



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: August 27, 2003

REPORT NO. RA-03-27
CMR-03-175

ATTENTION: Honorable Mayor and City Council Members
Honorable Chair and Members of the Redevelopment Agency
Docket of September 2, 2003

SUBJECT: Veterans Village Project

SUMMARY

Issues – Should the City Council and Redevelopment Agency:

- 1) Authorize the Executive Director, or designee, to execute a Disposition and Development Agreement with the Vietnam Veterans of San Diego (“VVSD”) for the Veterans Village project?
- 2) Authorize the transfer from the City and acceptance by the Redevelopment Agency of title to the property at 4141 Pacific Highway and the adjacent vacated Frontage Road (Pacific Highway between Witherby Street and Courts Street) with Grant Deed provisions that the property will revert to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans?
- 3) Waive paragraph 11 of Council Policy 700-12 pertaining to the sale of property to nonprofit organizations only at fair market value and to the sale to nonprofit organizations of property purchased with Community Development Block Grant (“CDBG”) funds and authorize the transfer of title to the property at 4141 Pacific Highway and the vacated Frontage Road from the Agency to the Vietnam Veterans of San Diego with Grant Deed provisions that the property will revert to the Agency and then to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans?
- 4) Authorize the City's Auditor and Comptroller to record as a debt of the North Bay Project Area to the City an amount equal to the total amount of the Community

Development Block Grant funds used to repay the HUD 108 loan that was obtained to partially fund the acquisition of the property at 4141 Pacific Highway for the Vietnam Veterans of San Diego?

5) Make certain findings that the project is of benefit to the North Bay Project Area?

6) Authorize the expenditure of \$1,000,000 from the Horton Plaza Redevelopment Project Low and Moderate Income Housing Set-Aside Fund for the development of the Veteran's Village project?

7) Make certain findings that the project is of benefit to the Horton Plaza Redevelopment Project?

8) Certify the Mitigated Negative Declaration (MND No. 42-0378) and adopt the Mitigation, Monitoring and Reporting Program (MMRP)?

9) Approve vacations of portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coats Street and Witherby Street.

10) Approve vacations of portions of the Public Right-of-Way at Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street?

11) Authorize the transfer from the City and acceptance by the Redevelopment Agency of title to the approved vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coats Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street with Grant Deed provisions that the property will revert to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans?

12) Waive paragraph 11 of Council Policy 700-12 pertaining to the sale of property to nonprofit organizations only at fair market value and to the sale to nonprofit organizations of property purchased with Community Development Block Grant ("CDBG") funds and authorize the transfer of title to the approved vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coats Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street from the Agency to the Vietnam Veterans of San Diego with Grant Deed provisions that the property will revert to the Agency and then to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans?

13) Authorize the City's Auditor and Comptroller to record as a debt of the North Bay Project Area to the City an amount equal to the appraised value of the vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coats Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street?

14) Approve Conditional Use Permit No. 6194 (amendment to CUP No. 90-1127)?

City Manager's Recommendation –

- 1) Authorize the transfer of title to the property at 4141 Pacific Highway and the adjacent vacated Frontage Road (Pacific Highway between Witherby Street and Courts Street) from the City to the Redevelopment Agency with Grant Deed provisions that the property will revert to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.
- 2) Waive paragraph 11 of Council Policy 700-12 pertaining to the sale of property to nonprofit organizations only at fair market value and to the sale to nonprofit organizations of property purchased with CDBG funds and authorize the transfer of title to the property at 4141 Pacific Highway and the vacated Frontage Road from the Agency to the Vietnam Veterans of San Diego with Grant Deed provisions that the property will revert to the Agency and then to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.
- 3) Authorize the City's Auditor and Comptroller to record as a debt of the North Bay Project Area to the City an amount equal to the total amount of the Community Development Block Grant funds used to repay the HUD 108 loan that was obtained to partially fund the acquisition of the property at 4141 Pacific Highway for the Vietnam Veterans of San Diego?
- 4) Make certain findings that the project is of benefit to the North Bay Project Area.
- 5) Make certain findings that the project is of benefit to the Horton Plaza Redevelopment Project.
- 6) Certify the Mitigated Negative Declaration (MND No. 42-0378) and adopt the Mitigation, Monitoring and Reporting Program (MMRP).
- 7) Approve vacations of portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Courts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street.
- 8) Approve vacations of portions of the Public Right-of-Way at Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street.
- 9) Authorize the transfer of title to the approved vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Courts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street from the City to the Redevelopment Agency with Grant Deed provisions stating that title to the property will revert to the City should the property cease to be used to provide transitional housing for, and treatment of, homeless veterans,

or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.

10) Waive paragraph 11 of Council Policy 700-12 pertaining to the sale of property to nonprofit organizations only at fair market value and to the sale to nonprofit organizations of property purchased with Community Development Block Grant (“CDBG”) funds and authorize the transfer of title to the approved vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Cousts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street from the Agency to the Vietnam Veterans of San Diego with Grant Deed provisions that the property will revert to the Agency and then to the City should the property cease to be used to provide transitional housing for, and treatment of, homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of, homeless veterans.

11) Authorize the City’s Auditor and Comptroller to record as a debt of the North Bay Project Area to the City an amount equal to the appraised value of the vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Cousts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street?

12) Approve Conditional Use Permit No. 6194 (amendment to CUP No. 90-1127).

Executive Director’s Recommendation –

That the Redevelopment Agency:

1)Authorize the Executive Director, or designee, to execute a Disposition and Development Agreement with the VVSD for the Veterans Village Project.

2)Authorize acceptance of title to the property at 4141 Pacific Highway and the adjacent vacated Frontage Road from the City with Grant Deed provisions stating that title to the property will revert to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.

3)Authorize the transfer of title to the property at 4141 Pacific Highway and the adjacent vacated Frontage Road from the Agency to the Vietnam Veterans of San Diego with Grant Deed provisions that the property will revert to the Agency and then to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.

4)Authorize the City’s Auditor and Comptroller to record as a debt of the North Bay Project Area to the City an amount equal to the total amount of the Community Development Block Grant funds used to repay the HUD 108 loan that was obtained to partially fund the acquisition of the property at 4141 Pacific Highway for the Vietnam Veterans of San Diego.

5) Make certain findings that the project is of benefit to the North Bay Project Area.

6) Authorize the expenditure of \$1,000,000 from the Horton Plaza Redevelopment Project Low and Moderate Income Housing Set-Aside Fund for the development of the Veteran's Village project.

7) Make certain findings that the project is of benefit to the Horton Plaza Redevelopment Project.

8) Authorize acceptance of title to the approved vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coutts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street from the City with Grant Deed provisions stating that title to the property will revert to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.

9) Authorize the transfer of title to the approved vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coutts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street from the Agency to the Vietnam Veterans of San Diego with Grant Deed provisions that the property will revert to the Agency and then to the City should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans.

10) Authorize the City's Auditor and Comptroller to record as a debt of the North Bay Project Area to the City an amount equal to the appraised value of the vacated portions of the Public Right-of-Way at Pacific Highway (the Frontage Road) and Kurtz Street, between Coutts Street and Witherby Street, and portions of Witherby Street between Pacific Highway (the Frontage Road) and Kurtz Street.

Community Planning Group Recommendation - The Midway Community Planning Group voted unanimously to recommend approval of the project on May 6, 2003, by a vote of 12-0-0.

North Bay Project Area Committee - unanimously approved the project.

Environmental Review - A Mitigated Negative Declaration (MND No. 42-0378), has been prepared for the project in accordance with State of California Environmental Quality Act (CEQA) Guidelines. A Mitigation, Monitoring and Reporting Program has been prepared and will be implemented which will reduce the effects of Geology, Water Quality, Hydrology, Air Quality, Health and Safety and Historical Resources (Archaeology) to below a level of significance.

Fiscal Impact –

- 1) The cost of acquisition of the property totaled \$2,200,000 and included \$993,000 obtained from HUD Section 108 Loan Funds. Annual expenditures of Community Development Block Grant (CDBG) funds from Council District Two will be made to

repay the HUD 108 loan.

- 2) The appraised Fair Market Value of the property, as of June 3, 2002, was \$2,430,000. A fair estimate of its value range today, 15 months later, is \$2,550,000 - \$2,675,000.
- 3) There is a billboard situated atop the building at 4141 Pacific Highway. Clear Channel Outdoor, Inc. has a lease with the City for use of the billboard, which currently generates annual revenues of approximately \$11,570. The billboard and lease will transfer to the Agency, and subsequently to the VVSD, along with the real property.
- 4) The proposed project has requested Agency gap funding assistance in the amount of \$1,000,000. Funds are available in the Fiscal Year 2003-2004 Horton Plaza Low and Moderate Income Housing Set-Aside Fund. Findings of Benefit to authorize the use of Horton Plaza Redevelopment Project funds outside the project area are attached as Exhibit A.

Housing Impact Statement – The proposed project meets critical needs for homeless housing identified in the City’s Comprehensive Homeless Policy (000-51) by creating transitional housing for the mentally ill and improving the integration between mental health and substance abuse services in the County.

BACKGROUND

In November, 1990 the Redevelopment Agency approved a Housing Rehabilitation Agreement with the Vietnam Veterans of San Diego (“VVSD”) which provided a grant of \$433,000 from the Horton Plaza Redevelopment Project low and moderate income housing set-aside fund (“Horton Plaza set-aside fund”) for the rehabilitation of 28 motel units at 4141 Pacific Highway into 87 beds of transitional housing and space for kitchen, dining room, recreation, community room and ancillary administration services. The rehabilitation was completed pursuant to Conditional Use Permit No. 90-1127 (Attachment 14).

In July 2000, the Agency allocated additional funding of \$1.0 million from the Horton Plaza set-aside fund, and the City authorized the expenditure of \$993,000 of HUD Section 108 loan funds for the acquisition of the property for VVSD. The HUD 108 funds were provided by the City in fulfillment of the City’s obligation pursuant to the Homeless Assistance Element of the Naval Training Center Reuse Plan (“Homeless Assistance Agreement”) approved by the City Council in July 1996.

Acquisition and rehabilitation of the VVSD site was determined to be a key segment of the Homeless Assistance Element, in that the purchase would ensure VVSD a permanent presence at the Pacific Highway location. The City’s application to HUD for the Section 108 loan stated that the property would be acquired for and conveyed to VVSD. Annual payments on the HUD 108 loan are made from Council District 2’s annual Community Development Block Grant allocation pursuant to the Homeless Assistance Agreement.

In February 2002, subsequent to City staff negotiations with the site’s original property owner, the Agency contributed an additional \$208,500 from the Horton Plaza set-aside fund to facilitate settlement on the land purchase in lieu of going to trial. In April 2002, the Agency allocated an additional \$575,000 from the North Bay Redevelopment Project low and moderate income housing tax allocation bond proceeds for predevelopment/ permit application costs.

VVSD's current facility provides a comprehensive rehabilitative program to treat mental illness and substance abuse among homeless veterans. Clients are highly involved in their own treatment, and the program aims to empower adults with psychiatric disabilities to live, socialize and work in the community. Training and support for employment, independent living and disease self-management are key factors in VVSD's 75.3% success rate, recognized by the Veterans Administration as the highest in the nation for such a facility. Those who spend an extra 12 to 14 months in sober living supportive housing achieve an almost 90 % success rate.

DISCUSSION:

The project site comprises approximately 5 acres bounded by Witherby Street, Pacific Highway, Coutts Street and the railroad tracks east of Kurtz Street, within the North Bay Redevelopment Project Area and Midway/Pacific Highway Corridor Community Plan, and is designated for light industrial land use (Attachment 2). The proposed project is consistent with the designated land use and the underlying IS-1-1 zone, which provides for a wide range of industrial and non-industrial land uses promoting economic vitality and a neighborhood scale within urbanized areas.

The proposed development, known as Veterans' Village, will be completed in three phases and will expand the existing use on the property from the current 87 beds to approximately 224 early treatment beds and an additional 24 three bedroom transitional housing units (containing an additional 140 beds), for a project total of 364 beds (Attachment 3). The design of the facility is modeled on a campus environment to provide centralized facilities for medical, educational and counseling support to the veterans to facilitate their reintegration into the community after treatment. The use of courtyards and stucco and tile building materials for the facility will allude to a Spanish style of architecture and will complement the design of the Marine Corps Recruit Depot (MCRD), located south of the project site across Pacific Highway (Attachment 4).

The proposed project will amend CUP No. 90-1127 to allow demolition and renovation of portions of the existing facility and new construction of an additional 81,330 square feet, and the completed complex would contain approximately 92,130 square feet of gross floor area. Combined with existing facilities, the project scope also includes administrative and operations support facilities such as a central courtyard with a family visiting area, a garden, exercise areas, bicycle racks, counseling center, employment/ education center, kitchen/dining facility, out-patient care, and offices. One hundred twenty-five new on-site parking spaces would be provided to serve visitors and approximately 30 employees working at the expanded operations. Additionally, the site is well-served by existing public transit, Metropolitan Transit System (MTS) Routes 34 and 908. New water, sewer and storm drain utilities will be installed to serve the newly expanded facility. Public access along Witherby Street will be improved through the reconstruction of the sidewalk and addition of a pedestrian ramp to meet ADA standards. The proposed project meets all development regulations and no deviations or variances are required to implement the project.

Veterans' Village Facility Summary

<u>Use</u>	<u>Square-footage</u>
Resident Facilities (2 @ 112 bed/ea)	19,700
Counseling Center	9,900
Kitchen/Dining/Multi-purpose	5,200

Employment/Education/Admin	12,100
Admissions	1,630
Transitional Housing (24 units with 140 beds)	32,800
<i>Subtotal of New Buildings</i>	81,330
Existing facilities/Warehouse/Exercise	10,800
Project Total (new +existing)	92,130

Public Right-of-Way Vacations

The project scope includes street closure (“vacation”) of portions of the public right-of-way at the Pacific Highway Frontage Road and Kurtz Street, between Witherby Street and Couets Street, both of which include slight portions of Witherby Street, between the Pacific Highway Frontage Road and Kurtz Street (Attachment 13). An existing sewer main under Pacific Highway will be relocated to an area of new alignment. According to the approved traffic study, Average Daily Traffic (ADT) volumes along the portions of the roads to be vacated are low and the vacation of Kurtz Street and Pacific Highway would not significantly impact intersection or roadway segment operations.

The vacation of Kurtz Street would include reconfiguration of the Witherby and Kurtz Street intersection to allow direct eastbound left-turns from Witherby Street to the Pacific Highway on-ramp, and southbound left-turns from the Pacific Highway off-ramp to Witherby Street. This proposed reconfiguration would better accommodate turning movements in the site vicinity, including streamlining access to northbound Pacific Highway from the Marine Corps Recruit Depot (MCRD), as traffic would not have to loop around the project site via Kurtz Street, as is the current condition. The vacation of the Pacific Highway frontage road, which terminates in a cul-de-sac at the edge of the property at Witherby Street, would not result in any substantial changes to existing traffic patterns as it is adjacent only to the project site and is used primarily for supplemental parking for the existing VVSD facility.

Water Quality

The project will include new site design, source control and treatment control post-construction Best Management Practices (BMPs) to improve water quality and stormwater treatment for the site. According to the approved drainage study, approximately 16% of the site is currently covered with pervious surfaces. Developing portions of the site into landscaped areas will increase pervious surfaces to over 20% of the site once the proposed project is completed, resulting in reduced surface runoff. The increase in landscaping for the proposed project will provide treatment for potential pollutants present in the discharge generated on site. Turf block on the western side of the site and grass swales at the southern side of the site will act as bio-filters in removing potential pollutants. Atrium drains will be used within the grass swale areas to prevent flooding of adjacent areas and the introduction of landscaping debris and trash into the underground storm drain system. Source control BMPs will consist of proper materials storage, covered and screened trash storage areas, regular sweeping of the parking lot, and use of efficient irrigation systems and storm drain inlet stenciling. Additionally, all new inlets to drain parking and driveway areas will have bio-filters.

Disposition and Development Agreement

The purpose of the Disposition and Development Agreement between the VVSD and the Redevelopment Agency (Attachment 5) is to provide for the disposition of the property at 4141 Pacific Highway and the adjacent frontage road for the development and operation of a state of the art living and support facility for the treatment of homeless veterans.

Phase 1 consists of the construction of three buildings in the area of the vacated frontage road adjacent to the existing facility at 4141 Pacific Highway including 112 transitional housing beds for homeless veterans, with 50 beds reserved for the special needs population. During Phase 2 all staff and clients will be moved to the new buildings in order to keep VVSD operating throughout construction. Phase 2 includes demolition of the existing buildings at 4141 Pacific Highway and construction of three buildings including 112 additional transitional housing beds, an employment center and admissions office. Phase 3 of the project will provide 24 three-bedroom apartments for sober living (including paying rent) for those who successfully complete the program. The total cost of the three phases of the expansion, is approximately \$17 million.

The terms of the DDA state that the Agency will convey title to the vacated frontage road property once VVSD has secured all funding for completion of Phase 1 construction. Title to the 4141 Pacific Highway property will be conveyed once VVSD has secured all funding for completion of Phase 2 construction. In accordance with California Community Redevelopment Law, a Section 33433 Summary Report (Attachment 6) has been prepared to document the value of the proposed property conveyance to VVSD.

At the time for commencement of Phase 3, if VVSD has not successfully acquired the property for Phase 3, staff will return to the Agency for approval to proceed with Agency acquisition of the Phase 3 property.

Project Funding

The cost for development and construction of Phase I of the project is approximately \$4,078,000. VVSD has secured commitments for funding of Phase 1 from the following sources:

SOURCES OF FUNDS	AMOUNT
Construction/Permanent Loan	\$3 50,000
Developer Equity – Capital Campaign	\$3 00,000
Veteran’s Administration Grant	\$828,000
Federal Home Loan Bank – AHP Funds	\$3 50,000
City CDBG Funds (Special Needs Homeless Program)	\$500,000
State AB 936 Grant (Special Needs Homeless Program)	\$750,000
Redevelopment Agency – CCDC Horton Plaza (Special Needs Homeless Program)	\$1,000,000
Total Development Cost	\$4,078,000

On December 4, 2002, the Centre City Development Corporation (CCDC) authorized the expenditure of \$1,000,000 to assist in the construction of the project. The commitment of funds was part of a total of \$2,250,000 made available through a competitive Request for Proposals (RFP) developed for the City/County Program to Assist the Special Needs Homeless Program. The RFP was issued in January 2002 by CCDC in collaboration with the

City of San Diego, Corporation for Supportive Housing, County of San Diego, and San Diego Housing Commission. VVSD was selected by the sponsoring agencies to receive \$2,250,000, which includes \$500,000 in CDBG, \$750,000 from a State AB 936 grant, and \$1,000,000 from the Agency's Horton Plaza Low and Moderate Income Housing Set-Aside Fund.

The \$1.0 million from the Horton Plaza housing set-aside fund will be in the form of a subordinate loan to VVSD with a 55-year term. The note will become due and payable in the event VVSD defaulted on the terms of the loan. The obligation on the note would be suspended after 55 years if all covenants have been complied with during the term of the loan. The Agency will record covenants to restrict all 112 beds to provide affordable rents to extremely and very-low income persons for a period of 55 years.

The proposed site for Phase 1, which will be developed as a transitional housing facility is currently a frontage road. The Project will increase the supply of transitional housing linked to mental health and substance abuse services. Development of this project on the site will help eliminate blight within the North Bay Redevelopment Project Area by replacing underutilized land with new transitional housing for the homeless, thus reducing the impacts of homelessness, high incidences of loitering, calls for emergency services, arrests and negative impacts on businesses and residents.

The disposition of the property, and the development and operation of these uses are in the vital and best interests of the City of San Diego and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements.

Council Policy 700-12

In order to facilitate the conveyance of the property to VVSD, staff is requesting the Council to waive paragraph 11 of Council Policy 700-12 (Attachment 7) which states that property may be sold to nonprofit organizations, but only at fair market value; except, however, property purchased with CDBG funds shall remain in City ownership. The City's 108 loan application to HUD for funding for site acquisition states, "The City would purchase the facility located at 4141 Pacific Highway on behalf of VVSD and ultimately transfer title to them with a reversionary clause that would transfer title back to the City if the use of the facility were ever to change from transitional housing." (Attachment 8) The proposed DDA provides for the City to transfer the frontage road and the 4141 Pacific Highway property to the Agency and for the Agency to convey title to each phase of property to VVSD upon VVSD satisfying the respective conditions precedent in the DDA. There will be restrictions placed on the deed stating that should the property cease to be used to provide transitional housing for, and treatment of homeless veterans, or if the property is offered for sale to another entity for a use other than to provide transitional housing for, and treatment of homeless veterans, title to the property will revert to the Agency and then to the City. Conveyance of the property to VVSD would be contingent on HUD's approval and requirements. Staff is proposing that the Agency/City Council authorize the City Auditor and Comptroller to record as a debt of the North Bay Project Area to the City the amount of \$1,735,391 equal to the total amount of District 2 CDBG funds expended to repay the HUD 108 loan.

Respectfully submitted,

Todd Hooks
Deputy Executive Director

Hank Cunningham
Assistant Executive Director

Tina Christiansen, A.I.A.
Development Services Director

William Griffith
Real Estate Assets Director

Bruce Herring
Deputy City Manager

Attachments:

1. Project Location
2. Community Land Use Map
3. Project Site Plan
4. Building Elevations
5. Disposition and Development Agreement
6. Re-use Report and Section 33433 Summary Report
7. Council Policy 700-12
8. 1999 HUD 108 Application
9. Draft CUP Permit
10. Draft CUP Resolution
11. Draft Resolution Right-of-way Vacation (Pacific Hwy./Witherby St.)
12. Draft Resolution Right-of-way Vacation (Kurtz St./Witherby St.)
13. Right-of-way Vacation Exhibit
14. CUP No. 90-1127 (reference)
15. Ownership Disclosure
16. Project Data Sheet
17. Mitigated Negative Declaration No. 42-0378

Exhibit A

FINDINGS OF BENEFIT TO THE HORTON PLAZA REDEVELOPMENT PROJECT

The use of funds from the Horton Plaza Low and Moderate Income Housing Set-Aside Fund to construct a transitional housing development on property located adjacent to 4141 Pacific Highway to increase and improve the supply of low and moderate-income housing in North Bay will be of benefit to the Horton Plaza Redevelopment Project, in that:

- \$ The Horton Plaza Redevelopment Project does not provide sites for very low, low, or moderate income housing. Because of the successful redevelopment of the project area, no land is currently available for development.
- \$ Funds from the Horton Plaza Redevelopment Project Low and Moderate Income Housing Fund will enable the Redevelopment Agency to increase and improve the supply of low- and moderate-income housing. The use of Agency funds for this purpose will allow for the construction of 112 beds of transitional housing for homeless veterans on property located within the vacated street right-of-way adjacent to 4141 Pacific Highway.
- \$ The project is located in close proximity (about 2.0 miles away) to the Horton Plaza Redevelopment Project, within the North Bay Redevelopment Project.
- \$ The Horton Plaza Redevelopment Project will benefit by the increase in the supply of transitional housing linked to mental health and substance abuse services. The Horton Plaza Redevelopment Project is heavily impacted by homelessness. Individuals seeking shelter and supportive services, referred through downtown social service agencies and law enforcement, shall be given first priority for residency.
- \$ The Horton Plaza Redevelopment Project benefits from the provision of supportive services for residents, especially case management, to decrease recurring homelessness and promote long-term self-sufficiency.