



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: March 15, 2006

REPORT NO. RA-06-10

RTC-06-023

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
Council President and City Council,
Docket of March 21, 2006

SUBJECT: San Diego Youth and Community Services Acquisition Conditional Grant Agreement

REFERENCE: July 19, 2005, City Council Item #331, *First Amendment to the Agreement between the City of San Diego and Representatives of the Homeless Regarding the Homeless Assistance Element of the San Diego Naval Training Center Reuse Plan.*

REQUESTED ACTION:

Agency –

1. Authorize the Executive Director or Designee to Execute the Acquisition Conditional Grant Agreement.
2. Accept the Findings of Benefit to the Naval Training Center Redevelopment Project Area.

Council –

1. Approve the San Diego Youth and Community Services (SDYCS) Housing Relocation Plan.
2. Accept the Findings of Benefit to the Naval Training Center Redevelopment Project Area.

STAFF RECOMMENDATION:

Agency –

1. Authorize the Executive Director or Designee to Execute the Acquisition Conditional Grant Agreement.
2. Accept the Findings of Benefit to the Naval Training Center Redevelopment Project Area.

Council –

1. Approve the SDYCS Housing Relocation Plan.
2. Accept the Findings of Benefit to the Naval Training Center Redevelopment Project Area.

SUMMARY:

During the 1993 Base Realignment and Closure process the U.S. Navy authorized the closure of the San Diego Naval Training Center (NTC) and the City was recognized as the Local Redevelopment Authority (LRA) responsible for the redevelopment of NTC. When Federal property was determined to be surplus the LRA was charged with conducting a public planning process to examine potential reuse of the base. The City Council created the 26-member NTC Reuse Committee in 1993 to advise the Council regarding matters pertaining to the reuse of NTC; the Reuse Committee created five subcommittees, including the Homeless Subcommittee. This 24-month process for NTC included community outreach as well as open meetings, community and group presentations, flyers, newsletters, meeting notices, and press releases. Pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994, the NTC base reuse process included a requirement to provide for a Homeless Assistance Element.

On July 1, 1999, the City Council and the Homeless Subcommittee established parameters to support a financing and implementation plan (*Agreement between the City of San Diego and Representatives of the Homeless Regarding the Homeless Assistance Element of the San Diego Naval Training Center Reuse Plan – Attachment No. 2*) that would establish up to 150 off-site transitional housing units. It was agreed that the City would provide \$50,000 for each of the 150 units, equivalent to Seven Million, Five Hundred Thousand Dollars (\$7,500,000) on projects in Council District 2 proposed by members of the Homeless Subcommittee. The proposed sources of funding included HUD Section 108 loans – borrowed against the pledge of Community Development Block Grant (CDBG) dollars allocated to Council District 2; Redevelopment Agency Low/Moderate Tax Increment Set Aside from the NTC and the Centre City Redevelopment Project Areas; Federal HOME Funds; or City of San Diego Housing Trust Funds. Seven local homeless service providers were identified as participants in the Homeless Assistance Agreement, including San Diego Youth & Community Services (SDYCS). SDYCS was allocated \$1,600,000 to be used on their young adult housing program. The first disbursement to SDYCS of \$483,113 from the Housing Trust Fund was authorized in 1999 to assist with the purchase of property on Wing Street in the Midway area of Council District 2. On July 19, 2005, the City Council approved the First Amendment to the Homeless Agreement, which authorized the use of the remaining SDYCS allocation (\$1,116,887) outside Council District 2.

SDYCS is a 501 (c)(3) nonprofit organization that provides services to homeless youth, young families, and young adults who have aged out of the foster care system. They are currently acquiring an eight-unit apartment complex at 4760 35th Street in the Normal Heights neighborhood of Council District 3. The project will provide five 2-bedroom units and two 1-bedroom units for young mothers and youth that have aged out of the foster care system. The resident manager will occupy one 2-bedroom unit. The Acquisition Conditional Grant Agreement (Attachment No. 1 Grant Agreement) allocates \$1,116,887 from the NTC Low and Moderate Income Housing fund to SDYCS for acquisition of the property. The Agency grant would be leveraged with a \$413,000 loan from the Housing Commission to cover the remaining project costs, which are estimated at \$1.6 million.

The Grant Agreement complies with conditions set forth in the Homeless Agreement regarding certain deed restrictions which call for “provisions to ensure that any property acquired or improved in furtherance of the project or monies loaned for that purpose will be deed restricted to revert back to the City in the event the property is no longer used to assist the homeless.” This condition is reflected in Section 1.f. of the Agreement Affecting Real Property (Attachment No. 6 to the Grant Agreement) stating the property use will be maintained “in perpetuity”.

The acquisition of this eight-unit apartment building requires permanent displacement of current occupants, which triggers relocation assistance obligations by law. In accordance with the state and federal guidelines, SDYCS contracted with Overland, Pacific & Cutler, Inc. to prepare a Relocation Plan. Residents were surveyed to determine their needs and, following the transfer of ownership to SDYCS, these residents will be assisted in locating suitable alternative housing. The Relocation Plan was made available for public review from 12/14/05 through 1/12/06, and no public comments were received. This plan conforms with the State of California Housing and Community Development requirements and California Redevelopment Law. A copy of the Relocation Plan for the 35th Street Housing Project is attached. (Attachment No. 4)

FISCAL CONSIDERATIONS:

The proposed Grant Agreement provides for SDYCS to finance the project with a combination of NTC Redevelopment Project Housing Set Aside dollars and a loan from the Housing Commission. SDYCS has requested the remaining Homeless Agreement allocation of \$1,116,887 to assist with the purchase of the eight-unit apartment complex with a price of \$1,125,000.

Pursuant to California Redevelopment Law, twenty percent (20%) of NTC tax increment revenue is deposited into a Low and Moderate Income Housing fund to be used to increase, improve or preserve the community’s supply of low and moderate income housing. As directed in the Homeless Agreement, the property “will be deed restricted to revert back to the City in the event the property is no longer used to assist the homeless.”

PREVIOUS AGENCY and/or COMMITTEE ACTION:

On July 19, 2005 the City Council approved the *First Amendment to the Agreement between the City of San Diego and Representatives of the Homeless Regarding the Homeless Assistance Element of the San Diego Naval Training Center Reuse Plan*. This amendment authorized SDYCS to use the allocated NTC Housing Set Aside tax increment funds for this project located outside Council District 2.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

A presentation was made to the Normal Heights Community Planning Committee (NHCCPC) on this project at their July 5, 2005 meeting. The minutes of that meeting reflect, “The NHCCPC board feels positive about this project.”

KEY STAKEHOLDERS and PROJECT IMPACTS:

Development Team -

<u>ROLE</u>	<u>FIRM/CONTACT</u>	<u>OWNERSHIP</u>
Developer	San Diego Youth and Community Services Contact: Kevin Sweeney	SDYCS is a 501 (c)(3) corporation Walter Philips, Executive Director

City Resident and Business Impact -

This eight-unit apartment complex is located in the Normal Heights neighborhood within walking distance of public transportation, retail shopping and other businesses along Adams Avenue. Current residents will be relocated according to the 35th Street Housing Project Relocation Plan (Attachment No. 4). The property will be rehabilitated prior to the incoming tenants moving in.

Respectfully submitted,

Maureen Ostrye
Redevelopment Acting Deputy Director

James T. Waring, Deputy Chief
Land Use and Economic Development

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- Attachments:
1. Conditional Grant Agreement
 2. Homeless Agreement
 3. Findings of Benefit to the NTC Redevelopment Project Area
 4. 35th Street Housing Project Relocation Plan