



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: July 4, 2007

REPORT NO.: RTC-07-22
RTC-07-098

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and City Council
Docket of July 10, 2007

SUBJECT: Owner Participation Agreement, Barrio Logan Redevelopment Plan
Amendment and Associated Actions for Los Vientos Family Apartments
Project

REQUESTED ACTION:

- 1) That the Redevelopment Agency and City Council certify environmental review for the proposed actions; and
- 2) That the Agency approve the Basic Concept Drawings; and
- 3) That the City Council recommend Agency approval and the Agency approve authorizing execution of the Owner Participation Agreement with AMCAL Los Vientos Fund, LP for the Los Vientos Family Apartments Project; and
- 4) That the City Council and Agency approve Findings of Benefit for the use of 20% Low and Moderate Income Housing Set-Aside Funds outside source project areas including City Heights, North Park, and North Bay; and
- 5) That the City Council and Agency approve the proposed Barrio Logan Redevelopment Plan Amendment;
- 6) That the Agency authorize the expenditure of \$8,298,000 from the Agency's 20% Low and Moderate Income Housing Set-Aside Funds as a residual receipts loan contribution to the project.

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY:

- 1) State for the record that the final Mitigated Negative Declaration (No. 103439) has been reviewed and considered prior to approving the project; and
- 2) Approve the Basic Concept Drawings; and
- 3) Authorize the Executive Director or designee to execute an Owner Participation Agreement with AMCAL Los Vientos Fund, LP for the Los Vientos Family Apartments Project, contingent upon the Office of the Auditor and Comptroller first certifying availability of funds; and
- 4) Approve Findings of Benefit for the use of 20% Low and Moderate Income Housing Set-Aside Funds outside source project areas including City Heights, North Park, and North Bay; and
- 5) Approve the proposed Barrio Logan Redevelopment Plan Amendment; and
- 6) Authorize the expenditure of funds for the Los Vientos Family Apartments Project in an amount not to exceed \$8,298,000 from the Agency's 20% Low and Moderate Income

Housing Set-Aside Funds as a Redevelopment Agency residual receipts loan contribution to the project from the following direct sources: 1) \$1,298,000 from City Heights Housing Line of Credit; 2) \$3,500,000 from North Park Housing Line of Credit; and 3) \$3,500,000 from North Bay Housing Line of Credit.

STAFF RECOMMENDATION TO THE CITY COUNCIL:

- 1) State for the record that the Council has previously reviewed and considered information contained in the final Mitigated Negative Declaration (No. 103439) as it pertains to the project; and
- 2) Approve Findings of Benefit for the use of 20% Low and Moderate Income Housing Set-Aside Funds outside source project areas including City Heights, North Park, and North Bay; and
- 3) Approve the proposed Barrio Logan Redevelopment Plan Amendment; and
- 4) Recommend to the Redevelopment Agency to enter into an Owner Participation Agreement for the Los Vientos Family Apartments Project.

SUMMARY:

The Barrio Logan Redevelopment Plan (the Plan) was adopted in 1991. The Plan states as one of its primary goals, “To create a balanced mix of new housing stock, including low- and moderate-income housing.” The provision of new, high quality affordable housing opportunities has been identified as a top priority by the Barrio Logan Project Area Committee (PAC) and other organizations in the Barrio Logan community.

AMCAL Multi-Housing, Inc., dba AMCAL Los Vientos Fund, L.P. (the Developer), has submitted for funding assistance for the Los Vientos Family Apartments Project, a proposed 89-unit affordable housing development consisting of new rental apartments for very low to low income (30% to 60% AMI) families (the Project). The requested actions will allow for the execution of an Owner Participation Agreement (OPA) with AMCAL Los Vientos, L.P. (see Attachment 1 – Owner Participation Agreement) for the implementation of the Project. The OPA includes various conditions prior to Agency funding including, but not limited to, Developer’s acquisition of other funding sources and compliance with the City’s Equal Opportunity Contracting program.

The Project is proposed to be developed on two separate parcels across the street from each other, together equaling 1.04 acres (45,302 SF) and located at 1629 and 1668 National Avenue (the Project Site), within the Barrio Logan Redevelopment Project Area (see Attachment 2 – Site Map). The surrounding development includes light industrial, commercial, and residential buildings. The Project Site is predominantly vacant requiring the demolition of one small, dilapidated residential building. Furthermore, the Developer owns the Project Site and no other property acquisition is necessary for project implementation.

The Project’s physical design consists of two U-shaped, four-story structures with subterranean parking. The Gross Building Area (GBA) is approximately 85,920 SF, with a total of 163 parking spaces, or 1.8 spaces per unit. The building located at 1668 National Avenue will provide 26 two-bedroom and 20 three-bedroom units – a total of 46 units—and two levels of subterranean parking. On site amenities include: a community room with offices, a kitchen, computer room; tot lots/play areas at grade as part of the courtyard; the courtyard also provides outdoor seating, BBQ, and planters.

The building located at 1629 National Avenue will provide 24 two-bedroom, 15 three-bedroom and 4 four-bedroom units – a total of 43 units—and one level of subterranean parking. On site amenities include: laundry facility; tot lots/play areas at grade as part of the courtyard; the courtyard also provides outdoor seating, BBQ, and planters. For graphic information for both buildings, please see Attachment 3 – Site Plans and Attachment 4 – Basic Concept Drawings. Universal Design shall be implemented in the overall design of the Project.

Total project costs are \$32,545,000. The Developer seeks a public subsidy from the Redevelopment Agency of the City of San Diego (the Agency) for \$8,298,000. The Developer plans to submit an application to the State’s Tax Credit Allocation Committee (TCAC) for 2nd Round (July) 2007 tax credits. The following subsections describe the Project in more detail.

Development Team

Role	Firm/Contact	Ownership
Managing General Partner	Las Palmas Foundation Contact: Joseph Michaels	Non profit Board of Directors – 501(C) 3 Corporation
Administrative General Partner	AMCAL Multi-Housing Inc. Contact: Arjun Nagarkatti	Percival Vaz (privately owned)
Limited Partner/ Tax Credit Equity Investor	Hudson Housing Capital Contact: Sam Ganeshan	John Zeiler, Joe Macari, Sam Ganeshan (privately owned)
Architect	Austin Veum Robbins Partners Contact: Tom Anglewicz	Doug Austin, Chris Veum, Randy Robbins, Deen Austin (privately owned)
Consultant	Law Offices of Bocarsly, Cowan, Esmail & Arndt, LLP Contact: Nicole Deddens	Kyle Arndt, Lance Bocarsly, Craig Emden, Eugene Cowan, Aaftab Esmail, Paulette Parker (privately owned)
Property Management	John Stewart Company Contact: Lori Horn	Jack D. Gardner, President; John K. Stewart, CEO & Chairman (privately owned)

Residential Project Summary

Project Summary	
Type of Housing	Multifamily Apartments - Rental
Land Area	1.04 Acres (45,500 SF)
Gross Building Area (GBA)	85,920 SF (excluding parking)
Total Number of Units	89 (Includes one 3-BR Manager’s Unit)
Project Density	85 units/acre (with 17% density bonus)
Number of Affordable Units/Bedrooms	50 2-bedroom

	34 3-bedroom 4 4-bedroom 88 Units / 218 Bedrooms
Income Restrictions	9 @ 30% AMI 9 @ 40% AMI 44 @ 50% AMI 26 @ 60% AMI 88 @ 30% to 60% AMI
Site Control	Developer owns all necessary parcels
Relocation Issues	N/A
Number of Demolished Dwelling Units	One dilapidated single family structure
Affordability of Demolished Units	N/A

Affordable Unit Summary for 88 Income-Restricted Units

Number of Bedrooms	Residential Income Level	Number of Units	Monthly Rent Level
2 Bedrooms	30% AMI	3	\$450
2 Bedrooms	40% AMI	9	\$606
2 Bedrooms	50% AMI	37	\$762
2 Bedrooms	60% AMI	1	\$919
Total/Average	47% AMI	50	\$718
3 Bedrooms	30% AMI	3	\$521
3 Bedrooms	50% AMI	7	\$882
3 Bedrooms	60% AMI	24	\$1,062
Total/Average	55% AMI	34	\$813
4 Bedrooms	30% AMI	3	\$576
4 Bedrooms	60% AMI	1	\$1,180
Total/Average	38% AMI	4	\$727

Entitlements

The Developer submitted a Community Plan Amendment (CPA) and Rezone application with the City of San Diego (the City) to allow for higher density multi-family housing development on land that was formerly designated for Light Industry/Commercial uses. The City's Planning Commission and City Council unanimously approved the proposed CPA and Rezone. There was no opposition to the Project at the Planning Commission and City Council hearings. Furthermore, the California Coastal Commission reviewed and approved the Project on June 14, 2007. The following is a timeline of previous approvals for the Project's CPA, Rezone and entitlements including CEQA certification:

- December 15, 2005: Planning Commission approved the initiation of a CPA/Rezone.
- March 1, 2007: Planning Commission approved the CPA/Rezone and entitlements.
- March 26, 2007: City Council approved the CPA/Rezone and entitlements.
- June 14, 2007: Coastal Commission approved the Project.

Barrio Logan Redevelopment Plan Amendment

It is proposed that the Barrio Logan Redevelopment Plan (the Plan) be amended to reflect the recent Barrio Logan Community Plan Amendment approved for the Project by the City Council. The Plan must be consistent with the Community Plan, in accordance with California Community Redevelopment Law (CCRL). The proposed amendment (see Attachment 5 – Proposed Barrio Logan Redevelopment Plan Amendment) will allow for the following: 1) Revision of the Plan’s Exhibit 2 – Generalized Land Use Map to reflect the new general land use map under the Barrio Logan Community Plan and 2) Automatic amendments to the Plan to reflect any future Barrio Logan Community Plan Amendments approved by the City Council. The proposed Plan amendment has been publicly noticed per CCRL requirements and has received a recommendation for approval from the Barrio Logan PAC.

Property Acquisition / Site Control

The Developer owns the necessary property for implementation of the Project. The Developer acquired the property in March 2006. There are no relocation issues related to the Project.

Proposed Project Schedule

Action	Timeline
Entitlements/CEQA	June 2007
Agency OPA Approval	June 2007
TCAC Application ¹	July 2007
Construction Start	Feb 2008
Construction Completion	July 2009
(1) If July 2007 TCAC application unsuccessful, two additional application rounds to be permitted under the OPA, and timeline would change accordingly.	

FISCAL CONSIDERATIONS:

Total project costs are \$32,545,000 (see Attachment 6 – Project Budget). It is proposed that the Project be financed with a combination of affordable housing tax credits, private financing, and Agency financing.

The Project will seek 9% Affordable Housing Tax Credits from the California Tax Credit Allocation Committee (TCAC) during the next application cycle, with an application deadline of July 12, 2007. In order to meet the competitive eligibility requirements for TCAC financing, a project must demonstrate site control, or an approved OPA/DDA, evidence of full funding, and approval of entitlements. The Project meets TCAC’s competitive eligibility requirements.

Private financing is proposed to be in the form of a construction loan and permanent loan. After the OPA hearing, other public financing shall be sought for the Project including Federal Home Loan Bank Affordable Housing Program (AHP) funds. In addition, the Developer has agreed to a Deferred Developer Fee of \$280,000, representing 20% of the total Developer Fee.

The proposed Agency financing for the Project is an amount not to exceed \$8,298,000 and would be in the form of a long-term (55-year) residual receipts loan to cover direct costs. This amount represents a maximum subsidy of \$93,000 per unit or \$38,000 per bedroom. If AHP funds are acquired by the Developer, or other cost savings are realized for the Project, the OPA is written to ensure the Agency's subsidy be reduced by those amounts received from other sources and/or cost savings. It is proposed that Agency funding be paid from the Agency's 20% Low and Moderate Income Housing Set-Aside Funds Line of Credit, scheduled to be secured in June 2007, and specifically from the following project area sources: 1) \$1,298,000 from City Heights; 2) \$3,500,000 from North Park; and 3) \$3,500,000 from North Bay. The draw-down of Agency funds will initiated after the Developer successfully secures Tax Credits and construction financing and is proposed as follows:

- First Disbursement: \$5,808,600 disbursed at Close, following acquisition of Tax Credits and Construction Loan.
- Second Disbursement: \$1,244,700 at 50% completion of construction.
- Third Disbursement: \$622,350 at Notice of Completion.
- Final Disbursement: \$622,350 Remaining funds (Retention) Project Completion and Acceptance

The Project's pro forma has been analyzed by Agency staff and Keyser Marston Associates. Estimated costs, financing assumptions, and deal terms have been negotiated and are proposed in the OPA in accordance with the Agency's Affordable Housing Collaborative Program financing guidelines.

Findings of Benefit

The proposed source for the Agency's funding contribution to the Project is the Agency's 20% Low and Moderate Income Housing Set-Aside Funds Line of Credit, specifically from the following project areas: 1) City Heights; 2) North Park; and 3) North Bay. Under CCRL, the governing body must make findings of benefit for the use of tax increment outside a project area. Please see Attachment 7- Findings of Benefit for the proposed findings.

ENVIRONMENTAL IMPACTS:

There are no significant environmental impacts associated with the Project. The City Council has previously reviewed and certified the information contained in the final Mitigated Negative Declaration (No. 103439, adopted March 26, 2007) as it pertains to the Project (see Attachment 8 – Mitigated Negative Declaration).

PREVIOUS AGENCY and/or COUNCIL ACTIONS:

On July 25, 2006, the Agency approved the pooling of the Agency's 20% Low and Moderate Income Housing Set-Aside Funds for the purpose of funding projects such as the Los Vientos Project. On March 26, 2007, the City Council approved a CPA/Rezone and entitlements.

OTHER RECOMMENDATIONS:

On May 24, 2007, the Agency's Affordable Housing Collaborative Executive Loan Committee (ELC) voted 4-0 in favor of the Project's concept and proposed financing structure.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On October 19, 2005, January 29, 2007, and May 30, 2007, the Project was presented to the Barrio Logan PAC, at which times the PAC voted in support of the Project's concept, OPA and Barrio Logan Redevelopment Plan Amendment.

ALTERNATIVE:

Do not approve the proposed OPA and associated actions. This action would not enable the implementation of a valuable affordable housing project in the Barrio Logan community.

Respectfully submitted,

Janice Weinrick
Deputy Executive Director
Redevelopment Agency/
Assistant Director
City Planning and Community Investment

Approved: James T. Waring
Assistant Executive Director
Redevelopment Agency/
Deputy Chief Operating Officer for
Land Use and Economic Development

- Attachments:
1. Owner Participation Agreement
 2. Site Map
 3. Site Plan
 4. Basic Concept Drawings
 5. Proposed Barrio Logan Redevelopment Plan Amendment
 6. Project Budget
 7. Findings of Benefit
 8. Mitigated Negative Declaration