

DATE ISSUED: May 30, 2007

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of June 5, 2007

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Funding for the Fiscal Year 2008 Social Services Program – Acquisition of
Property – East Village District of the Expansion Sub Area of the Centre City
Redevelopment Project

COUNCIL DISTRICT: Districts 2 & 8

STAFF CONTACT: Frank J. Alessi, Vice President and Chief Financial Officer (619-533-7130)

REQUESTED ACTION: That the Redevelopment Agency (“Agency”) approve the purchase of a site from the San Diego Housing Commission (“Housing Commission”) located on 16th Street between “K” Street and Imperial Avenue within the Centre City Redevelopment Project Area in an amount not to exceed \$1,875,000; final purchase price subject to an appraisal and due diligence, but in no event less than \$550,000 to facilitate funding for the Fiscal Year 2008 (“FY08”) Social Services Programs; and authorize staff to pursue other alternatives with the Housing Commission.

STAFF RECOMMENDATION: That the Agency approve the purchase of a site from the Housing Commission located on 16th Street between “K” Street and Imperial Avenue within the Centre City Redevelopment Project Area in an amount not to exceed \$1,875,000; final purchase price subject to an appraisal and due diligence, but in no event less than \$550,000 to facilitate the funding for the FY08 Social Services Programs; and authorize staff to pursue other alternatives with the Housing Commission.

SUMMARY: The recommendation offers an alternative to the initial scenario of extending affordability covenants at the Del Mar Apartments; however, staff wishes to continue to pursue other alternatives with the Housing Commission including a YWCA Note, the Hotel Metro, and the Del Mar Apartments on a longer term basis, notwithstanding the purchase of the proposed site.

FISCAL CONSIDERATIONS: The Fiscal Year 2007 (“FY07”) Budget contains sufficient funds to fund the minimum payment of the acquisition of the 16th Street site from a combination of the Low and Moderate Income Housing Fund and/or tax increment. The purchase would be paid in three installments. The minimum purchase price of \$550,000 would be paid at close of escrow from FY07 with two equal installments paid in July 2008 and July 2009.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATIONS: The Centre City Development Corporation is scheduled to hear this item at its May 30, 2007 regular Board meeting. An oral update will be provided at the meeting.

BACKGROUND: During the FY08 Budget deliberations on May 15, 2007, it was determined that the Corporation in conjunction with the Housing Commission would facilitate the additional funding of approximately \$550,000 to fund the FY08 Social Services Program.

DISCUSSION: During the hearing, the concept to purchase affordability covenants at Del Mar Apartments was indicated; however, after further research, it was determined that HOME funds may have been used in the rehabilitation of the project and may have restrictions with respect to any monies generated from the project at this time. In light of these restrictions, the Housing Commission indicated the potential sale of a site located in the Centre City Redevelopment Project Area. The site is approximately 7,500 square feet located on 16th Street between "K" Street and Imperial Avenue. The terms of the sale will consist of a total purchase price not to exceed \$1,875,000 to be paid by the Agency in installments over a three-year period. The purchase price will be confirmed with an appraisal and discounted, if appropriate, for any remediation or seismic issues.

ENVIRONMENTAL IMPACT: This activity is not a project, and therefore not subject to CEQA per CEQA Guidelines Section 15060(c)(3).

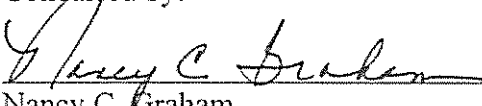
CONCLUSION: The purchase of the site from the Housing Commission will provide the needed funds for the FY08 Social Services Program. In addition, the Agency will have a site for future development that will assist in the elimination of blighted conditions.

Respectfully submitted,



Frank J. Alessi
Vice President and Chief Financial Officer

Concurred by:



Nancy C. Graham
President and Chief Operating Officer