



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: May 12, 2004

REPORT NO. RA-04-11
CMR-04-066

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
Honorable Mayor and Members of the City Council,
Docket of May 18, 2004

SUBJECT: Housing Enhancement Loan Program in the Crossroads Redevelopment
Project Area.

SUMMARY:

Issue –

- 1) Should the Redevelopment Agency transfer the College Grove Redevelopment Project tax increment housing set-aside monies to Crossroads Redevelopment Project Area to fund a housing rehabilitation loan program for owner occupied units within the Crossroads Redevelopment Project Area?
- 2) Should the Redevelopment Agency amend the College Grove and Crossroads 2003-2004 Budget to transfer revenue, allocate funds and approve the Crossroads Housing Enhancement Loan Program guidelines?

Executive Director's Recommendation - The Redevelopment Agency authorize the transfer of College Grove Redevelopment Project housing set-aside funds, amend the College Grove and Crossroads Redevelopment Project Area budget, authorize the expenditure of the housing set-aside funds, and approve the Program Guidelines.

Project Area Committee (PAC) Recommendation - On March 25, 2004 the Crossroads Project Area Committee (PAC) recommended the approved the Housing Enhancement Loan Program guidelines, by a vote of 8-0.

Fiscal Impact - This Agreement proposes to transfer \$452,000 in College Grove Redevelopment Project tax increment housing set-aside funds. The Redevelopment Agency would fund the outreach and administration of the rehabilitation program, as well as provide the loan pool. The program includes rehabilitation loans of up to \$15,000 to Crossroads Redevelopment Project Area owner-occupants of one- and two- unit properties; whose gross household income is no greater than 100% of the Area Median

Income. The terms and conditions of the program are outlined in detail in Attachment A. Adequate College Grove Redevelopment Project tax increment housing set-aside funds are currently available for the proposed program.

Environmental Impact - This activity is not a “project” and is therefore exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3).

BACKGROUND

The College Grove Redevelopment Plan was adopted on May 6, 1986. The College Grove Redevelopment Project Area does not include any residential zoned or residential land use destinations. An objective of the Redevelopment Plan was “to provide for very low-, low- and moderate-income housing availability as required by County, Region, or State law and requirements, as necessary and desirable, consistent with the goals and objectives of the community.”

The Crossroad Redevelopment Plan was adopted on May 6, 2003. An objective of the Redevelopment Plan was to “preserve existing housing stock and provide choice for a variety new and rehabilitation housing opportunities,” and “create an attractive and pleasant environment within the Crossroads Project Area.” The establishment of an owner-occupied program to assist residents with rehabilitation of residential housing in the Crossroads Project Area will assist these objectives.

A goal of the Crossroads five-year implementation, for fiscal year-one (2003-04), was to “create commercial and residential rehabilitation program for the Crossroads Redevelopment Project.” This rehabilitation program was created to support this goal and assist residential owner-occupied properties in the project area in need of repairs; to the exterior of the dwelling units and property. A goal of the redevelopment process is to improve existing housing in a Project Area while maintaining affordability.

Within the participation section of the Crossroads Redevelopment Plan it recommends the following opportunities “ability to participants to finance proposed improvement.” Agency staff and Project Area Committee (PAC) are proposing to initiate this loan program in order to assist low- and medium- income homeowners occupying one- and two- unit properties in the Crossroads Redevelopment Project Area. This program is designed to facilitate the improvement of owner occupied units, by providing those individuals, who do not qualify for existing programs, an alternative resource to improve their homes.

DISCUSSION

The funds from the College Grove Redevelopment Project low- and moderate-income housing fund will enable the Redevelopment Agency to retain and improve the supply of low- and moderate-income housing. The College Grove will benefit for the retention and improvement in the supply of low- and moderate-income housing because of Crossroads Redevelopment Project Area proximity to the College Grove Redevelopment Project Area. Many of the low- and moderate-income households in the Crossroads Project Area are customers of the College Shopping Center (College Grove Redevelopment Project Area).

The guidelines will make loans available to assistance low- and moderate income households offset the cost of qualified improvements. Loans may be used to eliminate any potential housing safety violations and on general building and property improvements such as: roofs, gutters, downspouts, furnaces, hot water heaters, exterior door and window upgrades, exterior painting or stucco, exterior waterproofing, plaster repairs, and general carpentry repairs.

The Crossroads Project Area Committee (PAC) will review the Housing Enhancement Loan Program guidelines, on March 25, 2004. The recommendation will allow for a total of \$452,000 in set-aside funds to be used towards administration of the program, and towards housing rehabilitation loans: exterior rehabilitation up to \$15,000. The loans will be available to Crossroads' residents whose gross household income is no greater than 100% of the Area Median Income. Each loan is a one-time only, forgivable loan, with an annual interest rate of 3%. The exterior rehabilitation loan will be forgiven over a 12-year period. However, if the owner fails to comply with the guidelines, within the 12-year forgivable period, respectively, then the Agency may require the repayment of the unforgiven portion of the loan and accrued interest. The program allows a new buyer to assume the rehabilitation loan if their gross household income is not greater than 100% of the Area Median Income.

The Agency proposes to enter into an agreement with either the Housing Commission or another organization that possesses the qualifications to administer and provide outreach services for the housing rehabilitation program.

Respectfully submitted,

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Redevelopment Agency/ Director,
Community and Economic Development

Approved: Bruce Herring
Deputy City Manager

Attachments: Crossroads Housing Enhancement Loan Program Guidelines.

Davies/Reed