

DATE ISSUED: June 17, 2009

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of June 23, 2009

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Replacement Housing Plan for the 15th and Commercial
Affordable Housing Project (north side of Commercial Street
between 15th and 16th streets) – East Village Redevelopment
District of the Expansion Sub Area of the Centre City
Redevelopment Project

COUNCIL DISTRICT: 2

REFERENCE: None

STAFF CONTACT: Eri Kameyama, Associate Project Manager, 619-533-1777

REQUESTED ACTION: That the Redevelopment Agency of the City of San Diego (“Agency”) adopt the Replacement Housing Plan for the 15th and Commercial affordable housing project (“Plan”).

STAFF RECOMMENDATION: That the Agency adopt the Plan for the 15th and Commercial affordable housing project.

SUMMARY: S.V.D.P. Management, Inc. (“Developer”) proposes to demolish and replace the existing Bishop Maher Center (BMC) located at 15th and Commercial streets in the East Village neighborhood. The facility currently provides 150 transitional housing beds for single men. The proposed 12-story building will include 150 transitional housing beds, 64 permanent supportive housing units, one manager’s unit and a children’s day care center. The Developer has requested that the Agency provide a subsidy to assist the development of affordable housing units. The funding request is currently under review. If the proposal is determined to be feasible and in compliance with the Agency’s guidelines and policies, staff will bring an owner participation agreement before the Centre City Advisory Committee (CCAC), Centre City Development Corporation (“Corporation”) and Agency for consideration.

Section 33413.5 of the Health and Safety Code requires the Agency to adopt a replacement housing plan not fewer than 30 days prior to executing an owner participation agreement if it would lead to destruction of low- and moderate-income housing units. The attached Plan was prepared to examine the impacts of the proposed demolition of 150 transitional housing beds and the measures to ensure production of the appropriate replacement housing.

FISCAL CONSIDERATIONS: None.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On May 20, 2009, the Corporation will consider this item. An oral report on the action that was taken at this meeting will be provided at the Agency meeting.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: On May 13, 2009, the CCAC voted unanimously to support the staff recommendation.

BACKGROUND:

Preparation of the Plan advances the Visions and Goals of the Downtown Community Plan and the Objectives of the Centre City Redevelopment Project by providing the plans to replace and expand the existing affordable housing for the homeless and special needs population.

The Developer proposes to demolish and replace the existing BMC located at 15th and Commercial streets in the East Village neighborhood. The facility currently provides 150 transitional housing beds for single men. BMC is part of the St. Vincent de Paul Village and adjacent to the Joan Kroc Center (JKC), which provides services to the homeless population. The Developer owns the land and improvements of both BMC and JKC.

The Developer plans to demolish the existing two-story structure and develop a 12-story building to expand its current operations by adding 64 new permanent supportive housing units, one manager's unit, and a day care center for children residing in St. Vincent de Paul Village, as well as replacing the 150 transitional housing beds. The project will increase the square footage of the existing transitional housing facilities by approximately 8,500 square feet in a better-organized and more functional space. The Developer has requested that the Agency provide a subsidy to develop the affordable housing units.

The Corporation reviewed and approved the design and Conditional Use Permit (CUP) for the new facility on September 19, 2007. Subsequently, the Agency approved the design and CUP on November 13, 2007. The Corporation's Real Estate Committee received a presentation from staff regarding the request for an Agency subsidy for the proposed development in March 2008. Staff is currently reviewing the financial proforma and is negotiating with the Developer to finalize the terms and conditions of the Agency loan. Staff plans to bring the final project proposal and a draft owner participation agreement to CCAC in June 2009.

Pursuant to Section 33413(a) of the Health and Safety Code, when dwelling units housing persons and families of low and moderate income are destroyed or removed as part of a redevelopment project funded by a redevelopment agency, the agency is required to create an equal number of units that have an equal or greater number of bedrooms to the destroyed/removed units, within four years of the destruction/removal. These replacement units are required to be located within the agency's jurisdiction and affordable by persons in the same or a lower income category as the persons displaced/removed from the destroyed/removed units, for not less than 55 years for rental units.

Further, Section 33413.5 of the Health and Safety Code requires an agency to adopt a replacement housing plan not fewer than 30 days prior to the execution of an owner participation agreement or other agreements, which would lead to the destruction/removal of the low- and moderate-income units. The replacement housing plan needs to identify the impacts of the redevelopment project on the community's supply of low- and moderate-income housing and detail the measures to ensure production of the appropriate replacement housing within the four-year time limit.

The attached Plan was prepared by Overland, Pacific & Cutler, Inc. (OPC) to meet these requirements in the Health and Safety Code. OPC was established in 1980 and specializes in professional services for land acquisition and relocation assistance.

DISCUSSION

The replacement housing requirements under the Health and Safety Code will be met as follows:

- Location of replacement units – The Agency is required to produce replacement units within its territorial jurisdiction. The proposed project, which will provide the replacement units, will be constructed at the same location. Therefore, the Agency will meet the location requirement.
- Number of replacement units – The Agency is required to produce an equal number of dwelling units that have an equal or greater number of bedrooms than the destroyed/removed units. The existing 150 transitional beds are provided in a large, dormitory-style setting, with one-half wall cubicles, allowing two persons per cubicle. The proposed project meets the requirement by including 150 beds within 75 semi-private rooms. In addition, the proposed project will provide 64 permanent supportive housing units.
- Affordability of replacement units – The Agency is required to produce replacement units that are available at affordable housing cost to persons in the same or a lower income category, as the persons displaced from the destroyed/removed units. The existing 150

beds are offered to persons of very-low income. The proposed project meets the requirement by providing the 150 beds and 64 units to persons of very-low income.

- Production timeline – The replacement units must be provided within four years of the destruction/removal of the dwelling units. Demolition of the existing units is planned for the latter part of 2009. The replacement units must be provided by 2013. The proposed project is expected to be completed by 2011, thereby meeting the four-year deadline.

The attached Plan examines the proposed development concept, proposed replacement units, timetable for replacement housing and other factors, and concludes that the proposed project will yield the required number of replacement dwelling units mandated under the Community Redevelopment Law (Health and Safety Code Section 33000, et seq.).

Participation by Agency – Section 33413.5 of the Health and Safety Code requires the Agency to adopt, by resolution, a replacement housing plan not fewer than 30 days prior to executing an owner participation agreement. Adoption of the attached Plan is necessary before the owner participation agreement can be brought to the Agency for approval.

Proposed Schedule of Performance

Action	Completion Date
CCAC approval of Replacement Housing Plan	May 13, 2009
Corporation approval of Replacement Housing Plan	May 20, 2009
Agency approval of Replacement Housing Plan	June 2009
CCAC approval of owner participation agreement	June 10, 2009
Corporation approval of owner participation agreement	June 17, 2009
Agency approval of owner participation agreement	July 2009
Start construction	Fall 2009
Complete construction	Spring 2011

Project Benefits – The Plan was prepared to satisfy the replacement housing requirements under the Community Redevelopment Law. Adoption of the Plan by the Agency will allow the proposed project to proceed subject to the Agency approval of an owner participation agreement.

Environmental Impact – This activity is not a “project” under the definition set forth in CEQA Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA.

Honorable Chair and Members of the Redevelopment Agency
Docket of June 23, 2009
Page 5


CONCLUSION

Staff requests that the Agency adopt the Plan.

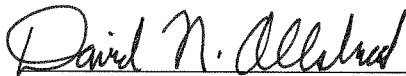
Respectfully submitted,



Eri Kameyama
Associate Project Manager



Frank J. Alessi
Executive Vice President & Chief Financial Officer



David N. Allsbrook
Vice President – Acquisitions, Public Works
& Property Management

Attachment: A - Replacement Housing Plan