

SECTION G
REDEVELOPMENT
AGENCY



OVERVIEW

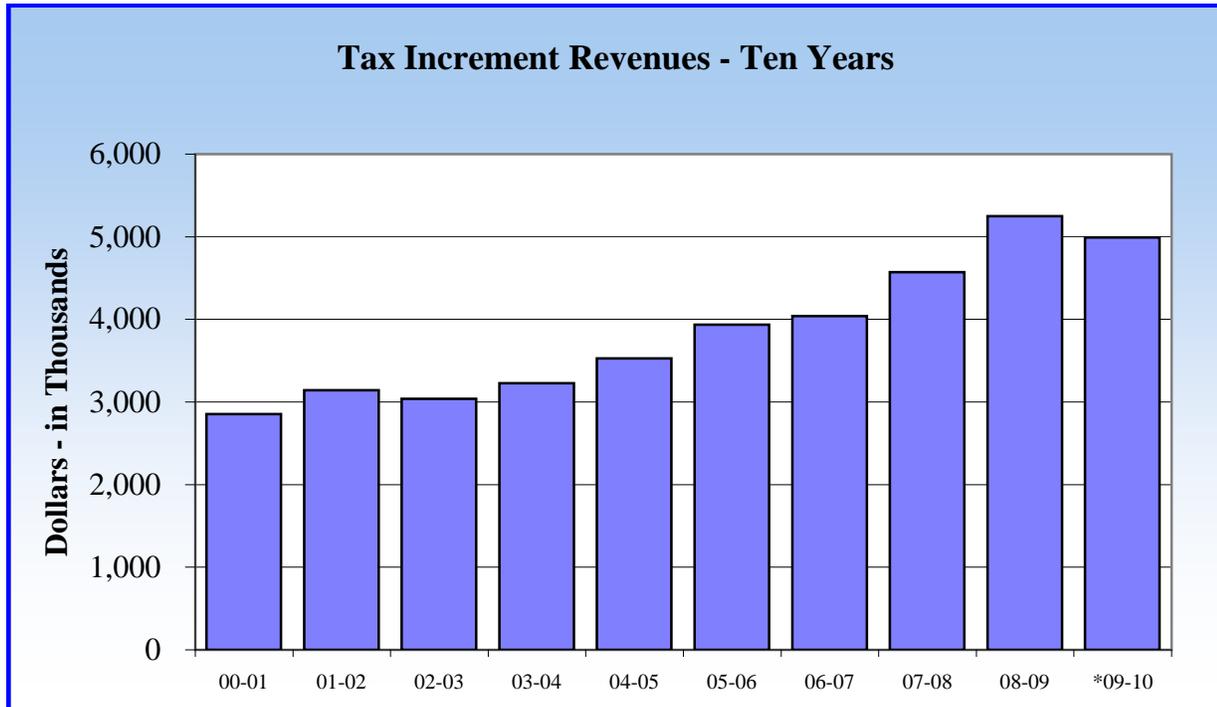
The Eureka Redevelopment Agency (Agency) budget is displayed in this document in several sections. Summaries for the Agency funds are included both in the “Recap of Funds” section beginning on page B-29 and in the “Fund Summaries” section beginning on page D-19. Revenues can be found in the “Revenues by Fund” section, beginning on page E-21. Expenditures can be found in the “Expenditures by Fund” section, beginning on page F-14. Capital and other project details are located in the “Capital Improvements and Special Projects Listing” (p.H-4), and in the “Fund Projects” listing, beginning on page H-15.

Operating programs funded by the Redevelopment Agency are presented in the Redevelopment and Housing Department and the details for those programs can be located under that department. These programs include Redevelopment Administration and Low and Moderate Income Housing.

In addition, the following materials are provided in this section:

- Historical tax increments by project area
- Summary of revenues by fund
- Summary of 2009-10 Program Goal and Objectives

Redevelopment Fund Trends



HISTORICAL TAX INCREMENTS

Fiscal	Merged Project Area
00-01	2,854,316
01-02	3,141,399
02-03	3,038,826
03-04	3,227,871
04-05	3,527,479
05-06	3,936,997
06-07	4,038,031
07-08	4,571,436
08-09	5,250,417
*09-10	4,991,760

* Estimated

Note: Century III - Phase I, Phase II and Eureka Tomorrow project areas were combined into one "Merged Project Area" in July 2005.

Eureka Redevelopment Agency



REVENUES BY FUND

	2007-08 Actual	2008-09 Budget	2008-09 Estimated Actual	2009-10 Budget
Special Revenue:				
Low & Moderate				
Income Housing	\$ 1,230,570	\$ 1,412,295	\$ 1,535,396	\$ 1,486,050
Debt Service:				
Merged Project Area	4,627,321	4,835,679	5,262,417	5,003,760
Capital Projects:				
Merged Project Area	<u>500,452</u>	<u>3,657,075</u>	<u>1,488,145</u>	<u>1,713,490</u>
Total	<u>\$6,358,343</u>	<u>\$9,905,049</u>	<u>\$8,285,958</u>	<u>\$8,203,300</u>

EUREKA REDEVELOPMENT AGENCY

SUMMARY OF 2008-09

PROGRAM OBJECTIVES AND ACHIEVEMENTS

The Eureka Redevelopment Agency is responsible for the implementation of all activities associated with the expenditure of Redevelopment tax increment and bond funds. The primary objective of the Agency is to undertake projects that will revitalize the project areas and improve the economic base of the community by facilitating redevelopment, housing and economic development activities. In order to leverage and fully maximize the impact of the Redevelopment Agency's limited tax increment monies, the Agency also applies for additional funding from both state and federal sources for housing and economic development activities. This summary does not separate achievements by funding source, but by projects, which are administered by the Agency. The following summary lists the 2008-09 program objectives for each of Redevelopment's major areas of responsibility and highlights the accomplishments completed towards those objectives.

REDEVELOPMENT GENERAL ADMINISTRATION

PROGRAM OBJECTIVES:

- Assist in the elimination of economic and physical deficiencies, underutilization of property and other blighting factors.
- Focus limited Redevelopment monies, and invest in projects that will be self-sufficient, increase tax increment and create new employment opportunities.
- Strengthen and stimulate commercial activity in the area.
- Revitalize the Eureka waterfront and eliminate blighting influences.
- Assist in the elimination of blighting influences to improve and strengthen residential neighborhoods and supporting commercial areas.
- Comply with California Redevelopment Law requirements.

PROGRAM ACHIEVEMENTS:

ADMINISTRATION

- ◆ **2008-09 Statement of Indebtedness**—prepared the 2008-09 Statement of Indebtedness with the Finance Department as required by California Redevelopment Law.
- ◆ **2007-08 Annual Report of Financial Transactions**—prepared 2007-08 Annual Report with the Finance Department as required by California Redevelopment Law
- ◆ **2009-10 Annual Budget**—prepared 2009-10, Annual Budget for Redevelopment Administration, Housing and Revolving Loan Fund Programs.
- ◆ **I-Bank**— Six reimbursements totaling more than \$646,000 have been requested and received for work completed on the \$2,000,000 “C” Street and Market Square Public Improvements Project.
- ◆ **Jefferson School Property Strategic Plan**—Contracted with Arnie Herskovic (SHN) to research and prepare a Strategic Plan for the vacated school property. Council Member Glass and interested neighborhood residents who have been meeting regularly with City Staff to fully explore the possibilities that the Jefferson School site offers the community. A draft plan has been prepared and distributed to the Jefferson School committee members for their review.
- ◆ **Youth Mural Program**—co-sponsored the “Youth Mural Program” with the Ink People.
- ◆ **Images of Water Art Competition**—sponsored the 2009 Images of Water Photography Competition as recommended by the Local Coastal Program's original implementation policies.
- ◆ **Redevelopment Advisory Board (RAB)**—prepared staff reports and agendas as needed.

PRIVATE DEVELOPMENT ACTIVITY

- ◆ **Eureka Inn**—Staff met with the owners of the Eureka Inn to discuss how the Redevelopment Agency might be able to assist with efforts to re-open the historic property
- ◆ **Exclusive Right to Negotiate (ERTN)**
 - **Old Town Carriage Company**—The Old Town Carriage Company project includes deconstructing the H.H. Buhne Warehouse building and using salvageable components of the building to construct a new building on the corner of Waterfront Drive and “C” Streets. The first floor will be the stable for the horse and carriage business with the second floor providing living quarters for the caretaker. The following activities were completed FY 2008-09:
 - ✓ H.H Buhne Warehouse was deconstructed and inventory made of the salvageable materials.
 - ✓ Old Town Carriage Company began operation on June 1, 2009.
 - ✓ Owners are currently working on a business plan, building and architectural design.
 - ✓ A new ERTN was approved on June 2, 2009.
 - **Hampton Inn**—The development of a Hampton Inn adjacent to the Eureka Public Marina. The following actions were completed FY 2008-09:
 - ✓ Staff worked with State Lands Commission to determine if the removal of the public trust properties in the Dock B area was possible. State Lands will not remove the trust.
 - ✓ The ERTN expired and was not renewed.
 - ✓ The \$10,000 deposit returned to the Developers.
 - **DB Properties, LLC**—the purchase and development of a 5 acre site for Wing Inflatables, LLC. The following activities occurred FY 2008-09
 - ✓ Developers provided the items required by the ERTN with the exception of an ownership agreement.
 - ✓ Soils work has been completed and a project description has been submitted to Community Development prior to the start of CEQA documentation
 - ✓ Developers failed to provide an ownership agreement for the project. Agreement was terminated and the \$10,000 deposit refunded.
 - **Humboldt Bay Center for Sustainable Living (HBCSL), previously referred to as Environmental Technology Hostel**—Development of an Environmental Hostel on the Halvorson waterfront property. The following activities occurred FY 2008-09:
 - ✓ Coastal Commission staff has provided comments on the project concept at the request of HBCFSL
 - ✓ The City was awarded grant funding from the FY 2006/2007 Planning and Technical Assistance Allocation of the State Community Development Block Grant (CDBG) program, to assist in the preparation of an updated economic feasibility study, site plan study, and related preliminary environmental review work for project commonly known as “Eco-Hostel Project.
 - ✓ All grant activities were completed and were submitted to Council on May 19th for review and final approval. All required grant documentation and final reports have been submitted to the State.
 - **Tydd Street Housing** —Purchase and development of the property adjacent to the Salvation Army parcel for market rate apartments. The following activities occurred FY 2008-09:
 - ✓ Six month ERTN with new developer Travis Schneider was approved on May 20, 2008.
 - ✓ A deposit of \$10,000 was requested from developer.
 - ✓ ERTN expired.
 - ✓ New development team has been assembled and discussions were held on the terms and conditions of the sale.
 - **First & C Street Property**—No activity.

◆ **Disposition and Development Agreements (DDA)**

- **Eureka Pier (Fisherman’s Building)**—Staff worked with the State Lands Commission to complete removal of the public trust from small slivers of property adjacent to the boardwalk. On August 22, 2008, the Agency received approval from State Lands. The settlement agreement has gone to the Governor’s office for signature. Upon close of escrow a deposit will be made into the Tidelands Trust Fund.

◆ **Facade Improvement Program (co-administered with Eureka Main Street)**

- **Administration**—prepared and executed Facade Improvement Loan documents and disbursed funds when projects were completed for the following facades:

FAÇADE IMPROVEMENTS – COMPLETED

❖	<u>Vanity</u> 102 F Street	Agency Participation: \$8,483
❖	<u>Solatube</u> 50 W Fifth Street	Agency Participation: \$15,422
❖	<u>Mori Building</u> 201 & 211 Second Street	Agency Participation: \$24,500
❖	<u>Peony Limited, LLC</u> 129 F Street	Agency Participation: \$15,500
❖	<u>David Mulhern</u> 4 West 4th Street	Agency Participation: \$ 6,150

FAÇADE IMPROVEMENTS – IN PROCESS

❖	Humboldt Bay Coffee Company 526 Opera Alley	Total Project Cost: \$12,960 Est. Agency Participation: \$6,480
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PUBLIC WORKS PROJECTS**

The Eureka Redevelopment Agency is providing a major portion of the funding for the design and construction of the following public works projects:

◆ **“C” Street Development Projects**

- **Market Square**—Construction of a plaza area at the southeastern corner of C Street and the Boardwalk up to 17,000 square feet in size. The square will include the installation of street furniture that would be consistent in number, scale, and style as those on the existing boardwalk and “F” Street pedestrian plaza. The Square will also consist of permanent, semi-permanent, and removable facilities for public gatherings including: a ticket booth and/or information kiosk, outdoor dining areas, umbrella stands for market events and an approximately 60-foot by 120-foot removable tent along with imbedded anchoring stanchions and brackets. In process.
- **“C” Street**—Construction of a 60-foot wide plaza along the 240-foot long portion (14,400 square feet) of “C” Street between the Boardwalk and First Street. This pedestrian oriented plaza area will include the installation of street furniture consistent in number, scale, and style as those on the existing Boardwalk and “F” Street pedestrian plaza. In process.
- **Fisherman’s Terminal**—Construct seafood buying, processing and retail facility at the foot of “C” Street. City and Agency staff met with prospective tenants to determine their needs and lease space configuration. In process.

- **Fishermen’s Terminal Crane Replacement**—Completed the replacement of two of the three cranes with articulating manual hoists which could be up to three times as fast as the jib cranes.
- **Fisherman’s Terminal Building Pile Driving Project** Completed the Fishermen’s Terminal Pile Driving project consisting of installation of concrete piling to support the future foundation of the Fishermen’s Terminal Building
- **C Street Floating Dock** –Completed the installation of floating dock and gangway at the foot of C Street.
- **Public Parking Lot**—Construction of 41 public parking spaces, including 2 handicap accessible spaces, immediately south of the Fisherman’s Terminal Building. Access to the Terminal Building loading docks (noted above) will be provided through the parking lot on Waterfront Drive. The parking lot will be landscaped and include the installation of amenities consistent in number, scale, and style as those on the existing Boardwalk and “F” Street pedestrian plaza. In process.

- ◆ **Inner Reach Dredging**—Monitoring only, Samoa Bridge dredge site.
- ◆ **Old Town Parking Lot Lighting Upgrade**—Completed upgrading light poles and fixtures in Downtown/Old Town that were 25-30 years old. The lighting efficiency had dropped, and they were costly to operate and maintain. These new fixtures and poles not only enhance the appearance of Old Town, the Gazebo and surrounding parking lots, but provide better lighting, a better sense of security, and will save the City about \$6,000.00 per year in energy costs.
- ◆ **Waterfront Drive Extension Phase 2 From G” to “K” Streets**—Construct Waterfront Drive, which will connect Old Town and the City’s northern waterfront resources with vehicular, pedestrian and transit access.
- ◆ **Foot of Commercial Street Fueling Upgrade**—Replace fueling terminal conveyance piping, replace underground tanks with above ground tanks. Cleanup of contaminated soil around leaking underground storage tanks. In process.
- ◆ **Commercial Street Dock Repair Project**—Completed repairs to the Commercial Street Dock, for use by the commercial fishing industry, and public access to Humboldt Bay. Project consists of repairing the damaged fender system to provide a fully functional dock system and includes the removal of damaged timbers, fastening of loose timbers and piles, and installation of marine grade pressure treated timbers
- ◆ **Eureka Skate Park**—Construction of a skate board park to be located on property adjacent to the Eureka Tomorrow Redevelopment Project Area. In process.
- ◆ **Flake Ice Plant Project**—Purchase and install a Flake Ice Plant on the City of Eureka’s EDA Fish Plant finger pier.
- ◆ **Sidewalk Improvement Project**—Phase out the defective brick crosswalks and replace and upgrade them with red colored and stamped concrete that provides the brick appearance but is more durable than brick, holds up to traffic loading better, safer for pedestrians and the disabled and require less long term maintenance

** Sections 332255 and 33421.1 of the Health and Safety Code require the Redevelopment Agency and City Council to make certain findings prior to committing funds for the design and construction of public improvements. When projects are scheduled to proceed, findings will be presented to the Agency Board and Council for approval.

NON-HOUSING GRANT ACTIVITY

- ◆ **Community Development Block Grant (CDBG) Public Hearing** — On July 23, 2008, staff held a CDBG public hearing to discuss the Fiscal Years 2008 & 2009 Community Development Block Grant (CDBG) program and solicit citizen input on the following activities.

Maximum award limits for each CDBG allocation are specified in the Notice of Funding Availability. The dollar amount of General, Colonias, and Native American allocation funds available varies each year, and a grant from these allocations does not count toward any yearly caps under the Economic Development and Planning and Technical allocations of the CDBG Program.

1. **Annual Grantee Performance Reports for CDBG Program Income Business Revolving Loan Account and Housing Revolving loan Account.** Funds repaid on current loans are now available for new business and housing loans.
2. **Annual Grantee Performance Report for CDBG Grant 04-STBG-1959,** Phase I construction of a new Alzheimer's Day Center; acquisition and rehabilitation of a Veterans Transitional Housing facility; and a Lead Based Paint Evaluation and Mitigation Grant Program.
3. **Annual Grantee Performance Reports** for CDBG Grant #07-EDOC-3159, Phase II construction of new Alzheimer's Center.

The five major activity categories are Housing-New Construction, Housing-Rehabilitation, Public Facilities/Public Services, Public Improvements, and Planning. Projects funded with CDBG allocations must carry out one of three National Objectives, as follows: Benefit to targeted Income Group (TIG) people, elimination of slums or blight, and meeting urgent community development needs.

- ◆ **Humboldt Senior Resource Center (HSRC) New Alzheimer's Day Center**—Construction of a new Alzheimer's Center. The City of Eureka secured over \$1.5 million dollars from Community Development Block Grant Program toward the completion of the project. Seventeen full-time equivalent jobs are required to be created within 36 months of the final loan disbursement. The following activities occurred during FY 2008-09:

- ✓ Construction was completed.
- ✓ Grand opening on April 18, 2009
- ✓ On May 19, 2009, the City Council adopted a resolution approving the transfer of an additional \$150,000 from the City's local Program Income Business Revolving Loan Account, to be used as part of the required cash match for a Kresge Challenge Grant awarded HSRC in the amount of \$200,000.
- ✓ Staff monitored and continues to monitor the required job creation.

- ◆ **Humboldt Bay Center for Sustainable Living (HBCSL), previously referred to as Environmental Technology Hostel**—Development of an Environmental Hostel on the Halvorson waterfront property. The City was awarded grant funding from the FY 2006/2007 Planning and Technical Assistance Allocation of the State Community Development Block Grant (CDBG) program, to assist in the preparation of an updated economic feasibility study, site plan study, and related preliminary environmental review work for project commonly known as "Eco-Hostel Project. All grant activities were completed and were submitted to Council on May 19th for review and final approval. All required grant documentation and final reports have been submitted to the State.

- ◆ **Fisherman's Terminal Building, Economic Development Administration (EDA), Public Works Assistance Grant,** —Staff submitted an application to the Economic Development Administration for the construction of the Fisherman's Terminal Building. . The following actions were completed FY 2008-09:

- ✓ EDA Staff visited Eureka for the purpose of reviewing our application for funding. Staff took him on a tour which highlighted other successful waterfront projects completed with EDA assistance as well as the site of the Terminal project.
 - ✓ Staff met with EDA Staff in Sacramento at the EDA Regional Conference, December 10-12, 2008 to discuss the project. The suggestions made by EDA were incorporated into the \$1.5 million dollar application which was re-submitted in January.
 - ✓ The application was forwarded with EDA Staff's recommendation to the Seattle Regional Office. Additional changes were completed at the request of that office.
 - ✓ A twelve minute video was produced to illustrate the project for EDA's Seattle staff.
 - ✓ Staff, Council Members Jones and Leonard and the project architect traveled to Seattle to present the project on March 20, 2009. The funding request is for \$2,400,000., which represents 75% of the project cost.
 - ✓ The video has since been shown on the Public Access Channel.
- ◆ **GIS Project, CDBG Planning and Technical Assistance Grant**—Geographic Resources of Arcata has completed the items in the Phase II Scope of Work. The project final report was submitted and the project is now closed. Our retention payment has been received from HCD.
 - ◆ **Website Update, PG&E Local Economic Development Grant**—The City received a \$7,000 grant from PG&E to improve and refresh the existing Redevelopment website. Request for Proposals were solicited and the consulting firm Morse Media was selected
 - ◆ **Humboldt Community Access and Resource Center (HCAR) Sunrise Plaza Building**—As a 10% Set-Aside Activity of the CDBG FY 2008/09 General Allocation grant, \$12,000 will be received by the City to assist the Humboldt Community Access and Resource Center (“HCAR”) in completing Phase II improvements of the HCAR/Sunrise Plaza Building in Eureka. Also committed to the HCAR project by City Council Resolution is \$150,000 of the City's Program Income.

Since being notified of grant award, Staff continues to work closely with State CDBG staff to clear all Special Conditions required for release of funds.

- ◆ **Ice System, Headwaters Financing for Industry Program Pre-application**—On December 1, 2008, staff submitted a pre-application to the Headwaters Fund in the amount of \$500,000 to assist with the purchase and installation of an ice system to provide necessary flake ice to the local fishing fleet, transient vessels and recreational vessels. The application assumed a match of \$300,000 from the Redevelopment Agency. The Headwaters Board considered our request on December 16, 2008, and recommended approval to the Board of Supervisors. On January 27, 2009, the Board of Supervisors approved the application, followed by City Council approval on February 24, 2009. A new contract was negotiated with Pacific Choice to include the day-to-day operation of the system.

REDEVELOPMENT & HOUSING EDUCATION AND TRAINING

Staff attended the following education and training workshops:

- ◆ CDBG General Allocation Grant Training
- ◆ Community Development Funding Workshop
- ◆ 2008 Biennial Community Development Block Grant Conference
- ◆ Brown Act and Conflict of Interest Training
- ◆ 2008 CRA/CAL-ALHFA Affordable Housing Conference & Workshop

ECONOMIC DEVELOPMENT

PROGRAM OBJECTIVES:

- Administer the Business Revolving Loan Program to encourage business start-ups and expansions within the City of Eureka.
- Market and administer the Eureka Enterprise Zone to the business and financial communities.
- Act as a City liaison with the business, financial, and economic development communities.
- Ensure compliance with all federal and state CDBG requirements and procedures.
- Be actively involved in the California Enterprise Zone Association to influence legislative changes to enhance the Zone's benefits to business.
- Maintain open communication with the Business, Transportation and Housing Agency to ensure inclusion in appropriate business location leads.
- Develop relationships with federal and state funding agencies as well as legislative representatives to assist the City in accessing financial and technical assistance.
- Complete Foreign Trade Zone implementation.
- Develop Business Retention and Expansion Visitation Program and conduct regularly scheduled visitations to Eureka companies with 10 or more employees.

PROGRAM ACHIEVEMENTS:

FOREIGN TRADE ZONE

- ◆ ***Administration***—City staff completed a request to activate the Foreign Trade Zone at the Redwood Marine Terminal in Samoa which is owned by the Harbor District. The activation documentation was submitted to Customs and Border Protection for consideration and was approved.

REVOLVING BUSINESS LOAN PROGRAM

- ◆ ***Administration***—continue to monitor open loans and market program to lending institutions and potential borrowers. All business loan recipients have completed their job creation requirements. One loan application was reviewed and the applicant withdrew their request. Staff continues to meet with prospective businesses interested in starting, relocating or expanding a business in Eureka.

ENTERPRISE ZONE PROGRAM

- ◆ ***California Enterprise Zone Board (CAEZ)***
 - ***California Enterprise Zone Board (CAEZ)***—Serve as a Board Member, attend quarterly Board Meetings and actively supported/opposed legislation affecting Enterprise Zone incentives. Testified at State Committee Hearings and met with Legislators and their Staff.
 - ***Annual Enterprise Zone Conference***—Staff attended the CAEZ Annual Training Conference in Long Beach, California. The conference provided staff with updates on Zone legislation and new regulations, as well as an opportunity to network with other zones throughout the State.
- ◆ ***Eureka Enterprise Zone Activity***

- **Administration**—Administer and market the program in compliance with the State rules and regulations.
 - **Employee Hiring Credit Vouchers Issued**—Staff issued 767 Employee Hiring Credit Vouchers to EZ businesses FY 2008/09. Businesses located in the EZ continue to learn about the program and the benefits it offers.
 - **Business License Waivers Issued**—120
 - **Business Information Packets Distributed**—20
 - **Enterprise Zone Reporting**—Staff is now working to identify information gathering methods needed to track the 27 performance measures required to be documented as a condition of Enterprise Zone approval. Detailed information on vouchers has also been compiled for future monitoring.
 - **Enterprise Zone Workshop**—Staff has been invited by The North Valley Bank to participate in an Enterprise Zone Workshop for Eureka Enterprise Zone businesses. Staff has arranged for a representative from the Franchise Tax Board to attend to answer specific tax questions. The event is scheduled for September 16, 2009.

EUREKA MAIN STREET PROGRAM

- ◆ **Board of Directors**—City liaison serving on the Main Street Board of Directors and Economic Restructuring Committee. Attend monthly Board Meetings.
- ◆ **Eureka Main Street Program Cumulative Results (9/92-6/09)**
 - **Net New Businesses**—508
 - **Net New Jobs**—1891.5
 - **Ground Floor Vacancy Rate**—reduced from 14% (9/92) to less than 1% (6/30/09).
- ◆ **National Recognitions**—The City of Eureka was recognized in the following publications
 - “Best Small Art Towns in America” (Eureka listed #1)
 - “One Of The Top Ten Travel Hotspots”, by TripAdvisor

UPSTATE CALIFORNIA ECONOMIC DEVELOPMENT COMMISSION

- ◆ **Upstate California Economic Development Commission—UCEDC**—The mission of UCEDC is to cooperatively market the region (Northern California from Sacramento to the Oregon border) to new and existing businesses in support of the regional effort to diversify the economy, increase employment and enhance the quality of life. Redevelopment staff attends quarterly board meetings, and serves as Chief Financial Officer for the group. UCEDC has strengthened its efforts to attract relocating businesses from other parts of the state and from outside of California by updating its website, attending tradeshows for targeted industries and authorizing our executive director to increase outreach efforts. Current projects include updating our regional website and completing a current marketing piece. At the annual meeting the keynote speaker, Chris McGowan presented a “Case Study in Regional Economic Development”. Members had an opportunity to meet with Brian McGowan-CA Deputy Secretary for Economic Development, Dianne Church from the Economic Development Administration and Wayne Schell of CALED. Current projects include updating the regional website and completing a current marketing piece. During the year, staff prepared responses for regional information for a solar products thin film manufacturing company and a medical device manufacturer.
- ◆ **Regional Economic Recovery Work Plan**—Staff submitted regional projects for a work plan requested by the California Business Transportation and Housing (BT&H) Agency for each of twelve regions of the state. Our Upstate Economic Development Commission was asked to complete a plan for the northern 20 California counties and the region was divided into two areas based upon Caltrans districts. Staff coordinated projects from Del Norte, Humboldt, Mendocino and Lake Counties for inclusion in the plan. The finalized plan was submitted to BT&H.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CALED)

- ◆ ***California Association for Local Economic Development Board***—Executive Committee Board Member. Actively supported/opposed legislation affecting economic development in the State of California.
- ◆ ***Annual CALED Conference***—Staff attended the CALED Annual Conference in Monterey, California. The conference, California’s largest economic development conference, provided information on how to implement effective economic development practices to help businesses and grow their local economy. This year’s conference featured special issues facing local governments, businesses and economic development. The issues discussed included the impact of the green movement on business assistance programs, cultivating tomorrow’s economic development leads and opportunities for attracting foreign direct investment in the global economy.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (CEDA)

- ◆ ***California Enterprise Development Authority Board***—As Board Member, attend meetings to review and approve capital to California small and medium sized businesses for expansion and job creation through an innovative gap financing program. Financing is a combination of tax-exempt industrial bonds (IDB’s) and below market-rate second mortgages resulting in a lower down payment and lower blended interest rates than commercial lenders.

MARKETING

- ◆ ***Business Outreach***—Redevelopment staff had a number of meetings this quarter to discuss potential revolving loans and grant applications, as well as enterprise zone benefits for specific businesses.
- ◆ ***Purchased Advertising***—Ads were placed in the following publications:
 - Humboldt Crabs Baseball Program
 - North Coast Jazz Festival Program
 - North Coast Repertory Theatre Annual Program
 - The Pallete Magazine
- ◆ ***Website Update***—Redevelopment staff prepared and sent an RFQ&P for a firm to update our website. Five proposals were received, three from local companies and two from out of the area companies. A ranking committee reviewed the proposals and selected Morse Media (a Main Street business) for the project.
- ◆ ***Business Assessment Survey***--The Agency is focusing on creating a Business Support Program. In an effort to gain an understanding of local business needs, a Business Assessment Survey has been created. The response from the Business Assessment Survey will include evaluating existing conditions, assessing opportunities and constraints to business development. Business participation will play a vital role.

ADDITIONAL PUBLIC INVOLVEMENT

- ◆ ***Eureka Chamber of Commerce Business & Industry Committee***—staff attends meetings as scheduled to discuss issues affecting businesses in the region.
- ◆ ***Eureka Chamber of Commerce Business & Industry Committee***—staff attends meetings when possible to discuss issues affecting businesses in the region. The annual Chamber Dinner, which highlights the year’s activities and the installation of new board members was held on January 29th.

BUSINESS DEVELOPMENT WORKSHOPS

- ◆ ***Workshops & Forums***—Staff participated in the following informational/networking meetings:
 - “Get to know your Economic Development Partners” sponsored by Arcata Economic Development Corporation;
 - Venture Capital Forum, part of the *Economic Fuel* workshops
 - Economic Development Forum, held at Humboldt Area Foundation.
 - Women Entrepreneur’s Institute Educational Summit

ADDITIONAL PUBLIC INVOLVEMENT

- ◆ ***Eureka Chamber of Commerce Business & Industry Committee***—staff attends meetings as scheduled to discuss issues affecting businesses in the region.
- ◆ ***Prosperity***--Attend Prosperity network meetings as required.
- ◆ ***Caltrans Richardson Grove Re-alignment Project***—staff attended an information meeting presented by Caltrans on February 20th to gain a better understanding of this important project designed to allow FTAA trucks to serve Humboldt County from the south.

HOUSING

PROGRAM OBJECTIVES

- Provide adequate sites and promote the development of new housing to accommodate Eureka's fair share housing allocation for very low, low and moderate-income residents.
- Encourage the maintenance, improvement and rehabilitation of Eureka's existing housing stock and residential neighborhoods.
- Insure the provision of quality housing opportunities for very low-income citizens.
- Assist in the elimination of substandard and deteriorated housing while preserving the neighborhood community.
- Increase, improve and preserve the community's supply of very low or low-income housing.

PROGRAM ACHIEVEMENTS

◆ ***CDBG Housing Rehabilitation Program Income 1989, 1994 (Fund #271)***

➤ Housing Rehabilitation Projects under Construction	1
➤ Housing Rehabilitation Completed	0
➤ Housing Loans Monitored	20
➤ Housing Loans Canceled	0
➤ Housing Loans Declined	0
➤ Loan Amount Increased	0

◆ ***Housing Rental Rehabilitation Program (Fund #281)***

➤ Housing Loans Processed	0
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◆ ***HUD Rental Rehab (Fund #285)***

➤ Rental Rehab Projects Monitored	0
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◆ ***Low and Moderate Income Housing Program (Fund #290)***

➤ Owner Occupied Housing Rehabilitation Projects under Construction	1
➤ Owner Occupied Housing Rehabilitation Completed	0
➤ First Time Homebuyer Condominiums Under Construction To Be Sold to Program Borrowers	6
➤ Rental Rehabilitation Loans Monitored	9
➤ Paint-up Fix-up Grants	14
➤ First Time Homebuyer Loans Approved	15
➤ First Time Homebuyer Loans Monitored	78
➤ Housing Construction Loans Monitored	7
➤ Housing Loans Canceled	1
➤ Relocation Grants Approved	1
➤ Pending Applications	3

◆	<i>Local Housing Program (#291)</i>	
	➤ Wheelchair Ramp Grants	3
	➤ Dumpsters Provided	12
	➤ Senior Home Repair Grants	82
	➤ Paint-up Fix-Up Grants	15
	➤ Housing Rehabilitation Projects under Construction	1
	➤ Housing Rehabilitation Completed	0
	➤ Rental Rehabilitation Loans Monitored	1
	➤ Housing Loans Monitored	10
	➤ Housing Loans Canceled	0
	➤ Housing Loans Declined	0
	➤ Loan Increases	1
	➤ Pending Applications	1
◆	<i>RCAA HOME Program Owner Occupied Housing Rehabilitation</i>	
	➤ Housing Rehabilitation Loans Monitored	17
◆	<i>RCAA HOME First Time Homebuyer Program</i>	
	➤ First Time Homebuyer Loans Monitored	9
◆	<i>CalHome Program 06-CalHOME-198</i>	
	➤ Completed Housing Rehabilitation Applications	2
	➤ Pending Applications	1
	➤ Applications Withdrawn	4
◆	<i>Other Miscellaneous Loan Activities</i>	
	➤ Subordination:	2
	➤ Loan Payoffs Processed	9
	➤ Loan Term Extension	0
	➤ Transfer of Covenant to New Property	1
	➤ Defaults/Foreclosures	11

HOUSING GRANT ACTIVITY

- ◆ ***Community Development Block Grant Program Income (CDBG-PI) Funds*** –One CDBG owner occupied rehabilitation project was completed. Five applications have been mailed since July 1, 2008, one applicant was over income and qualified for other City funding. The other four applicants declined to participate. These funds are revolving funds which accumulate from repayments of past CDBG program loans. As the balance increases, these funds are then expended for allowable program uses. It is anticipated that CDBG funds will be used to increase the CalHome program loan amounts from \$40,000, up to a maximum of \$60,000.

- ◆ ***CalHome Grant Program***- The City was awarded a CalHome grant of \$600,000 for the purpose of restoring substandard owner occupied residential units. The grant will provide between 13-15 owner occupied rehabilitation loans. These loans are for low income eligible applicants at 3% interest with deferred payments for 30 years. Ten percent of the total grant will be for activity delivery costs associated with the loans. To date,

two rehabilitation loans have been completed, three applications were incomplete, one applicant withdrew his application, and two applicants transferred funding sources. Ten applications were mailed with no response. It is anticipated that Community Development Block Grant Program Income funds will be used as matching funds, should the rehabilitation repair costs exceed the \$35,000 CalHome loan amount, up to an additional \$25,000.

- ◆ ***HOME Program Income Fund*** – The City of Eureka has received and administered multiple State of California Home program grants in the form of owner occupied rehabilitation loans. When these loans are repaid to the City, the funds are deposited to this revolving program income account to be reused for other program eligible purposes. To date, there has been interest by developers of large affordable housing projects, to use these funds for gap financing, without commitment or site control. The balance is approximately \$472,000.

HOME OWNERSHIP ACTIVITY

- ◆ ***615 Myrtle Avenue*** - This property was purchased by the Eureka Redevelopment Agency in 2004 from the State of California with Low and Moderate Income Housing Funds, with the intention of developing affordable housing for a low income household. This property will also serve as replacement housing for the demolition of the residence at 1901 California Street for the development of the Senior Resource Center's Alzheimer's Day Care Center. The Agency awarded a construction contract to Will Adams Construction in July 2007 to restore the home. \$140,000 was budgeted for the project. A loan increase of \$15,000 was approved in October 2007 for the addition of a single car garage and for additional unexpected historic and structural repairs. Construction of the residence, garage, landscaping, and fencing was completed in March 2008, and the selection process began for an eligible first time homebuyer. It was difficult as the criteria for the program required a low income household to qualify for a minimum first mortgage loan amount of \$70,000, and a total purchase price of \$249,000. After two deadline extensions with no qualified homebuyers, the program parameters were modified and an eligible applicant was qualified in September. An eligible low income homebuyer purchased the property in October 2008. This property will retain affordability covenants for 45 years, while remaining affordable with only the first mortgage monthly amortized payments for thirty years. The Agency deferred payment loan of \$180,000 (plus a 72% share of equity) will be due and payable upon maturity in 45 years.
- ◆ ***First Time Homebuyers Program*** –The program is being administered by Umpqua Bank who is in their third and final year of contract to administer without a new Request for Proposal being issued to lenders. Umpqua Bank qualifies applicants for their amortized monthly payment first mortgage. The Agency's Low and Moderate Income Housing Fund provides up to \$120,000 in a deferred payment (second lien position) loan, which provides the gap financing, up to the allowable purchase price of the home. This program does not reserve funds for applicants; therefore once the applicants are pre-qualified by the first mortgage lender, the program is on a first-come first-served basis until a purchase agreement is executed by the owner and seller. The program in 2008-09 funded 16 new purchases to low and moderate income households at a total cost of \$1.78 Million. This also includes a loan increase of \$1,508 to a defaulted borrower to bring his loan current.
- ◆ ***Humboldt County Office of Education (HCOE) Seventh Street Villas***—On September 4, 2007, the City Council/Redevelopment Agency authorized the Agency to enter into a Joint Agency Agreement (JAA) with the Humboldt County Office of Education (HCOE), to develop redevelopment owned property between 6th and 7th Street on Myrtle Avenue in Eureka, as an affordable housing condominium complex that will be an annexation to the Sixth Street Villas. This project will consist of six condominium units which will be constructed by the Humboldt County Office of Education's Regional Occupational Building Trades Program at Eureka High School and will be sold to First Time Homebuyer's through the City's program upon completion anticipated in August 2009. As of June 30, 2009, construction was nearly complete.

HOUSING/NEIGHBORHOOD UPGRADE ACTIVITY

- ◆ **LOCAL Fund/Owner Occupied Rehabilitation** – The LOCAL owner occupied rehabilitation budget for FY 2008-9 is \$100,000. Three LOCAL loan applications have been mailed with one returning an incomplete application which is currently in progress. The other two were not returned.
- ◆ **Low and Moderate Income Housing Fund/ Owner Occupied Rehabilitation** Four applications were mailed this year with three projects pending. Two owner occupied rehabilitation single family residences, and the Greyhound Hotel project which is listed separately. One project (which transferred from the CalHome program) is under construction and the second application has just been qualified and is in the process of defining a scope of work to be funded in fiscal year 2009-2010. \$300,000 was budgeted for owner occupied rehabilitation, with an additional \$100,000 budgeted for rental rehabilitation or a special project. The total of \$450,000 has been set aside for use by the Greyhound Hotel project. Staff is continuing discussions with the owner of the Greyhound Hotel to develop eleven apartments from single resident occupancy rooms with shared bathrooms above retail in “Old Town”.
- ◆ **Paint Up/Fix Up Program** –\$100,000 was budgeted for FY 2008-2009. (\$50,000 was budgeted from the Low and Moderate Income Housing Fund and an additional \$50,000 was budgeted from the LOCAL fund) for Paint Up/Fix Up Program grants to cover both targeted areas and provide grants City wide. To date 29 grants have been paid totaling \$59,000. The program provides grants of up to \$2,500 for qualified moderate to low income households. The program provides grants for exterior repairs to qualified homeowners and landlords who rent to qualified income eligible tenants.
- ◆ **Dumpsters** - The City of Eureka, in cooperation with Eureka City Garbage, provides free dumpsters to neighborhoods upon request (based upon need). Eureka City Garbage provides 20 dumpsters, at no cost to the City, every calendar year. This program is augmented by the City’s budget of \$5,000 for additional dumpsters. Since July 1, 2008, twelve dumpsters have been provided to the community.
- ◆ **Senior Home Repair Program** – In FY 2008-09 the City appropriated \$25,000 from the LOCAL fund, for the Humboldt Senior Resource Center to administer the “Senior Home Repair Program”. These grants provide small home repairs to income qualified seniors, over 60 years of age, ranging from grab bars to leaky faucets and running toilets. As of June 30, 2009, \$12,473.54 was expended to assist 82 seniors with small repairs.
- ◆ **Graffiti Clean Up Program** - The City of Eureka, in cooperation with Shafer’s Ace Hardware is providing Graffiti Clean-up kits to those single family and multi-family residential property owners whose properties have been a target of graffiti. To be eligible, the property must be located within the city limits of Eureka. The kits are available to eligible property owners at \$5 per kit. Each kit shall consist of one quart of latex paint, a free paint color match by Shafer’s staff, a 2” paint brush, clean up cloth, drop cloth, stir stick, and wet paint sign. As of June 30, 2009, three kits were issued.
- ◆ **Wheelchair Ramp Grant Program** - The City Council in October 2007 approved new guidelines to increase grant funding per project from \$1,500 to \$2,500 for moderate income households and up to \$3,500 for low income households. By increasing coverage it is anticipated there will be more participation. For fiscal year 2008-09, three wheelchair ramp grants have been provided to households in need at a total cost of \$7,426.

AFFORDABLE RENTAL HOUSING ACTIVITY

- ◆ **DANCO Communities “Garden Hotel” Project:** Danco Communities requested \$2,000,000 from the Agency’s Low and Moderate Income Housing Fund reserves for the demolition of the existing “Garden Apartments” located at 4th & S Streets in Eureka to develop a thirty unit affordable housing “family” and “senior” townhouse apartment complex. These new units would remain affordable for 55 years. The Agency’s low interest loan was required as match to secure federal tax credits and Danco would also obtain a bank loan.

Staff met with Danco Communities to discuss their proposal and sent a letter on June 30, 2008 outlining the necessary information to analyze this application. In August, Danco requested and was denied a request for a pre-development loan (as this cost should be included in the developer's fees). On August 27, 2008, Danco (Sean Armstrong, Danco's Project Manager) informally canceled this project, but is continuing to search for another location within the City.

- ◆ ***Greyhound Hotel Project/Jack Freeman:*** Jack Freeman, the owner of the "Greyhound Hotel" located at 420 Third Street has requested \$450,000 in Agency funding from Low and Moderate Income Housing funds for the rehabilitation and conversion of the existing single resident occupancy units on the second and third floors of the structure, to 11 single unit apartments. The applicant will also seek bank financing. There is an existing retail store on the first floor. This project involves relocation, lead based paint mitigation, historic review, and affordability covenants for 25 years. The applicant continues to seek a financial lender's commitment, but due to the economy and much tougher financial lending criteria, he has not finalized funding by June 30, 2009. He is to provide a construction bid proposal and finalization of application materials. This project will go before the Housing Advisory Board and City Council for approval, once the completed application has been received

TRANSITIONAL HOUSING ACTIVITY

- ◆ ***North Coast Veterans Resource Center (NCVRC)-Veterans Transitional Housing Facility***—Redevelopment staff continues to monitor this Community Development Block Grant funded project.

On July 17, 2008, the City of Eureka received notification that Eureka had been awarded a conditional commitment of additional grant funds in the amount of \$1,500,000 from the FY 2008/2009, General Allocation of the State Community Development Block Grant (CDBG) Program for the North Coast Veterans Resource Center. \$1 million will be used to assist the North Coast Veterans Resource Center (the "NCVRC") in the financing of Phase II of the rehabilitation of a Veteran's Transitional Housing facility in Eureka, and \$500,000 will assist the Veterans in providing additional program services. The City of Eureka has previously secured CDBG grant funding for the Veteran's project in the amount of \$201,000 which was used to assist the Veteran's in the acquisition of the facility site. The center will create 34 new beds for homeless Veterans.

As a 10% Set-aside Activity of the CDBG FY 2008/2009 General Allocation grant, an additional \$12,000 will be received by the City to assist the Humboldt Community Access and Resource Center ("HCAR") in completing Phase II improvements of the HCAR/Sunrise Plaza Building in Eureka. Also committed to the HCAR project by City Council Resolution is \$150,000 of the City's CDBG Program Income.

Since being notified of grant award, Staff continues to work closely with State CDBG staff to clear all Special Conditions required for release of funds.

- ◆ ***Humboldt Housing & Homeless Coalition's Request for Consultant Services***—The Humboldt Housing & Homeless Coalition requested and was granted \$4,500 from the City's Low and Moderate Income Housing Fund to partially pay consultant fees for the grant writing for the 2008 HUD Supportive Housing program.

HOUSING ADVISORY BOARD ACTIVITY

- ◆ ***Housing Advisory Board***—The Board held 5 public meetings during the fiscal year 2008-2009 primarily working to administer the approximately \$3.5 million in Redevelopment Low and Moderate Income Housing funds and various other State Grant programs. Among the accomplishments, the HAB continues to upgrade the City's housing stock by providing low interest loans to low income residents through the Housing Rehabilitation loan program, monitoring the administration of the First Time Homebuyer Program, Senior Home Repair Program, Wheelchair Ramp Grant Program, the implementation of the Lead Hazard Evaluation and Reduction Program, CaLHOME, general loan monitoring of its approximately 161 loan files, and other general business related to loan and grant implementation.

HOUSING PROGRAM MARKETING

- ◆ **Marketing**—Twice a year, the Housing Programs are marketed in the Times Standard as a 1/8 page advertisement, mailed once a year to the City's list of agencies and groups who may be assisted by City programs, and miscellaneous meetings are held within the community to inform of City programs. Also, the benefits of the Housing Programs are listed in the publication, "Humboldt Kid's Digest". The City will have public service announcements for advertisement of the programs.