Agency/Council Member Gary Monahan said he was not familiar with Sequoia Standard and asked if they were a non-profit organization. Ms. Ullman reported that Sequoia Standard was not a non-profit organization. She advised the Agency that Mr. Al Marshall, who was in the audience, had a small presentation he wanted to make. Agency/Council Member Gary Monahan said he had additional questions he had to ask before Mr. Marshall's presentation.

Agency/Council Member Gary Monahan inquired about the Mercy Housing proposal and asked if it was something the Agency was looking for in terms of affordable and senior housing on the site. Aside from legal reasons, he wanted to know why staff would go through the time and effort of an RFP process when it made more sense to move forward with someone who had already approached staff and was ready to go. Agency/Council Member Monahan asked if Vanguard was purchasing the motel.

Ms. Ullman identified the independent buyer as Sean Boyd. Mr. Boyd wanted to build affordable student housing as well as faculty housing. Agency/Council Member Monahan clarified that the property was not a motel. Vanguard had demolished the motel and the property belonged to Vanguard. Ms. Ullman agreed.

Agency/Council Member Eric Bever asked if the request from Sequoia Standard included affordability covenants. Ms. Ullman responded that due to the source of the funds, there had to be affordability covenants on Sequoia Standard's request.

Agency/Council Member Bever referred to the second paragraph of Page 3 of the staff report. He asked if due to the limited funds in the City's General Fund the Redevelopment Agency could be billed for the \$675,000 building fees. Ms. Ullman confirmed there was a way to bill the Redevelopment Agency for Sequoia Standard's building fees.

Agency Vice-Chair/Mayor Pro Tem Wendy Leece asked why Sequoia Standard was building on Baker Street if it was outside of the Downtown Redevelopment Area. Ms. Ullman explained that low-income housing could be done anywhere in the City when using Redevelopment funds and only commercial development was restricted to within the Downtown Redevelopment Area.

Agency/Council Member Eric Bever expressed concern with regards to the Senior Citizen Center. He urged the Agency to practice caution and not give the Board too much authority because doing so would be detrimental to the outcome of the project. Agency Chair/Council Member Katrina Foley did not agree with Member Bever's comments.

Agency Chair/Council Member Katrina Foley invited Mr. Marshall to the podium for his presentation.

Mr. Al Marshall introduced himself and thanked the Agency/Council members for allowing him to make his presentation. Prior to giving his presentation, Mr. Marshall addressed some Agency comments. He told the Agency/Council members that Riverside Charitable would be their general partner ownership non-profit; Oasis would be the non-profit service provider for the MHSA units, and Life Steps would be the affordable housing service provider, which would be covenanted for 55 years (a benefit of the tax credit program that allowed low rents to begin at \$468 a month).

Mr. Marshall briefly reported on Bethel Towers and then proceeded with his presentation.

Agency Vice-Chair/Mayor Pro Tem Wendy Leece mentioned she had recently met with Mr. Marshall and requested an explanation of the specialized management firm.

Mr. Marshall reported that USA Property Fund, who had been in the tax credit business for years, was going to be Sequoia Standards' financial partner. He reported that USA Property Fund has had their in-house management in place for many years and that Ms. Ullman had visited a number of USA Property Fund and Sequoia Standard projects.

Mr. Marshall informed the Agency that when Sequoia Standard developed a property they brought in a national management firm that specialized in tax credit compliance and USA Property Fund's management firm was one of those firms. USA Property Fund will have an on-site manager and assistant manager, as well as a part-time social worker. In addition, he reported that Riverside Charitable would be overlooking the management; Oasis MHSA would be overlooking the mental health services portion, and Life Steps would overview the entire service provision. Mr. Marshall stated that compliance for a project of this size was substantial and that due to the reserve set-aside funds, the Federal government would audit the project annually to ensure the funds were being used in the project. Management would also approach the residents on a semi-annual basis to prove their income positions and ensure that they are in the correct ratio (30-50% area median income).

Agency Chair/Council Member Katrina opened the public comment session. There being none, she closed the public comment session. Agency Chair/Council Member Katrina Foley asked for Agency/Council comments.

Agency Member/Mayor Allan Mansoor referred to Page 3 of the staff report. He requested an explanation of "exclusive rights negotiations" and asked why "exclusive rights negotiations" would not take place after the project went before the Planning Commission. Ms. Ullman mentioned that in order for Sequoia Standard to apply for a tax credit for this summer Sequoia Standard needed a commitment from Costa Mesa now. Due to the financial deadline Sequoia Standard had to meet, they would probably go to the Planning Commission simultaneously (a practice that was done frequently).

Agency Member/Mayor Allan Mansoor liked the general concept of the Sequoia Standard project but considering the Budget discussion, he had concerns about the \$675,000 builder fees.

With regards to the Senior Citizen Center, Agency Member/Mayor Mansoor was hesitant about putting units in the parking lot. He felt the Agency was trying to put "too much in too many small places". He understood the project was listed in the 19 West Urban Plan Area and the Agency wanting to provide affordable housing but did not think it was the main goal of the urban plan. He understood the main goal of the urban plan was to remove of blight.

Agency/Council Member Eric Bever stated Ms. Ullman had confirmed there were mechanisms available where the Redevelopment Agency would reimburse the City; therefore the \$675,000 builder fees would not be given up from the General Fund. Member Bever liked the Baker Street project and moved to approve City/Agency Recommendation No. 1 but not City/Agency Recommendation No. 2.

Agency Member/Mayor Mansoor asked if the motion was to approve City/Agency Recommendation No. 1 and not approve City/Agency Recommendation No. 2. Agency/Council Member Bever confirmed his motion.

Agency/Council Member Gary Monahan seconded the motion with a comment. He thanked Mr. Marshall for bringing the Baker Street project forward and their hard work. He was looking forward to the project because it was kick-off in the Sobeca projects and it was exactly what the Agency/City was looking for.

Agency Chair/Council Member Katrina Foley asked about the project being age-restricted to 62-years or older and a portion being set-aside for partially disabled seniors. She added the project was in an odd location and considering it was going to be 3-stories, seniors would have to use an elevator or alternative means to get up. Member Foley expressed concern with the busy street, the very loud and busy freeway and asked if the retail below was going to cater to the residents. She asked if staff had looked into those concerns because the location seemed like an odd place to put seniors.

Mr. Marshall said the sound issue would be attenuated by the requirements of the Building Code and Sequoia Standard would meet and exceed all code requirements. Mr. Marshall explained that the tax credit program required them to go above and beyond in Green, sound and environmental issues. He said the street was ideal for seniors because there was a turnout for the bus, it was well located for seniors to go

shopping and it fit the intended purpose of the overlay itself, which was to have people with the ability, to walk to services.

Agency Chair/Council Member Katrina Foley asked where, from that location, could someone walk to a grocery store. Mr. Marshall said a grocery store was about a mile away. Agency Chair/Council Member Katrina Foley stated that for a disabled senior that would be a difficult walk especially since that particular street was not very pedestrian-friendly.

Mr. Marshall mentioned there was bus access in front and there would be adequate parking for seniors who had cars. He stated the Management would do a great deal to support and achieve the needs of the residents.

Agency Chair/Council Member Katrina Foley sensed there would be no park-like amenities where seniors could walk to. She felt the project was a very cold place to live in and asked if there would be a courtyard.

Agency Member/Mayor Allan Mansoor commented that those concerns would go before the Planning Commission.

Agency Chair/Council Member Katrina Foley wanted staff to know that she had very grave concerns about putting disabled seniors in a location next to a freeway, along a busy street, with no park-like amenities. Member Foley wanted something to be incorporated to the project that that would improve the quality of life for people living there. She did not want Sequoia Standard's project to turn into project-like housing.

Mr. Marshall said it was Sequoia Standard's concern that it be a home and not a project. Mr. Marshall assured Agency/Council Members that mentally handicapped seniors would be handled by service providers and would be closely watched and well taken care of. Mr. Marshall assured Ms. Foley that Sequoia Standard would do their best to address and satisfy the concerns of the Agency/City because Sequoia Standard had the same concerns.

Agency Chair/Council Member Katrina Foley just wanted to make sure it was a place where people felt good when they lived there.

Mr. Marshall advised that the retail portion would consist of service providers supporting not just the seniors but general retail in the community.

Agency Chair/Council Member Katrina Foley said that was going to create a parking issue. She wanted staff to make sure there would be sufficient parking.

Agency/Council Member Eric Bever suggested that in light of the fact that Sequoia Standard had removed one story from the building and in the spirit of the overlays, they did allow roof top gardens. Sequoia Standard could place potted trees and have a sitting or amenity-like area on the rooftop. Member Bever added OCTD had a Dial-A-Ride program that would allow seniors the ability to get around and do what they needed to do.

Agency Chair/Council Member Katrina Foley stated she was familiar with the Dial-A-Ride Program. She added people look for certain things and having a pleasant environment is one of those things.

MOTION: Approve Council/Agency Recommendations No. 1 and No. 2. Voting jointly as the Agency and City Council, Agency/Council Member Eric Bever moved to approve City/Agency Recommendations No. 1 and not approve City/Agency Recommendations No. 2. Agency/Council Member Gary Monahan seconded the motion with a comment.

The motion carried by the following roll call vote:

Ayes: Agency Chair/Council Member Katrina Foley, Agency Vice Chair/Mayor Pro Tem Wendy Leece, Agency/Council Member Eric Bever, Agency Member/Mayor Allan Mansoor, Agency/Council Member Gary Monahan

Noes: None.

Absent: None.

MOTION: Agency/Council Member Monahan motioned that staff contact Mercy Housing and bring back a proposal indicating what Mercy Housing was discussing and proposing.

Agency Chair/Council Member Katrina Foley mirrored Agency/Council Member Gary Monahan's motion with respect to the Vanguard Center Apartments.

Ms. Ullman reported that reimbursing the City for building fees with Redevelopment funds might change the available money and she would need to review that as well.

Agency Chair/Council Member Katrina Foley requested staff to compile a list of upcoming senior projects in order to have a better understanding of the current projects that were in the works.

Agency/Council Member Eric Bever asked if they had to vote as the City Council.

Agency Chair/Council Member Katrina Foley asked Ms. Ullman if she needed two separate motions (as the Redevelopment Agency and the City Council).

Agency/City Attorney Kimberly Hall Barlow said she understood the motions as a joint vote by both the Redevelopment Agency and the City Council.

IX. REPORTS

1. Agency/City Attorney – None.
2. Acting Executive Director – None. Agency Chair/Council Member Katrina Foley welcomed the Acting Executive Director Khanh Nguyen.

X. ADJOURN

Agency Chair/Council Member Katrina Foley adjourned the meeting at 8:01 p.m.