



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: October 6, 2004 REPORT NO. RA-04-37

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of October 12, 2004

SUBJECT: Amendment to Owner Participation Agreement (OPA) with Casa Familiar
– San Ysidro Redevelopment Project Area.

SUMMARY

Issue(s) – Should the Redevelopment Agency approve an Amendment to Owner Participation Agreement (OPA) with Casa Familiar for the Casitas de las Florecitas Residential Project in the San Ysidro Redevelopment Project Area?

Manager's Recommendation – Approve an Amendment to Owner Participation Agreement (OPA) with Casa Familiar for the Casitas de las Florecitas Residential Project in the San Ysidro Redevelopment Project Area.

Fiscal Impact – None.

Environmental – This activity is not a “project” and therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060 (c) (3).

Code Enforcement Impact - None with this action.

Housing Affordability Impact – The OPA Amendment would change the affordability level for eight single family units from “low income” to “moderate income.”

BACKGROUND

The Casitas de las Florecitas OPA (Casitas OPA) was approved by the Redevelopment Agency on May 20, 2003, by Resolution No. R-03631. The Casitas OPA authorized Agency assistance for the development of an 8-unit, single-family residential project in the San Ysidro Redevelopment Project Area. The Project's goal was to help San Ysidro families move into new homes at affordable prices. The total project budget is approximately \$2.66 million. The Agency authorized the use of up to \$800,000 of 20% Set-Aside funds for the Casitas Project. Today, the Casitas Project is nearing the end of its construction phase.

After re-evaluating the Casitas Project and the financial structure of the Casitas OPA, Casa Familiar (Developer) has proposed an amendment to the Casitas OPA to change the affordability requirements for all eight units from “low income” to “moderate income.”

DISCUSSION

This action recommends the approval of the Amendment to Casitas de las Florecitas OPA (Attachment). Developer has concluded it makes more financial sense to sell the homes to moderate income families as opposed to low income families. Developer is a partner in *Mi Pueblo*, San Ysidro’s Pilot Village program recently adopted by the City Council, and has proposed to develop additional affordable housing units for seniors and families in San Ysidro. Proceeds from the sale of the Casitas homes will help Casa Familiar in implementing the project goals as proposed for *Mi Pueblo*.

In addition, given the fact that Developer was unable to acquire additional grant dollars to assist potential homebuyers, and California Health and Safety Code standards for low income “affordable housing costs,” the units can only be sold at prices that would require additional public assistance under the existing Casitas OPA. Rather than publicly subsidizing the Project any further, Developer proposes to subsidize the purchase price for several low income families using some of the proceeds from the higher-priced units. In other words, despite the moderate income categorization of the Casitas units, Developer will nevertheless help low income families move into some of the homes with the use of forgivable grants, as described in the Amendment to the OPA. Given the reasons cited above, Agency staff recommends the Casitas OPA be amended to assist future affordable housing activities by Casa Familiar and to accommodate the sale of units to qualifying low income families.

ALTERNATIVES

Do not authorize the Resolution Approving the Amendment to Owner Participation Agreement with Casa Familiar. This alternative would delay the availability of affordable housing units in the San Ysidro Redevelopment Project Area.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director
Redevelopment Agency

Approved: Hank Cunningham
Assistant Executive Director
Redevelopment Agency

CUNNINGHAM/RC

ATTACHMENT(S): Amendment to Owner Participation Agreement (OPA)