



MINUTES
SPECIAL JOINT MEETING OF
CITY COUNCIL/PLANNING COMMISSION
TUESDAY, JULY 14, 2009, 9:00 P. M. (or Earlier)
CITY COUNCIL CONFERENCE ROOM
245 E. BONITA AVE.

PRESENT:

COUNCIL:

Mayor Curtis W. Morris
Mayor Pro Tem Denis Bertone
Councilmember Emmett Badar
Councilmember John Ebner
Councilmember Jeff Templeman

PLANNING COMMISSION:

Chair Jim Schoonover
Commissioner John Davis
Commissioner Stephen Ensberg
Commissioner M. Yunus Rahi

City Manager Blaine Michaelis
City Attorney J. Kenneth Brown
City Clerk Ina Rios
Assistant City Manager of Community Development Larry Stevens
Assistant City Manager Ken Duran
Director of Development Services Dan Coleman
Director of Public Works Krishna Patel
Director of Parks and Recreation Theresa Bruns

USA Properties Fund

Jonathan Lonner, Director of Land Acquisition and Development, Southern California
Steven Gall, Senior Vice President, Project Acquisitions & Finance Group
Arthur M. May, AIA Assoc., Senior Vice President Development

ABSENT:

Vice Chair David Bratt

1. CALL TO ORDER

Mayor Morris called the meeting to order at 9:31 p.m.

2. ORAL COMMUNICATIONS

(For anyone wishing to address the City Council on an item on this agenda. Under the provisions of the Brown Act, the legislative body is prohibited from taking or engaging in discussion on any item not appearing on the posted agenda. Speakers are limited to three minutes or as may be determined by the Chair.)

- a. Members of the Audience

There were no comments.

3. JOINT CITY COUNCIL/PLANNING COMMISSION STUDY SESSION

- a. Grove Station Family Apartment proposal to receive a presentation and general information about the project (limited to preliminary comments and questions.) No directions or decisions anticipated.

Assistant City Manager Stevens said the reason for operating under a tight schedule is that California Tax Credit Advisory Committee (TCAC) is funding this project and gave short notice

of when the application is due, therefore, the project needs entitlements and approvals in place prior to the August 17th funding date.

Assistant City Manager Stevens stated that the applicants are also here to give a short presentation.

In response to Mayor Pro Tem Bertone, Assistant City Manager Stevens said the Planning Commission approved the interpretation of conditionally permitted uses in CG-3 Sub-Area B Zone. Staff's concern was that it was not clear to say apartments were a permitted use. He stated that in the past, classification of use was taken to the Development Plan Review Board and appealed to the City Council. He said there are still a series of entitlements that the Planning Commission and City Council need to review and consider before approval of the project.

In response to Councilmember Ebner, Assistant City Manager Stevens replied that the language intentionally does not say apartments because it was specifically written for the Fox Project during the process. He added that when uses are similar, a Classification of Use or discretionary decision can be determined in lieu of a code amendment. He added that if the City Council does not approve the project, the project becomes moot, and there is no reason to go forward.

Mr. Stevens presented an overview of the Grove Station project and highlighted the completed portions. He said the Office building is occupied and street work is mostly done; some work is pending that is tied to the live/work units, although a portion of the frontage is open. He said an investor purchased building 7, which is under construction and staff is monitoring it.

Mr. Stevens said Fox Homes is in bankruptcy and the Bank is working with them to allow work on the project to move forward as they negotiate a resolution, which includes completing and selling the 14 units. He added that of the 14 units, the City has four (4) in escrow and will sell those at the appropriate time.

Mr. Stevens said the plan check has been completed on the 24-condominium units and because Fox backed away from the project, the City has been released from its obligation to purchase eight (8) affordable units within that 24. He had discussions with entities that might be interested in doing for-profit condos, but does not have any commitments.

Mr. Stevens said USA Properties is in escrow to purchase the 72-condominium unit and has proposed changes to the previously approved project, while utilizing the same footprint. He summarized the proposed changes to building 8 and building 9, increasing the number of units to 95, reducing one level of parking, adding community space and a pool. He said in the revised project, there are a total of 188 parking spaces - more service parking and tandem spaces and less garage spaces. To do shared parking and parking reductions requires a Use Permit.

Councilmember Ebner asked if someone could get a parking permit and park in the guest spaces.

Mr. Stevens replied that within the CC&Rs there is a requirement for a Parking Management Plan to address how parking spaces are shared and prevent problems. He added that public parking spaces are subject to Overnight Parking restrictions.

Assistant City Manager Duran said he thought there was a condition on this project to not allow overnight parking permits. Mr. Stevens said the CC&Rs contain parking restrictions.

In response to Councilmember Templeman, Mr. Stevens said USA Properties is asking for consideration to reduce the number of parking spaces and the City has some obligation to consider that reduction pursuant to State law requirements that have determined affordable units require less parking than non-affordable units. He said if State parking standards are applied, the requirement would be 163 parking spaces versus our requirement of 256 versus 188 being proposed. He said he is compelled to grant some series of concessions, that could include density bonus and some kind of parking concession, and suggested that since we paid for street improvements as required, that can be our third concession.

Assistant City Manager Stevens said the project was previously approved with a density of 22.7 units per acres with a total of 110 units in the project. When the Housing Element was completed, staff identified affordable projects and it is the Council's decision whether or not to amend the Use Permit and General Plan, based on the Housing Element.

Mr. Stevens highlighted the affordability for very low-low-medium income levels based upon a combination of factors to arrive at maximum rent of eligible income levels, and said if the project is approved, USA Properties would be required to monitor and report on this for a 55-year commitment.

In response to Councilmember Templeman, Mr. Stevens said the entire project is 100% affordable and using TCAC guidelines all would fall into low and extremely low income levels; if using Los Angeles County guidelines, a good number would be built into some moderate income level.

In response to Councilmember Badar, Mr. Stevens said that after a series of impact fees and costs related to architect, engineer, etc., the project will be just under \$28 million. He said an investor is willing to put in \$17.5 million in exchange for Federal Tax credits; the bank is willing to loan \$4.3 million; and they are asking the City for a subsidy in the form of a loan at 3% for 55 years. He added that they are applying to the City of Industry for funds administered by the CDC and if successful, would reduce the request for a loan from us by the amount awarded.

Commissioner Stephen Ensberg asked what would be the tangible benefit to the City to go along with the proposed changes not originally approved.

Mr. Stevens replied that it might be financially better for us in terms of our affordable housing commitment to achieve the targets. He said the next RHNA cycle starts in 2014.

In response to Mayor Pro Tem Bertone, Mr. Stevens said there are no penalties, however, a good faith effort will be made to reasonably comply with the programs and policies.

In response to Commissioner John Margis, Mr. Stevens said 30 units per acre is the default density the State is requiring us to adopt and there has to be an affordable housing component in the project area.

In response to Mayor Morris, Mr. Stevens said the law requires the property to be rezoned to accommodate the project, but does not require any development.

Jonathan Lonner, USA Properties Fund, Southern California, introduced his colleagues: Arthur May and Steven Gall, and said staff did a phenomenal job of going over the project. He stated they have tried to add amenities on buildings 8 and 9 and the City Council has the ability to make headway with the RHNA numbers. He said while this is a tax credit project for TCAC purposes, there will be units in the moderate range level. He has also been working with the

Bank and Fox Homes to move forward to complete buildings 2 and 3. He relies on the 20+ years of experience in managing multi-family properties and plans to partner with the City and be a valuable source of commitment to the community.

Mr. Lonner responded to questions from Councilmembers and Commissioners regarding the potential for a Metrolink Station is positive for the project; not all projects are 100% affordable; and there are two compliance periods: 55 years compliance period and 15 years compliance/auditing period with State and Federal Governments.

Steven Gall, Sr. Vice President, said they are locked in to the project for a minimum of 15 years and their business plan is to go back into the communities they've been managing and do a rehab re-syndicated through tax credits to maintain ownership. He said their commitment is to stay the long term and at the end of fifteen years, they will still have a great project that their Property Management team is still managing for many more years.

In response to Mr. Stevens, **Arthur May** replied that there is a larger number of seniors in this community and the tax credit units do not accommodate renting to full time students. He said they pride themselves on the screening policies.

Mr. Gall said they have an ongoing compliance team monitoring the screening process because they would be in jeopardy of losing their tax credits if not in compliance with TCAC.

It was the consensus of the City Council to hear the appeal on July 28, 2008.

Commissioner Ensberg asked if it were legally acceptable to classify the apartment dwelling as an obnoxious use under the statute.

Mr. Stevens replied that the Planning Commission did not find the word "obnoxious" to be an appropriate reason, but relied on the word "detrimental" to apply to the whole project.

4. ADJOURNMENT

Mayor Morris adjourned the meeting at 11:02 p.m. The next City Council meeting is 7:00 p.m. Tuesday, July 28, 2009.

Respectfully submitted,

Ina Rios, CMC, City Clerk