



DATE ISSUED: March 9, 2005

REPORT NO. CCDC-05-10

REPORT NO. CCDC-05-04

ATTENTION: Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Redevelopment Agency
Docket of March 15, 2005

SUBJECT: Cortez Hill Family Center (located at 1449 Ninth Street) - Proposed Budget Amendment and Transfer of City Funds - Cortez Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project

REFERENCE: Architectural Rendering

STAFF CONTACT: Dale Royal, Senior Project Manager

SUMMARY

Issue - Should the Redevelopment Agency:

- Amend the Fiscal Year 2005 Centre City Low and Moderate Income Housing Fund in the amount of \$556,723 to accept funds for construction of a kitchen, dining room and children's play area at the Cortez Hill Family Center;

And, should the City Council:

- Authorize the transfer of \$556,723 from the City of San Diego Community and Economic Development Department to the Redevelopment Agency to provide for construction of a kitchen, dining room and children's play area at the Cortez Hill Family Center?

Staff Recommendation - That the Redevelopment Agency:

- Amend the Fiscal Year 2005 Centre City Low and Moderate Income Housing Fund in the amount of \$556,723 to accept funds for construction of a kitchen, dining room and children's play area at the Cortez Hill Family Center;

And that the City Council:

- Authorize the transfer of \$556,723 from the City of San Diego Community and Economic Development Department to the Redevelopment Agency to provide for construction of a kitchen, dining room and children's play area at the Cortez Hill Family Center.

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Centre City Development Corporation Recommendation- On January 26, 2005, the Corporation Board voted in favor of the staff recommendation.

Centre City Advisory Committee ("CCAC") Recommendation- On January 19, 2005, the CCAC voted 23 in favor and three recused, and the PAC voted 20 in favor and three recused to support the staff recommendation.

Other Recommendations- None.

Fiscal Impact - The City of San Diego Community and Economic Development Department ("City") would transfer a total of \$556,723 to the Centre City Low and Moderate Income Housing Fund to increase the amount of funds available for the Cortez Hill Family Center project. The total amount of Agency funds available for this phase of construction would increase from \$496,000 to \$1,052,723.

BACKGROUND

The proposed budget amendment advances the Visions and Goals of the Centre City Community Plan and the Objectives of the Centre City Redevelopment Project by:

- Creating a range of housing opportunities by providing transitional housing; and
- Improving the supply of housing affordable to very low-income households.

In 2001, the City of San Diego acquired and converted a former motel located at 1449 Ninth Avenue in the Cortez Hill neighborhood to create a transitional housing facility. The Cortez Hill Family Center provides housing, meals and supportive services to homeless families with children. The Young Women's Christian Association of San Diego County ("YWCA") operates the program year-round under contract to the City for up to 150 persons.

To address some inadequacies on the site, the Development Permit issued by Centre City Development Corporation ("CCDC") requires that the City construct a new two-story building in the former pool area to include a kitchen, dining room and children's play area. To date, the City has secured about \$1.1 million in funds for the project but, unfortunately, has not been able to complete the pre-development work and start construction.

In December 2004, Debra Fischle-Faulk, Deputy Executive Director of the City's Community and Economic Development Department, approached staff to ask if CCDC could take over project management responsibility for construction of the project. She says City staff has been unable to complete the project because of inadequate staffing levels.

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DISCUSSION

With the goal of completing the long-awaited addition to the Cortez Hill Family Center, staff recommends that CCDC assume project budget and management responsibility. The project represents an unfulfilled promise to the Cortez Hill property owners, developers, and residents who supported the development of the transitional housing facility with the understanding that the additional amenities would be available shortly after the facility opened. A rendering of the proposed project is attached as Exhibit A.

The proposed financing plan is as follows:

Sources		Uses	
Agency Funds	\$496,000	Pre-development	\$170,000
Federal CDBG Funds	430,000	Building Construction	811,000
Private Donations	<u>270,000</u>	Off-site Improvements	<u>215,000</u>
Total	\$1,196,000	Total	\$1,196,000

Based on preliminary estimates, the amount of funds available should be adequate to cover the total project cost. No additional Agency financial assistance is anticipated.

A total of \$1,550,000 in Centre City Low and Moderate Income Housing Funds was previously allocated to the project from prior years' budget allocations. The remaining balance available is \$496,000. With this action, the City would transfer \$556,723 in funds to CCDC:

Source of Funds	CCDC Funds Previously Allocated to Project	New Funds Transferred to CCDC	Funds to be Retained by City for Pre-development Costs	Total
Centre City Housing Set-aside Fund	\$496,000			\$496,000
CDBG Federal Funds - FY 2003			\$60,000	60,000
CDBG Federal Funds - FY 2004			70,000	70,000
CDBG Federal Funds - FY 2005		\$286,723	13,277	300,000
Private Donation - Bosa Development		210,000		210,000
Private Donation - Price Foundation		50,000		50,000
Private Donation - J. Peter Block		10,000		10,000
TOTAL	\$496,000	\$556,723	\$143,277	\$1,196,000

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The amount transferred is all funds reserved for the project except those already encumbered by the City for architectural design and pre-development consultants.

SUMMARY/CONCLUSION

Staff recommends that the Redevelopment Agency and the Mayor and City Council support the proposed budget amendment to transfer funds from the City to CCDC to provide for the construction of a kitchen, dining room and children's play area at the Cortez Hill Family Center.

Respectfully submitted, _____ Concurring by,

Dale Royal
Senior Project Manager

Peter J. Hall
President

Attachment: Architectural Rendering