



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: June 15, 2005 REPORT NO. RA-05-18

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of June 21, 2005

SUBJECT: Exclusive Negotiating Agreement (ENA) with United Community,
Incorporated for a proposed low to moderate income residential
development – Barrio Logan Redevelopment Project Area

SUMMARY

Issue – Should the Redevelopment Agency authorize the Executive Director to:

1. Enter into an ENA with United Community, Incorporated for a proposed low to moderate income residential development?
2. Amend the Fiscal Year 2005 Agency Budget for the Barrio Logan Redevelopment Project Area to accept a Developer Deposit of \$25,000?

Executive Director's Recommendation – That the Redevelopment Agency authorize the Executive Director to:

1. Enter into an ENA with United Community, Incorporated for the proposed low to moderate income residential development;
2. Amend the Fiscal Year 2005 Agency Budget for the Barrio Logan Redevelopment Project Area to accept a Developer Deposit of \$25,000.

Other Recommendations – The Barrio Logan Project Area Committee (PAC) on October 20, 2004 recommended approval of the project and taking the necessary actions of entering into an ENA with United Community, Incorporated.

Fiscal Impact – The \$25,000 deposit will pay for staff time, outside consultants and attorney's fees to process a Disposition and Development Agreement (DDA).

Environmental Impact – This action is not a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, section 15060 (c)(3).

BACKGROUND

The Barrio Logan Redevelopment Plan (Plan) was adopted in 1991 and amended in 2003. The primary objective of the Plan is to improve the quality of life for persons in the Project Area. The Third Implementation Plan for the Barrio Logan Redevelopment Project adopted by the Redevelopment Agency on June 15, 2004, listed in its goals and objectives the need to create a balanced mix of housing stock, including new very low, low and moderate income housing. The five year project schedule in the Implementation Plan identifies the need to continue implementation of new housing projects of at least 180 very low to low and moderate income units.

Redevelopment Agency (Agency) staff, on December 10, 2004 initiated an Owner Participation (OP) process for the proposed project. The Agency mailed questionnaires to all property owners of record within the footprint of the proposed project site, providing an opportunity for them to express their intent to participate in or submit a competing proposal to the proposed project. Thirteen parcels, with 10 property owners, were sent notices. There are 5 businesses and 13 residential units on the site. Three responses from property owners were received. One respondent supported the project; one respondent is willing to work with the Agency; and one respondent expressed concern about selling their property but was willing to sell if the price was agreeable. To date no property owner has submitted a competing proposal.

DISCUSSION

The proposed project by United Community, Incorporated (developer) is to construct a low to moderate income multi-family apartment development on approximately 1.7 acres located on the 1700 block of Logan Avenue bounded by Sigsbee and Beardsley Street. The proposed project is located south of the East Village Centre City Redevelopment area as shown on Attachment 1.

The Developer proposes to build a four story building with 94 affordable family apartments over one level of below grade parking (Project). It is anticipated that 34 units will be 2 bedrooms and 2 baths, and 60 units will be 3 bedrooms and 2 baths. All units will provide for universal design. Preliminary drawings for the site are included as Attachment 2 of this report. The Project will target very low and low-income families earning between 30% and 60 % of the Area Median Income (AMI). All the existing properties on the 13 parcels needed for the project will be demolished.

The developer has worked with the Barrio Logan Project Area Committee and has received support to proceed with the project. The proposed design will complement Gateway I Family Apartments which is located on the 1600 block of Logan Avenue.

It is proposed that financing for the project will include private investment, Affordable Housing Program funds, 9% State Tax credits and NOFA funding.

Approval of this Exclusive Negotiating Agreement is recommended by staff and the Barrio Logan Project Area Committee. The resulting development will provide for affordable housing units.

The ENA (see Attached) outlines the responsibilities of the Agency and the Developer for negotiations required prior to entering into a Disposition and Development Agreement. It does not commit the Developer or the Agency to reach agreement.

SUMMARY

With approval of the ENA, Agency staff will commence negotiations with United Community, Incorporated with the intent to return to the Council/Agency for consideration of a Disposition and Development Agreement.

ALTERNATIVE(S)

That the Redevelopment Agency not enter into an ENA with the United Community, Incorporated.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director

Approved: Hank Cunningham
Assistant Executive Director

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Attachment(s):

1. Location Map
2. Preliminary Drawings
3. ENA for the Gateway II Family Apartments project