

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 19 and in the “Fund Summaries” section beginning on page 217. Revenues can be found in the “Revenues by Fund” section, beginning on page 246. Expenditures can be found in the “Expenditures by Fund” section, beginning on page 263. Capital and other project details are located in the “Capital Improvements and Special Projects Listing”, and in the “Fund Projects” listing, beginning on page 293.

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 2010-11 Program Goal and Objectives

On May 10, 2010, local redevelopment agencies throughout California were required to make the first of two devastating payments to county auditors to fund the \$2.05 billion State of California raid of redevelopment funds authorized as part of their 2009-10 State Budget (as AB 26 4X). In response to a lawsuit filed by the California Redevelopment Association (CRA) which attempted to invalidate the raid of funds, a Sacramento Superior Court Judge ruled on May 4th 2010, in favor of the State of California "take" in response to the lawsuit. The CRA requested a temporary stay of making SERAF payments, as they are continuing to pursue an appeal of the adverse decision made on May 4th in the Sacramento Superior Court which found that the \$2.5 billion State take of redevelopment funds does not violate the Constitution. Therefore, \$990,253 of the Agency's Low and Moderate Income Housing (LMIHF) budget and reserves in the amount of \$654,360 was paid to the County Auditor on May 10, 2010. A loan to the Eureka Redevelopment Agency from the Housing Set-aside LMIHF will be repaid at \$198,430 per year for 5 years. This will have a devastating affect on Redevelopment and Housing impacts to our communities for years to come.

EUREKA REDEVELOPMENT AGENCY SUMMARY OF 2009-10 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 lists the 2009-10 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 invests 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

- ◆ **2009-10 Statement of Indebtedness**—prepared the 2009-10 Statement of Indebtedness with the Finance Department as required by California Redevelopment Law.
- ◆ **2008-09 Annual Report of Financial Transactions**—prepared 2008-09 Annual Report with the Finance Department as required by California Redevelopment Law.
- ◆ **2010-11 Annual Budget**—prepared 2010-11, Annual Budget for Redevelopment Administration, Housing and Revolving Loan Fund Programs.
- ◆ **I-Bank**— Ten reimbursements totaling more than \$1,042,910 have been requested and received for work completed on the \$2,000,000 “C” Street and Market Square Public Improvements Project. A request for a contract extension is being prepared due to project delays due to rainy weather. The project completion date is now anticipated to be August 31, 2010 and the final disbursement must be received from the I-Bank by the end of October.

PRIVATE DEVELOPMENT ACTIVITY

- ◆ **Exclusive Right to Negotiate (ERTN)**
 - **Tydd Street Housing** —Purchase and development of the property adjacent to the Salvation Army parcel for market rate apartments. The following activities occurred:
 - ✓ 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.
 - **Dock B Coastal Dependent Industrial Property, David Schneider**—Mr. Schneider proposes to construct a cargo storage area which could accommodate up to 300 containers, 5 million board feet of logs or cargo associated with a 600 foot cargo ship. The following activities occurred in 2009-10:
 - ✓ A 180-day ERTN was approved on October 6, 2009
 - ✓ A \$10,000 deposit was received from the developer
 - ✓ Developer applied for a Coastal Development Permit
 - ✓ It was determined that a traffic study air quality impacts must be addressed
 - **First & C Street Property**—No activity.

- **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 2009-10:
 - ✓ Developer is working with an architect and an engineer to design the building
 - ✓ A business plan is being completed
 - ✓ Financing options are being explored
 - ✓ Negotiation regarding the property price and terms has been concluded.

- **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 2009-10:
 - ✓ A new 360-day ERTN was approved by Council on December 1, 2009
 - ✓ HBCFSL requested the project site be expanded from the original three acre size to accommodate organizations they have determined to be prospective partners
 - ✓ Staff has requested submittal of items as required by the ERTN so Council can determine if expansion of the project site is warranted
 - ✓ On June 25th, the Agency received a letter from HBCSL relinquishing their ERTN due to the challenge of securing funding for the development.

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

- **Eureka Pier (Fisherman’s Building)**—Staff met with the Developer as needed.

◆ **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

| | |
|---|--|
| ❖ Humboldt Bay Coffee Company 526 Opera Alley | Total Project Cost: \$12,960 Agency Participation: \$ 6,480 |
| ❖ Picky, Picky, Picky Annex 304 Sixth Street | Total Project Cost: \$65,000 Agency Participation: \$ 7,500 |

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:

- ◆ **Flake Ice Plant Project**—Flake Ice Plant has been installed on the City of Eureka’s EDA Fish Plant finger pier.
- ◆ **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**—Replaced fueling terminal conveyance piping, replace underground tanks with above the ground tanks and completed cleanup of contaminated soil around leaking underground storage tanks
- ◆ **“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. Tenants are committed and construction is in process.
 - **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 to 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.
- ◆ **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 28, 2009, staff held a CDBG public hearing to discuss the Fiscal Years 2009 & 2010 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.** Repaid funds available for 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 Report for CDBG Grant #07-EDOC-3159,** Phase II construction of new Alzheimer’s Center.
4. **Annual Grantee Performance Report for CDBG Grant #09-STBG-6037,** rehabilitation of Veterans Transitional Housing Facility and Services, and Humboldt Community Access and Resource Center (HCAR)/ Sunrise Plaza building improvements.

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 meet urgent community development needs.

◆ ***Humboldt Senior Resource Center (HSRC) New Alzheimer’s Day Center***—The construction of a new Alzheimer’s Center. The City of Eureka secured over \$1.5 million dollars from the Community Development Block Grant Program toward the completion of the project. Fifteen full-time equivalent jobs are required to be created within 36 months of grant expiration date which is June 30, 2012. A grand opening was held on Saturday, April 18, 2009. The City Council and City Staff were applauded. A CDBG Rep from Sacramento visited Eureka on May 19th and 20th to review this project and tour the new facility. Staff monitored and continues to monitor the required job creation.

◆ ***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 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.

◆ ***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 2009-2010:

- ✓ We received a letter notifying us that the \$2,400,000 application was approved for American Recovery and Reinvestment Act (ARRA) Funding on September 18, 2009.
- ✓ The time schedule specified by the award required that we start construction no later than January 18, 2010. A project management conference call was held to discuss the details of the special conditions that needed to be met before and after the start of construction.
- ✓ Special conditions were satisfied and on December 15, 2009, the contract was awarded to Randy Hill Construction, Inc., the low bidder on the project
- ✓ Construction started on schedule and the building is currently under construction.
- ✓ Our first payment request was submitted and on April 23, 2010, our first funds transfer in the amount of \$345,612 was approved.

- ◆ ***Ice System, Headwaters Financing for Industry Program***—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 \$250,000 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. The finger pier where the ice system was to be located had to be structurally analyzed and retrofitted to handle the weight of the machine when fully loaded. Construction started in March, 2009 and was substantially complete by December 31, 2009. The completed project cost \$900,000 and actually required a match of \$400,000 from the Redevelopment Agency. The ice system will now serve the Humboldt Bay fishing industry for many years to come. A new contract was negotiated with Pacific Choice to include the day-to-day operation of the system.

- ◆ ***Website Update***—PG&E awarded a grant to update the Agency’s website. Request for Proposals were solicited and the consulting firm of Morse Media was selected to design a website for both the Redevelopment Agency and Eureka Main Street. The project included design work and the lengthy task of populating the sites with current information. Main Street’s site is complete and the Agency’s is substantially complete.

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***—continued 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 Fresno, 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 (EZ) Activity**

- **Administration**—Administer and market the program in compliance with the State rules and regulations.
 - ✓ **Employee Hiring Credit Vouchers Issued**—Staff issued 1052 Employee Hiring Credit Vouchers to EZ businesses in FY 2009-2010 to date. Businesses located in the EZ continue to learn about the program and the benefits it offers.
 - ✓ **Business License Waivers Issued**—110
 - ✓ **Business Information Packets Distributed**—51
 - ✓ **EZ Reporting**—Staff is gathering information needed to track the 27 performance measures required to be documented as a condition of EZ approval. Detailed information on vouchers has also been compiled for future monitoring.
 - ✓ **EZ Outreach**—Attendance at various workshops gave staff an opportunity to discuss the benefits of the EZ and educate business owners interested in applying for the State tax credits.

EUREKA MAIN STREET PROGRAM

- ◆ **Board of Directors**—Serve as City liaison on the Main Street Board of Directors and Economic Restructuring Committee. Attend monthly Board Meetings.
- ◆ **Eureka Main Street Program Cumulative Results (9/92-6/10)**
 - **Net New Businesses**—516
 - **Net New Jobs**—1928.5
 - **Ground Floor Vacancy Rate**—reduced from 14% (9/92) to 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

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CALED)

- ◆ **California Association for Local Economic Development Board**—Executive Committee Board Member. CALED actively supported/opposed legislation affecting economic development in the State of California.
- ◆ **Annual CALED Conference**—Staff attended the 30th Annual CALED Conference in Long Beach, 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 federal and state funding opportunities.

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 2nd mortgages resulting in a lower down payment and lower blended interest rates than commercial lenders.

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 targeted industries tradeshows and authorizing our executive director to increase outreach efforts. Current projects include updating our regional website and completing a current marketing piece. During the year, staff prepared responses to requests for information regarding business relocation benefits and potential available sites.

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
 - The Palette Magazine
- ◆ ***Business Assessment Survey***—The Business Assessment Survey produced a respectable 12%+ response. Local companies openly shared their concerns and expressed their willingness to participate in solutions. One question which staff responded to immediately were businesses who expressed, ‘their facility was not adequate for their needs’. Those businesses were contacted by phone and meetings set up as a follow-up.

Another outreach component is ‘One to One Business Meetings’. Staff sets up meeting with businesses who have expressed concerns and the City Manager, Redevelopment & Housing Director and Economic Development Coordinator meet with those businesses. From these meetings, many positive remarks are heard. As an example a recent business stated, “My business resides in 3 cities and Eureka is the only city who has taken the time to come and show concern for our business.”

One component of the survey was to launch a buy-local program. Ultimately Eureka businesses gave this issue the highest rating when compared to all other issues. Due to budget constraints Redevelopment is unable to complete this portion of the Business Friendly Program.

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.

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 Completed | 1 |
| ➤ Housing Loans Monitored | 18 |
| ➤ Housing Pending Applications | 2 |
| ➤ Housing Loans Declined | 0 |
| ➤ Housing Loans Canceled | 0 |

◆ ***HUD Rental Rehab (Fund #285)***

| | |
|-----------------------------------|---|
| ➤ Rental Rehab Projects Monitored | 0 |
|-----------------------------------|---|

◆ ***Low and Moderate Income Housing Program (Fund #290)***

| | |
|---|----|
| ➤ Owner Occupied Housing Rehabilitation Completed | 3 |
| ➤ Owner Occupied Housing Pending Applications | 0 |
| ➤ Rental Rehabilitation Loans Pending | 1 |
| ➤ Rental Rehabilitation Loans Monitored | 9 |
| ➤ Paint-up Fix-up Grants (Funds Frozen Due to State Take) | 0 |
| ➤ First Time Homebuyer Loans Approved | 4 |
| ➤ First Time Homebuyer Loans Monitored | 75 |
| ➤ Owner Occupied Housing Loans Monitored | 14 |
| ➤ Housing Loans Canceled | 0 |
| ➤ Relocation Grants Approved | 0 |
| ➤ Subordinations Processed | 1 |

◆ ***RCAA HOME Program Owner Occupied Housing Rehabilitation***

| | |
|--|----|
| ➤ Housing Rehabilitation Loans Monitored | 13 |
|--|----|

◆ ***RCAA HOME First Time Homebuyer Program***

| | |
|--|---|
| ➤ First Time Homebuyer Loans Monitored | 8 |
|--|---|

◆ **Local Housing Program (#291)**

| | |
|--|----|
| ➤ Wheelchair Ramp Grants | 2 |
| ➤ Dumpsters Provided | 16 |
| ➤ Senior Home Repair Grants | 95 |
| ➤ Paint-up Fix-Up Grants | 9 |
| ➤ Housing Rehabilitation Projects under Construction | 1 |
| ➤ Housing Rehabilitation Completed | 0 |
| ➤ Rental Rehabilitation Loans Monitored | 1 |
| ➤ Housing Loans Monitored | 6 |
| ➤ Housing Loans Canceled | 0 |
| ➤ Housing Loans Declined | 0 |
| ➤ Loan Increases | 0 |
| ➤ Pending Applications | 0 |

◆ **CalHome Program 06-CalHOME-198**

| | |
|---|---|
| ➤ Completed Housing Rehabilitation Applications | 0 |
| ➤ Pending Applications | 9 |
| ➤ Applications Withdrawn | 0 |

◆ **Other Miscellaneous Loan Activities**

| | |
|--|----|
| ➤ Loan Payoffs Processed (5 Defaulted Loans) | 15 |
| ➤ Defaults/Foreclosures In Progress | 9 |

HOUSING GRANT ACTIVITY

- ◆ **Community Development Block Grant Program Income (CDBG-PI) Funds** - One CDBG owner occupied rehabilitation project was completed. 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 finance any rehabilitation work for CalHome loans with costs of construction over the allowable \$35,000 maximum loan limit. There are currently two CalHome loans pending the final contractor's bids to establish the CDBG-PI loan amount.
- ◆ **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 and will be administered by the City. Ten percent of the total grant will be for activity delivery costs associated with the loans. Twenty-five applications were mailed with 10 applications received to date and two loans completed (one of which was repaid). It is anticipated that CDBG-PI funds will be used as matching funds, should the rehabilitation repair costs exceed the \$35,000 CalHome loan amount, up to an additional \$60,000. An extension to the Standard Agreement was received extending the deadline for completion of project funding to June 28, 2011.
- ◆ **HOME Program Income Fund** – The City has received and administered multiple State of California Home program grants in the form of owner occupied rehabilitation loans. When these loans are repaid, the funds are deposited to this revolving program income account to be reused for other program eligible purposes. For Fiscal Year 2009-2010, \$450,000 was budgeted for multi-family affordable housing projects. A local Developer has expressed interest in constructing a large affordable housing project. There has been no application to date and the project is currently in the proposal stage.

HOME OWNERSHIP ACTIVITY

- ◆ ***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 is currently providing 6 First Time Homebuyer Low and Moderate Income Housing Fund loans to provide up to \$150,000 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 2009-2010 funded 4 of the 6 new Seventh Street Villas Condominiums to low and moderate income households at a total cost of \$524,698. This also includes a loan increase of \$2,248 to a defaulted borrower as a loan increase to bring his delinquencies 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 funded by the City's Low and Moderate Income Housing Fund. As of June 30, 2010, construction is complete on all six units and four of the six condominium units are sold. The two remaining units are to be sold to moderate income households. Two applications are pending with Umpqua Bank.
- ◆ ***Agency Acquisition of Defaulted First Time Homebuyer Property Through Deed in Lieu of Foreclosure*** - On June 15, 2010, the First Time Homebuyers who owned the property located at 1710 16th Street in Eureka became 3 months delinquent on their 1st mortgage and requested the Agency allow a short sale. The Eureka Redevelopment Agency suggested a Deed in Lieu of Foreclosure. The homeowner had lost his employment and was leaving the area to pursue gainful employment, thus was unable to place the property on the market for sale as they would not be around and they felt there was no equity in the property for them to gain. As they felt they were upside down in their home, they agreed to a Deed in Lieu of Foreclosure. The City acquired ownership on June 15, 2010. The property has been cleaned and relocked and may be available for sale to a First Time Homebuyer or to the public to repay the Agency's expenditures.
- ◆ ***Annual Monitoring of Loan Term Compliance for All First Time Homebuyer Program Borrowers, Owner Occupied Rehabilitation loans, and Rental Rehabilitation Loans.*** All loans are monitored annually for program compliance (i.e. taxes current, owner occupancy, affordable rents, tenant occupancy, and income verification for new tenants on rental properties with required covenants. Insurance monitoring is provided by AmeriNational Community Services, a third party vendor.

HOUSING/NEIGHBORHOOD UPGRADE ACTIVITY

- ◆ ***LOCAL Fund/Owner Occupied Rehabilitation*** – Of the \$50,000 budgeted for the LOCAL owner occupied rehabilitation loan program for FY 2009-10, \$28,200 was expended for 1 loan. This applicant was moderate income, but not located within the Low and Moderate Income Housing Fund target area, thus requiring LOCAL funding. There are currently six LOCAL owner occupied rehabilitation loans and one rental rehabilitation loan remaining to be monitored with revenue generated into this account only upon repayment of these loans. Therefore, it is critical to limit the number of grants in the future and to save the repayments to be used for loans which can be repaid.

- ◆ **Low and Moderate Income Housing Fund/Owner Occupied & Rental Rehabilitation** – Two owner occupied rehabilitation loans and 1 loan advance was completed in FY 2009-2010. Although, \$550,000 was budgeted, only \$71,000 was expended as funding was frozen for the State “take” (see below). The waiting list consists of eight owner occupied rehabilitation applicants and three applicants who have requested rental rehabilitation. Staff is continuing discussions with the owner of the Greyhound Hotel to develop 11 apartments from single resident occupancy rooms with shared bathrooms above retail in “Old Town” when funding is available.
- ◆ **Paint Up/Fix Up Program** –\$25,000 was budgeted for FY 2009-2010 from the LOCAL fund. An additional \$43,000 was budgeted from the Low and Moderate Income Housing Fund, but frozen due to the State “Take” of funds. Nine grants were paid in 2009-2010 totaling \$20,936.40. 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. Additional funding was requested for emergency earthquake repairs. Those applicants with Building Department red tags were given priority. All others were added to the waiting list. There are current 95 applicants on the waiting list.
- ◆ **Dumpsters** - The City, 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 was augmented by the City’s budget of \$5,000 for additional dumpsters in FY 2009-2010. Since July 1, 2009, 16 dumpsters have been provided to the community free of charge and none of the budgeted \$5,000 has been expended.
- ◆ **Senior Home Repair Program** – In FY 2009-2010 the City appropriated \$15,000 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, approximately \$12,000.00 was expended to assist 95 seniors with small repairs.
- ◆ **Graffiti Clean Up Program** - The City, 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 Eureka city limits. The kits are available to eligible property owners at \$5 per kit and consists of 1 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, 2 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 2009-2010, 2 wheelchair ramp grants have been provided to households in need at a total cost of \$5,111.

AFFORDABLE RENTAL HOUSING ACTIVITY

- ◆ **Greyhound Hotel Project/Jack Freeman:** Jack Freeman, the owner of the “Greyhound Hotel” located at 420 3rd 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 2nd and 3rd floors of the structure, to 11 single unit apartments. The applicant will also seek bank financing. There is an existing retail store on the 1st floor. This project involves relocation, lead based paint mitigation, historic review, and affordability covenants for 25 years. The subject site suffered fire damage which is still under insurance company repairs. Due to the State “take” of funding, Low and Moderate Income Housing funds were not available and HOME funding is available but would require more costs and reporting. In order for the applicant to proceed, updated application materials will be required. This project will go before the Housing Advisory Board and City Council for approval, once the completed application has been received.

- ◆ **DANCO Communities Affordable Housing HOME Project:** Danco Communities has proposed a HOME grant application for the fall of 2010 for the development of a 15 unit multi-family affordable housing project. There has been no application to date and the project is currently in the proposal stage.

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.

The City has met all Special Conditions of the grant standard agreement and have received approval from the State for Release of Funds. Both projects are underway.

- ◆ **Humboldt Housing & Homeless Coalition’s Request for Consultant Services**—The Humboldt Housing & Homeless Coalition requested \$4,500 for the consultant fees to Home Base for writing the 2010 Continuum of Care Application to HUD. The Housing Advisory Board reduced the funding authorization to \$2,000 due to lack of funds from the City’s programs due to the State “take” to balance the State’s budget.
- ◆ **Alcohol & Drug Care Services 1742 J Street, Eureka Transitional Housing Facility** – The Housing Advisory Board on May 10, 2010 authorized the temporary suspension of the use of the facility at 1742 J Street as a transitional housing facility until the Community Development Block Grant funding can be awarded for FY 2010-2011. The facility will temporarily house income qualified graduates or employees of Alcohol & Drug Care Services until the funding is in place to continue transitional housing anticipated on June 30, 2010.

DEFAULTS/FORECLOSURES

- ◆ This fiscal year, the Redevelopment Agency had 9 loans in default. Many of the loans have carried forward from the previous year in probate. Of the nine, five have been paid in full, one was acquired by the Agency through a Deed in Lieu of Foreclosure, two are being processed as foreclosures, and the final heir to an estate is seeking resolution.

HOUSING ADVISORY BOARD ACTIVITY

- ◆ **Housing Advisory Board**—The Board held 5 public meetings during the fiscal year 2009-2010 primarily working to administer the approximately \$3.09 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, development and sale of the 7th Street Villas Condominiums, Senior Home Repair Program, Rental Housing Program Ordinance, Wheelchair Ramp Grant Program, the implementation of the Housing Element and Implementation Plan, Lead Based Paint Hazard Reduction Grant program, CALHOME, general loan monitoring of its approximately 146 loan files, and other general business related to loan and grant implementation.

ADDITIONAL PUBLIC INVOLVEMENT

- ◆ **Redwood Coast Green Opportunity Fair Hosted by College of the Redwoods Downtown Site in Eureka on March 19, 2010** – This workshop was very information with green employers, green job trainings, presentations focusing on funding, building improvements, as well as other green services for employers and general public. City staff manned a booth from 10:30-2pm and discussed City programs.
- ◆ **Tri-County Independent Living's 6th Annual Respect for Abilities Day at Redwood Acres in Eureka on July 24, 2009** - Staff attended this disability awareness event/assistive technology fair in recognition of the anniversary of the signing of the Americans with Disabilities Act (ADA) on July 25, 1990. Staff manned a booth from 10-2pm with program materials.

STAFF TRAINING

- ◆ **HOME For Rent: Developing Multi-family housing with HOME Workshop in Sacramento on May 4-5, 2010** - Staff attended this very informative workshop and learned about HOME program requirements, key steps in affordable rental housing development and rehabilitation, project conceptualization, and feasibility evaluation, project operating and development budgets, federal requirements such as relocation, NEPA, labor standards, and Fair Housing Advertising.

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".