

# TAB 80

2.4d.(2) – Director’s Deeds  
**YELLOW MEETING HANDOUT**

## Supplementary Information - Item # 1

### **DIRECTOR’S DEED:**

**01-07-LA-710** PM 30.8

Disposal Unit #DD 68463-01-01

Convey to: Pasadena Friendship Community  
Development Corporation

South Pasadena

16,000 Square Foot (s.f.) Lot

8,400 s.f. Multi-Family Residence

\$879,000 (Appraisal \$3,185,000)

Direct sale. The property was offered at a reasonable price, as-is, without warranty to a Housing Related Entity (HRE) for use as a low-or moderate-income rental or owner-occupied housing in accordance with the Roberti Act (Government Code Section 54234-54238.9) and Section 1477 (a)(4) of the Affordable Sales Program regulations (21 CCR Section 1475-1491). The offer was made pursuant to Section 1479 of the regulations. The sales price represents a reasonable price, as determined by the HRE, that is best suited to the economically feasible use of the property as decent, safe, and sanitary housing at affordable rents and affordable prices. (Section 1478 (c)(2)). The HRE’s reasonable price meets the Department’s minimum sales price established for the property. Parcel does not meet DGS criteria for Executive Orders N-06-19 or for N-23-20.

### **ADDITIONAL BACKGROUND:**

The regulations explain the order of priority for HREs under section 1477 (a)(4) as follows:

- Priority 4a: To a public or private HRE on condition the property be developed as limited equity cooperative housing if feasible. (21 CCR 1477 (a)(4)(i).)  
*No HRE indicated development of a limited equity cooperative was feasible.*
- Priority 4b: To a designated public housing-related entity. (21 CCR 1477(a)(4)(ii).)  
*No eligible proposal received.*
- Priority 4c: To any public or private HRE. (21 CCR 1477 (a)(4)(iii).)  
*Submissions received from HREs under Priority 4c were considered.*

In June 2019 the Department offered for sale a 12-unit multi-family property located at 626 Prospect Avenue in South Pasadena to HREs. Proposals were due September 26, 2019 and interviews were conducted on November 4, 2019. In November 2020 the Department awarded the purchase of 626 Prospect Avenue to Pasadena Friendship Community Development Corporation (Pasadena Friendship) in accordance with the Roberti Act and the Affordable Sales Program regulations. The Roberti Act treats multi-family properties differently than single-family properties and requires multi-family properties to first be offered to HREs. Thus, HREs have priority to purchase multi-family properties over current occupants.

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The Department received three proposals for 626 Prospect Avenue. The proposals were evaluated by a five-member committee consisting of three staff from the Department and two staff from the Department of Housing and Community Development.

In reviewing the proposals, none of the HREs indicated feasibility in developing the property as a limited equity cooperative. Therefore, the evaluation committee determined that no HRE was eligible to purchase at Priority 4a and proceeded to evaluate proposals under Priority 4b. The evaluation committee further concluded that no HREs submitted proposals as a designated public HRE as no HRE met the regulatory definition of a designated housing-related public entity. A designated housing-related public entity is defined in the regulations as:

*“Designated housing-related public entity”* means a housing related public entity designated by the legislative body of the city in which a surplus residential property is located. Such designation shall be made by the legislative body pursuant to resolution and sent to the Department within the time frames set forth in this chapter. (21 CCR 1476(g).)

This definition relies on the following definition of “housing-related public entity”:

*“Housing-related public entity”* means any county, city, city and county, the duly constituted governing body of an Indian reservation or Rancheria, or housing authority organized pursuant to the Health and Safety Code, division 24, part 2, chapter 1, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons or families of low or moderate income. Housing-related public entity also includes two or more housing-related public entities acting jointly. (22 CCR 1476(s).)

A private HRE acting jointly with a public HRE does not meet the definition of a housing-related public entity. Because no HREs were eligible for consideration under Priorities 4a or 4b, the evaluation committee evaluated all proposals at Priority 4c.

The evaluation committee’s recommendation to award 626 Prospect Avenue to Pasadena Friendship is well warranted. Pasadena Friendship presented a solid proposal that shows a strong commitment to affordable housing with wrap-around services, no displacement of current tenants, deep targeting of low-income tenants for the seven vacant units, a \$350,000 grant for the down payment, and availability of additional funding from individual investors and donors from Friendship Pasadena Church, the first African American Baptist Church in Pasadena associated with Pasadena Friendship. Pasadena Friendship intends to operate the property as an affordable rental property, and while this eliminates the possibility of current occupants becoming homeowners, the regulations prioritize the use of such multi-family properties by HREs as affordable rental units rather than home ownership.