

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

JANUARY 10, 2006

The Redevelopment Agency and the City Council of the City of Costa Mesa, California, met in a Special Joint meeting on Tuesday, January 10, 2006, in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. Chairperson Dixon, who led the Pledge of Allegiance to the Flag, called the meeting to order at 6:31 p.m.

ROLL CALL

Members Present: Chairperson/Council Member Dixon
Vice-Chairperson/Mayor Pro Tem Bever
Agency/Council Member Foley
Agency Member/Mayor Mansoor
Agency /Council Member Monahan

Officials Present: Agency Attorney Hall Barlow
Neighborhood Improvement Manager Ullman
Special Agency Counsel Brady
Management Analyst Veturis
Executive Secretary Rosales

POSTINGS

The Notice and Call and the Redevelopment Agency Agenda for the Special Joint Redevelopment Agency/City Council meeting were posted at the City Council Chambers, Headquarters Police Department, Neighborhood Community Center, Postal Office and Mesa-Verde Public Library on Thursday, January 5, 2006.

MINUTES

On a motion by Agency Member Monahan, seconded by Agency Member Mansoor, and carried 5-0, the minutes of September 13, 2005 and December 6, 2005, were approved as presented.

PUBLIC COMMENTS

Chairperson Dixon opened the session for public comment. There being none, the public session was closed.

**AGENCY MEMBER
COMMENTS AND
SUGGESTIONS**

Agency Member Monahan complimented staff and workers on the 19th Street and Placentia project. He reported that the landscaping was going in, the roads were done and the lights were in. He encouraged everyone to see the project, as it was looking phenomenal. Chairperson Dixon added that traffic was also moving.

**WARRANT
RESOLUTION
CMRA-343**

On a motion by Agency Member Mansoor, seconded by Chairperson Dixon, and carried 5-0, Warrant Resolution CMRA-343 was approved.

OLD BUSINESS

None.

NEW BUSINESS

**St. John's Manor Senior
Citizen Affordable
Housing Project - 2031
Orange Avenue**

Agency Member Monahan announced he had a leasehold interest located within a 500-foot radius from the St. John's Manor project; therefore, he would be abstaining.

Neighborhood Improvement Manager Ullman summarized the St. John's Manor staff report as presented. She advised that Keyser-Marston (KMA), the City/Agency consultant, had evaluated a revised scope of work for rehabilitation and an updated pro forma that was submitted by the Episcopal Housing Alliance (EHA). Based on staff results and KMA evaluation, staff was requesting authorization from City Council/Redevelopment Agency to proceed to the next phase of the negotiations. EHA informed staff that HUD

required written confirmation of the City/Agency's interest, which needed to be confirmed through a letter from the City Manager informing HUD that the City/Redevelopment Agency was negotiating with EHA and interested in providing financial assistance to the St. John's Manor project. Ms. Ullman reported that St. John's Manor met two of the Redevelopment Agency's priorities – senior housing and Costa Mesa resident preference. She also advised that the staff report detailed financial aspects, among them, a gap of about \$1.2 million that would be filled with 3 to 4 years of HUD HOME Program CHDO funds, property tax increment housing, Redevelopment funds and old Federal rehabilitation grants. City Council/Agency members were informed that staff was only requesting approval for the letter of interest to HUD and not approval of the project. In concluding, Ms. Ullman reported that staff, as well as, Reverend Barbara Stewart from the Episcopal Church, Geoffrey Gilbert from Polis-Consulting and the developer, were on-hand to answer questions from Agency members.

Agency Member Bever asked if St. John's Manor would remain a senior project. Ms. Ullman responded in the affirmative. He further asked if the City/Agency entered into an agreement, would the buyout option exist or be locked in for seniors for 55 years. Ms. Ullman explained that entering into a contract would lock it in for seniors because the Section 202 loan would be prepaid and there would be a new financing package. Member Bever further asked if the \$1.2 million would be a one-time cost. Ms. Ullman responded yes.

Due to certain restrictions in terms of engaging in monetary loans, donations, and/or contributions with religious-based groups, Agency Member Bever asked Agency Attorney Hall Barlow if there were restrictions on the St. John's Manor project. Agency Attorney Hall Barlow informed Member Bever that there would be no restrictions on the funding.

In an attempt to avoid a repeat of the Affordable Housing Clearinghouse/Mary Erickson Community Housing project, Agency Member Foley requested that Agency members address any objections, concerns or apprehensions about moving forward with the St. John's Manor so the applicant would know in advance.

Chairperson Dixon asked Agency members if anyone had apprehensions.

Agency Member Mansoor posed a question. He referred to Page 6 of the staff report and asked staff if the subsidy of \$142,000 per unit was normal or if it was quite high. Ms. Ullman stated staff had already negotiated down the cost; therefore, given the cost of the property and rehab, \$142,000 per unit was normal.

Agency Member Bever reported seeing apartment rehabs with sub-standard work on the roofing. He asked if certain State or Federal guidelines would be followed when rehabilitating the St. John's Manor project. Ms. Ullman deferred Member Bever's question to the developer.

Geoffrey Gilbert-Hamerling, Polis-Consulting Group and representing EHA, stated there was a scope of work that would be reviewed by staff throughout the entire project. In terms of the construction, they would be working with licensed contractors. EHA was required by the State of California Tax Credit Authority to

meet certain standards. However, because they did not inspect, EHA would need to be in close conversation with the City to ensure that the scope of work met their needs. Mr. Gilbert advised that most of the improvements were to preserve the long-term affordability in order to get 55 years out of them. Agency Member Bever stated it would behoove EHA to do the best long-term repairs, given there was a reserve fund. Ms. Ullman stated there would be double coverage since a construction consultant would be hired to review plans on behalf of staff, as well as, approve all disbursements. Mr. Gilbert added EHA would also be hiring a construction manager for the construction process.

Chairperson Dixon inquired if all the units had ADA (American Disabilities Act) access. Mr. Gilbert stated that considering the available financial assistance, ADA access could not be achieved for all the units. There was an elevator in the building and other ways of working with the tenants to make their lives more commodious. St. John's Manor would have only two fully handicapped-accessible, ADA-compliant units, which is what HUD required.

Chairperson Dixon asked if tenants would be relocated somewhere in Costa Mesa and be given first priority. Mr. Gilbert reported there would be no permanent relocation whatsoever. The relocation would be temporary and would require a matter of days per unit. Chairperson Dixon did not read days into the relocation. She envisioned construction, which usually is long-term. Mr. Gilbert assured that the tenants would remain in Costa Mesa and would be invited back to their newly refurbished units

Joe Colletti, Executive Director for EHA and representing the buyer, stated there were currently two handicapped residents who needed assistance. He reported that prior to tonight's meeting, EHA had met with the residents to discuss the rehab and in particular, the two handicapped residents who would need modifications. EHA will be meeting with the two residents individually to provide comfortable living accommodations for them. He reiterated Mr. Gilbert's comments and emphasized that the common areas throughout the building were handicapped-accessible. With reference to Member Foley's earlier statements, Mr. Colletti stated that as the project moved forward, the stronger the City/Agency's commitment, the more competitive their application would be. The only hindrance preventing the project from being completed would be the degree of commitment from the City/Agency.

Chairperson Dixon asked if residents were allowed to have small pets, as she felt they provided companionship that seniors needed. Mr. Colletti responded in the affirmative and added that two residents had small pets. Agency Member Mansoor thanked Chairperson Dixon for bringing up a good point.

PUBLIC COMMENT

Chairperson Dixon opened the session for public comment.

Agency Member Mansoor thanked everyone for their time and for being patient.

There being no further public comments, Chairperson Dixon closed the public comment session

MOTION Approved Carried

Voting as the Redevelopment Agency, Member Foley moved to authorize the Executive Director to prepare and send a letter to the Episcopal Housing Alliance for submittal to the United States Department of Housing and Urban Development (HUD), regarding

the preliminary Agency interest in providing financial assistance to extend the income and affordability covenants on the St. John's Manor Project for an additional 55 years. The form of the letter to be reviewed by Agency General Counsel/City Attorney and/or Special Agency Counsel. Chairperson Dixon seconded the motion, which carried 4-0. Agency Member Monahan abstaining.

**MOTION
Approved
Carried**

Voting as the City Council, Member Foley moved to authorize the City Manager to prepare and send a letter to the Episcopal Housing Alliance for submittal to the United States Department of Housing and Urban Development (HUD), regarding the preliminary City interest in providing financial assistance to extend the income and affordability covenants on the St. John's Manor Project for an additional 55 years. The form of the letter to be reviewed by the City Attorney and/or Special Counsel. Mayor Pro Tem Bever seconded the motion, which carried 4-0. Council Member Monahan abstaining.

REPORTS

Agency Attorney None.

Executive Director None.

ADJOURNMENT There being no further business for discussion, Chairperson Dixon adjourned the Special Joint Meeting at 6:50 p.m.