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Staff Report for Amendment to the San Leandro Consolidated Annual FY 2011-2012 Action Plan

RECOMMENDATIONS

Staff recommends the City Council hold a public hearing, provide direction to staff on the Amendment to the FY 2011-2012 Action Plan, make the summary of the amendment available for public comment for a 30-day period from November 17 - December 19, 2011, and set a public hearing for December 19, 2011 to consider final approval of the amended Action Plan.

BACKGROUND

Surf Apartments consist of forty-six (46) 1-bedroom units of family rental housing located at 15320 Tropic Court. In late 2001, non-profit housing developer Citizens Housing Corporation (Citizens Housing) requested financial assistance from the City of San Leandro to purchase and rehabilitate the property in order to convert it into an affordable housing property for primarily low-income households (60% AMI or below). In May 2002, the City Council approved a \$700,000 federal Home Investment Partnership Act (HOME) funds loan and a \$300,000 Redevelopment Set-Aside funds loan, which Citizens Housing used along with CalFHA bond financing and 4% tax credits to acquire and rehabilitate Surf Apartments.

Thirty-five (35) of the units at Surf Apartments serve affordable households between 35% and 60% AMI, while eleven (11) of its units are market-rate units. Specifically, the regulatory agreement that the City executed with Citizens Housing restricted at least 49% (22 of 46) of the units for low-income tenants (60% AMI) and eleven (11) floating HOME units for very low-income tenants (50% AMI) for a 55-year term until 2058.

In early 2009, Citizens Housing began experiencing financial difficulties resulting from the economic downturn which is ensuing in the dissolution of Citizens Housing by December 31, 2011. Citizens Housing began collaborating in 2009 with Eden Housing to preserve Surf Apartments which entailed transferring its management of the property to Eden Housing in early 2010. With Citizens Housing's impending dissolution, work has begun in ensuring that Eden Housing is able to preserve Surf

Apartments by acquiring and rehabilitating the property.

Eden Housing is requesting \$100,000 from the City to contribute to assist in acquiring and rehabilitating Surf Apartments. City staff have identified \$65,000 in its Affordable Housing Trust Fund that it can contribute to Eden Housing's \$100,000 request. HUD's Community Development Block Grant (CDBG) funds will be the other funding source for the remaining \$35,000.

Analysis

However, in accordance with the City's U.S. Department of Housing and Urban Development (HUD) required Citizen Participation Plan (CPP), which governs the process of amending the City's Five-Year Consolidated Plan and subsequent Annual Action Plans, the City must first complete a "substantial change or amendment" to its FY 2011-2012 Action Plan prior to allocating \$35,000 in CDBG funds to Eden Housing's Surf Apartments acquisition and rehabilitation project proposal.

Therefore, the City plans to amend its FY 2011-2012 Action Plan by:

1. Adding Surf Apartments acquisition and rehabilitation under "Housing Activities" and allocating \$35,000 in Community Development Block Grant (CDBG) funds for this new project (via the City's unallocated funds that have been carried over from the prior year).

Current Agency Policies

The FY 2010-2014 Consolidated Plan and the FY 2011-2012 Action Plan define current Council Policy.

Previous Actions

The City Council approved the FY 2011-2012 Consolidated Plan on April 19, 2010 and the FY 2011-2012 Action Plan on April 18, 2011.

Committee Review and Actions

Staff presented the Amendment to the FY 2011-2012 Action Plan to the Business and Housing Development Committee on October 13, 2011.

Environmental Review

Review under the National Environmental Protection Act will be conducted and completed by staff on Eden Housing's proposed acquisition and rehabilitation of Surf Apartments prior to commitment or expenditure of CDBG funding.

Summary of Public Outreach Efforts

A notice of public hearing was published in The Daily Review on October 6, 2011, thirty (30) days prior to the public hearing, to notify the public that City staff will present the substantial amendment to the FY 2011-2012 Action Plan at the November 7, 2011 City Council Meeting.

Fiscal Impacts

This Surf Apartments acquisition and rehabilitation project will cost \$100,000. \$65,000 will be from the City's Affordable Housing Trust Fund, and the remaining \$35,000 will be from the City's unallocated CDBG funds.

Budget Authority

Budget authority is derived from Title I of the Housing and Community Development Act of 1974 (24 CFR 570 et seq.)

ATTACHMENTS

None

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