



Date Issued: November 3, 2009 Report No. SEDC 09-009

Meeting of: November 17, 2009

To: Honorable Chair and Members of the Redevelopment Agency

From: Nancy Lytle, Vice President of Projects and Development

Subject: Approval of the Revised Replacement Housing Plan for the Property Located at Hilltop Drive & Euclid Avenue

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Reference: On June 7, 2005, the Redevelopment Agency of the City of San Diego approved the Replacement Housing Plan for the proposed Redevelopment of Property located at Hilltop Drive and Euclid Avenue.

On September 30, 2009, the SEDC Board of Directors recommended approval of the Revised Replacement Housing Plan.

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## **SUMMARY**

Staff Recommendation – That the Redevelopment Agency of the City of San Diego approves the Revised Replacement Housing Plan for the Redevelopment of the Property located at Hilltop Drive & Euclid Avenue

Fiscal Impact – None with this action.

## **BACKGROUND**

On July 13, 2004, the San Diego City Council (City Council) and the Redevelopment Agency of the City of San Diego (Agency) approved the use of \$4 million from the Agency's Housing Collaborative - Notice of Funding Availability (NOFA) funds for the acquisition and ultimate assembly of the site located on Euclid Avenue, north of Hilltop Drive, within the Central Imperial Redevelopment Project Area (Site) for the purpose of constructing a residential development (Project). On August 2, 2005, the City Council and the Agency approved SEDC's request for an additional \$1.5 million Agency NOFA funds for costs related to the acquisition and preparation of the site. The Project required the removal of nine single family dwelling units, occupied by low and very low income households.

The Community Redevelopment Law (CRL) (Health and Safety Code, Section 33000 et seq.) requires redevelopment agencies to adopt a replacement housing plan (Plan) not less than 30 days prior to the execution of an agreement for acquisition of property, or execution of a Disposition and Development Agreement, which would lead to the destruction or removal of dwelling units from the low- and moderate-income housing market. The Plan identifies the impacts that a particular redevelopment project will have

on the supply of low and moderate income housing and details the measures that the Agency will take to ensure that the appropriate replacement housing is produced.

As it has been determined that low and very low income housing has been impacted, the Agency is required to replace every impacted dwelling unit destroyed or removed as part of the Project, within four years of its destruction or removal. Demolition of nine affordable units was permitted on September 11, 2006; therefore the deadline for replacement of affordable housing is September 10, 2010.

The relocation plan for this Project was adopted on June 7, 2005. SEDC, through the Agency, provided 9 families with relocation assistance. Relocation assistance generally consists of residential moving expenses for a professional mover or fixed payments for residents wishing to move themselves, rental/down payment assistance to tenants who choose to rent, down payment assistance to tenants who choose to purchase, payments to residential owner-occupants, purchase price differential, mortgage interest differential, and incidental expenses including closing cost assistance. The adopted relocation plan covers the expense allocations in more detail. In total, 7 residential units were assisted with relocating to new rental housing and two residential units were assisted with purchasing a home. And, through the Agency, SEDC expended a total of \$220,744.93 in connection with the relocation assistance for the 9 affected families.

The information gathered to prepare the original Replacement Housing Plan was based upon personal interviews of all nine residential households. The interviews were conducted in English and Spanish as appropriate.

The following table is a summary of the displaced households.

<b>Displaced Households by Bedroom Size and Income Level</b>				
Unit Size	Very-Low Income	Low Income	Moderate Income	Total Units/Bedrooms
One Bedroom Units/Bedrooms	2/2	0/0	0/0	2/2
Two Bedroom Units/Bedrooms	4/8	1/2	0/0	5/10
Four Bedroom Units/Bedrooms	0/0	2/8	0/0	2/8
Total Units/Bedrooms	6/10	3/10	0/0	9/20
100% Replacement Obligation: Bedrooms	10	10	0	20

There are a total of 20 bedroom units, from low and very low income households, that have been removed to enable the Project. The Agency is obligated to cause 20 bedroom units to be rehabilitated, developed, or constructed pursuant to CRL Section 33413(a). Based on the 100% replacement criteria by income level, of these 20 bedrooms from nine (9) dwellings, it has been determined that ten (10) replacement

bedroom units should be affordable to very-low income households and ten (10) replacement bedroom units should be affordable to low income or very-low income households.

## **DISCUSSION**

The Original Replacement Housing Plan was adopted on June 7, 2005, and contemplated the onsite replacement of affordable dwelling units destroyed on the Hilltop and Euclid site. Since that time, the SEDC Board of Directors and the Redevelopment Agency approved the Rehabilitation Loan Agreement for \$799,370.00 for the rehabilitation of the Mayberry Townhomes Project (Mayberry Project) located partially within the Southcrest Redevelopment Project Area. Mayberry Townhomes is a rental site for moderate, low and very low income households owned by the Metropolitan Area Advisory Committee (MAAC Project), a local non-profit organization created to help promote self-sufficiency for low and moderate income families and communities of Southern California through advocacy for, and delivery of, social, educational, housing and employment services. The Mayberry Project consists of rehabilitating 70 townhomes units; 69 units are available to moderate, low or very low income families and one unit is reserved for an onsite manager's unit at market rate. This Mayberry Project provides a total of 7 homes that will be made available to rent by very low income families, 21 homes that will be made available to rent by low income families and 41 homes that will be made available to rent by moderate income families. These units can be used for replacement housing obligations for SEDC and the Agency as they are consistent with CRL Section 33413(c) in that the rental units are restricted to a term of no less than 55 years, through the recordation of the Agreement Affecting Real Property as of February 26, 2008. While affordable housing continues to be an objective of the redevelopment of the Hilltop & Euclid site, the replacement housing obligation has been met and exceeded on a faster timeline. As the Mayberry project will exceed the replacement housing obligation for the Hilltop & Euclid site, it also provides the affordable housing stock earlier than would have been possible with onsite replacement.

As indicated in the Revised Replacement Housing Plan (Attachment No. 1), the Agency plans to meet all replacement housing obligations (twenty bedrooms - 10 units at very low income, and 10 units at low income) on the Mayberry Project site as allowed by CRL Section 33413(a). Specifically, to meet the Agency's replacement housing obligations, 5 two-bedroom townhomes have been identified for replacement purposes and for rent to low income households and 4 townhomes units have been identified for replacement purposes and for rent to very low income households - 3 three bedroom units and one 2 bedroom unit. Please see table below.

<b>Replacement Households by Bedroom Size and Income Level</b>				
Unit Size	Very-Low Income	Low Income	Moderate Income	Total Units/Bedrooms
One Bedroom Units/Bedrooms	0/0	0/0	0/0	0/0
Two Bedroom Units/Bedrooms	1/2	5/10	0/0	6/12
Three Bedroom Units/Bedrooms	3/9	0/0	0/0	3/9
Total Units/Bedrooms	4/11	5/10	0/0	9/21
100% Replacement Obligation: Bedrooms	10	10	0	20

The community has been given the opportunity to comment on the Revised Plan. Consistent with CRL Section 33413.5, a copy of the Revised Replacement Housing Plan has been posted on SEDC's official website since September 2, 2009, and has been made available for public review at SEDC's Offices since the same date. On September 9, 2009, the SEDC Projects & Development Committee conducted a public hearing and recommended approval of this revised Plan. On September 30, 2009 the SEDC Board of Directors also conducted a public hearing and recommended that the Redevelopment Agency approve this Revised Replacement Housing Plan.

**ENVIRONMENTAL IMPACT**

This project is exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Existing Facilities).

**CONCLUSION**

The Revised Replacement Housing Plan for the Hilltop & Euclid site will provide replacement housing in the Southcrest Redevelopment Project Area. The amount of affordable housing provided far exceeds the amount SEDC and the Agency are obligated to provide for the Hilltop and Euclid site and the housing will be made available earlier than any on-site replacement would have occurred and is in full accordance with California Community Redevelopment Law.

  
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 and Development

  
 Approved by  
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 Acting President/CEO