

AGENDA FOR THE



CITY OF PINOLE ECONOMIC DEVELOPMENT AND HOUSING ADVISORY COMMITTEE

Tuesday, May 10, 2011

Regular Meeting - 7:00 p.m.

Community Room, 2131 Pear Street, Pinole, CA 94564

In compliance with the Americans With Disabilities Act of 1990, if you need special assistance to participate in a City meeting or you need a copy of the agenda, or the agenda packet in an appropriate alternative format, please contact the Community Development Department at (510) 724-9002. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

- A. Call to Order 7:00–7:15 p.m.**
1. Roll Call
 2. Acceptance of Minutes – February 8, 2011
 3. Public Comment - Citizens may speak on any item not listed on the agenda
- B. New Business 7:15– 8:45 p.m.**
1. **Project Updates**
 - a. Verbal update of current property activity
 2. **Action Items**
 - a. none
 3. **Program Updates**
 - a. Affordable Housing Compliance Report
 - b. Status of RDA with State Budget
- C. Committee Member/Staff Comments 8:45 – 9:00 p.m.**
- 1.
- D. Future Agenda Items/Next Meeting 9:00 p.m.**
1. Next Meeting: TBD
- E. Adjournment 9:00 p.m.**

MINUTES FOR THE



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A. Call to Order 7:45–8:15 p.m.

1. Roll Call

Kiernan, Duckworth, Miller, Parsons, Jennings, Trego in attendance. Absent: Schilt. Council: Murray Staff: Espinosa, Allison, Drazba

2. Acceptance of Minutes – December 14, 2010

Minutes accepted as amended by the Committee. Consensus of Committee was to have general minutes and not attempt to capture word for word minutes or have specific quotes.

3. Public Comment - Citizens may speak on any item not listed on the agenda

Tina Holtzclaw and Dale Moore of Tina's Café came to thank the Committee for their support, encouragement and for providing the opportunity for them to come to Pinole. Construction is on track and they hope to open in mid March.

B. New Business 7:00–7:45 p.m.

1. Project Updates

a. 2301 San Pablo Avenue - verbal update (Alison)

Dean Alison reported that a proposed temporary rock park will come before the Council on Feb 15 for review. The project is proposed by the Chamber of Commerce and they stated that there are numerous community groups who will put in sweat equity to create and maintain the site. There was discussion regarding liability issues, ongoing maintenance and costs and funding sources. Alison stated that the project is in conceptual stage right now and further information will be ready on the 15th. Information only, EDHAC took no action.

b. Gateway East Medical Pad (Drazba)

Mary Drazba reported that there is a potential buyer for the Gateway Medical Pad. It is the same buyer as last time. He has worked on conceptual renderings and submitted a offer for the site. Information only, EDHAC took no action.

c. Budget Update (Espinosa)

Belinda Espinosa updated the Committee on the status of the budget process, both the 2010/11 and the 11/12 that the City is starting to prepare. The Budget Recovery Plan was released in December in an effort to get as much community input as possible prior to Council action. As sales and property tax revenues

fluctuate so will our budget. There are many unknowns right now with the State's plan so we have to move forward and make the best decisions with the information we have. There will be a special Council Budget meeting either March 2 or March 8. There was discussion as to EDHAC's role going forward if the State abolishes Redevelopment. Information only, EDHAC took no action.

2. Action Items

- a. none

3. Program Updates

- a. none

C. Committee Member/Staff Comments 8:15 – 9:00 p.m.

1. *Jil asked that in the future additional property descriptions or references be included on the Agendas to help EDHAC members identify the projects.*
2. *Cindy reported that she attended the WCCUSD meeting regarding the cameras at Pinole Valley High. She reported that the School Board wants more community input before they make a decision. She asked for additional members to help support the cause. She agreed to email EDHAC to keep them updated on upcoming meetings.*
3. *Sean reported that he was accepted to Minot State and may leave in July.*

D. Future Agenda Items/Next Meeting 9:00 p.m.

1. Next Meeting: March 8, 2011
It is likely that there will be a special Council Budget meeting on March 8. If so, the Committee members will be notified and the EDHAC meeting will be cancelled. EDHAC was encouraged to attend the Council Budget meeting.

E. Adjournment 9:00 p.m.

Memo

To: Economic Development and Housing Advisory Committee
From: Francine Kuykendall, Senior Project Manager
Date: May 10, 2011
Re: Redevelopment Annual Affordable Housing Reports

The Agency is responsible for reporting affordable housing activity to two separate authorities:

- the City of Pinole Redevelopment Agency Board
- the California Department of Housing and Community Development.

The results of both reports were presented to the Agency Board on April 19, 2011, for acceptance. The Agency Board asked that the data be reported to EDHAC.

BACKGROUND

- **Affordable Housing Compliance Audit**

California Redevelopment Law (CRL) requires redevelopment agencies to annually monitor affordable units that were developed to satisfy the Agency's production requirement when housing set-aside funds were used to develop the housing or when the housing is restricted pursuant to the Redevelopment Law. Pinole's affordable rental housing portfolio consists of 434 units at 21 properties.

On June 1, 2010, the Agency Board approved a 3-year contract with Urban Futures, Inc. (UFI), to conduct the Agency's 2010, 2011, and 2012 compliance audits.

- **State HCD Report**

The Agency is required by CRL to file a report with the California Department of Housing and Community Development (HCD) by December 31 each year. The report for fiscal year 2009/2010 was filed on December 9, 2010. The report includes housing and financial activities that occurred during the prior fiscal year. This staff report describes the housing activities. The financial activities of the housing fund are annually reported to the Agency Board during the financial audit presentation by the Finance Department and are not repeated in this report.

REVIEW & ANALYSIS

- **Affordable Housing Compliance Audit**

Per CRL, each year the Agency monitors compliance with its affordable housing restrictions. The 2010 audit results follow:

2010 Audit Results

| | |
|---|-----|
| Units Certified Compliant <i>Documentation proves that the tenant's income and rent is within the allowable limits*.</i> | 97% |
| Units Incomplete <i>Some documentation was provided; however, it is insufficient, and additional information has been requested.</i> | 2% |
| Units Non-Compliant <i>No documentation has been provided.</i> | 1% |

*The State publishes the maximum income amounts annually, and the maximum rents are based on a CRL calculation.

The other two components reviewed during the compliance audit are described below.

| Description | % Compliant |
|---|-------------|
| Tenant Acknowledgement* <i>Tenants sign an acknowledgement indicating that they understand their unit is part of an affordable housing portfolio and that they are required to provide income documentation annually.</i> | ±60% |
| Crime Free Multi-Housing Lease Addendum / East Bluff <i>East Bluff is the only property at which collection of this addendum is monitored. The other properties are not contractually or legally obligated to obtain the addendum.</i> | 100% |

*Of the 21 properties in the portfolio, six have obtained acknowledgements from 100% of tenants (including the two largest properties: East Bluff and Bayside), and the other 15 properties' deficiencies range from 50% to 100%. The shortfall will be addressed with the owners/managers during this year's on-site audits.

It is important to note that a unit can receive a "compliant" status only after documentation is provided that proves a tenant's income and rent are allowable. We often find that a unit is compliant even though documentation trickles in late; however, we cannot assign the "compliant" status until the required documentation is provided.

A deficiency with tenant acknowledgements has been identified. As described above, it is important to note that 60% of units reviewed did provide tenant acknowledgements; however, it is quite possible that more are actually observing the requirement. The owners will be reminded of the requirement before on-site audits commence, and the actual tenant files will be checked for this item during this year's site visits.

2010 Audit Process

The Agency follows standard industry practice of auditing a sampling of files. The consultant reviewed approximately 50% of the portfolio. In 2010, consideration was given to reviewing 100% of the portfolio. The bid for the 100% file review was \$54,580, which was more than double the cost

to audit a sampling of files, so the decision was made to maintain the generally-accepted industry practice and continue auditing a sampling of files.

The Agency's consultant, UFI, was responsible for soliciting and collecting forms and documentation from the property owners/managers, reviewing a sampling of those documents, requesting additional needed documentation, analyzing the documentation to determine if units are in compliance with the Agency's affordable housing restrictions, reporting findings to staff, and returning all the documentation to the Agency. UFI contacted owners/managers up to five times over a period of five months. Initial contact was a letter requesting forms and documents. Follow-up correspondence described additional items needed to certify units.

The property owners/managers are responsible for providing documentation. In some cases, the owners/managers did not provide documentation before UFI's review was complete; therefore, some units could not be certified by UFI. In January, UFI reported that 12% of files could not be certified because they were incomplete or non-compliant. Staff mailed a final request to the non-compliant property owners in March, allowed the owners to provide missing documents, reviewed the new information, and incorporated the findings into this report. Incomplete and non-compliant files represent 3% of the portfolio.

The property owners/managers are continuing to pursue the final few documents for the 2% of incomplete units. The City Attorney's Office is sending Notices of Default to three property owners (two non-compliant properties and one property that provided an incomplete audit package). If compliance is not achieved within the allowable cure period, staff will return to the Agency Board to discuss further options.

- **State HCD Report**

Every Redevelopment Agency in California is required to provide a financial and housing activities report to the California Department of Housing and Community Development (HCD) annually before December 31st. HCD is statutorily mandated to compile and publish the information on redevelopment agencies' housing funds and activities.

The reports to HCD include activities that occurred the prior fiscal year; therefore, the report filed by December 31, 2010, included activities that occurred in FY 09/10. Pinole's RDA experienced minimal reportable housing activity in FY 09/10. (Agency activities that occurred since July 1, 2010, will be reported in the FY 10/11 report that is due by December 31, 2011 [e.g. Heritage Park cottages and property transfers to the City].) A summary of the report's findings is below:

- Units destroyed – None.
- Units covenanted for affordable housing – None.
- Units constructed – None.
- Permanently displaced households during this or next fiscal year – None.
- Number of units or bedrooms destroyed as part of a redevelopment project – None.
- Property held for future activity – 2100 San Pablo Avenue, 811 San Pablo Avenue, 612 Tennent Avenue, and 600 Tennent Avenue (fka Blackies).
- Affordable units to be completed in the next two years – Heritage Park Cottages: 1 very low income unit, 1 low income unit, and 1 moderate income unit.

A copy of the full report is available upon request.

- **Non-Compliant Units**

If the owners of the non-compliant units do not provide documentation and the City Attorney's Office deems that we have legal recourse, potential legal options will be discussed with EDHAC and brought to the Agency Board for direction.

FISCAL IMPACT

None.

RECOMMENDED ACTION

No action or decisions are required.

ATTACHMENTS

A. Affordable Housing Compliance Audit Report

COMPLIANCE AUDIT REPORT

Affordable Housing
Restricted Rental Units

| Project Name | Project Address | Affordability Restrictions | | | CERTIFIED of Audited Files | | | NON-COMPLIANT % of Audited Files | | | INCOMPLETE of Audited Files | | |
|-----------------------------|-----------------------|----------------------------|----|----|-------------------------------|------|------|-------------------------------------|----|------|--------------------------------|----|------|
| | | VL | L | M | VL | L | M | VL | L | M | VL | L | M |
| DeNova Homes | 312 Felice Circle | | | 1 | | | 0% | | | 0% | | | 100% |
| DeNova Homes | 336 Felice Circle | | | 1 | | | 0% | | | 100% | | | |
| DeNova Homes | 360 Felice Circle | | | 1 | | | 0% | | | 100% | | | |
| DeNova Homes | 424 Felice Circle | | | 1 | | | 100% | | | 0% | | | 0% |
| DeNova Homes | 448 Felice Circle | | | 1 | | | 100% | | | 0% | | | 0% |
| DeNova Homes | 460 Felice Circle | | | 1 | | | 100% | | | 0% | | | 0% |
| 647 Tennent Avenue | 647 Tennent Avenue | 1 | | | | | 0% | | | 0% | | | 100% |
| 815 San Pablo Avenue | 815 San Pablo Avenue | | | 2 | | | 100% | | | 0% | | | 0% |
| 885 Fifth Avenue | 885 Fifth Avenue | | 1 | | | | 100% | | | 0% | | | 0% |
| 1520 San Pablo Avenue | 1520 San Pablo Avenue | | 1 | 3 | | | 100% | | | 0% | | | 0% |
| 950 Appian Way | 950 Appian Way | 1 | 1 | 1 | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| 2529 San Pablo Avenue | 2529 San Pablo Avenue | | | 1 | | | 100% | | | 0% | | | 0% |
| Alvarez Court Apts | 760 Alvarez Avenue | 8 | | 11 | 100% | | 100% | 0% | | 0% | 0% | | 0% |
| 1965 San Pablo Avenue | 1965 San Pablo Avenue | | 1 | | | | 100% | | | 0% | | | 0% |
| 2395 San Pablo Avenue | 2395 San Pablo Avenue | 1 | | 3 | | | 67% | 100% | | 33% | | | |
| Bayside Apartment | 530 Sunnyview Drive | 22 | | 71 | 95% | | 100% | 0% | | 0% | 5% | | 0% |
| Pinole Asst. Living Center | 2850 Estates Avenue | 10 | | 55 | 100% | | 100% | 0% | | 0% | 0% | | 0% |
| East Bluff Apartment | 1813 Marlesta | 29 | 42 | 73 | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| Pinole Grove Senior Housing | 800 John Street | 34 | | 36 | 100% | | 100% | 0% | | 0% | 0% | | 0% |
| 2401 San Pablo Avenue | 2401 San Pablo Avenue | 2 | | 14 | 100% | | 100% | 0% | | 0% | 0% | | 0% |
| 2548 San Pablo Avenue | 2548 San Pablo Avenue | | | 4 | | | 100% | | | 0% | | | 0% |

Totals: 108 46 280