

SECTION G
REDEVELOPMENT
AGENCY



OVERVIEW

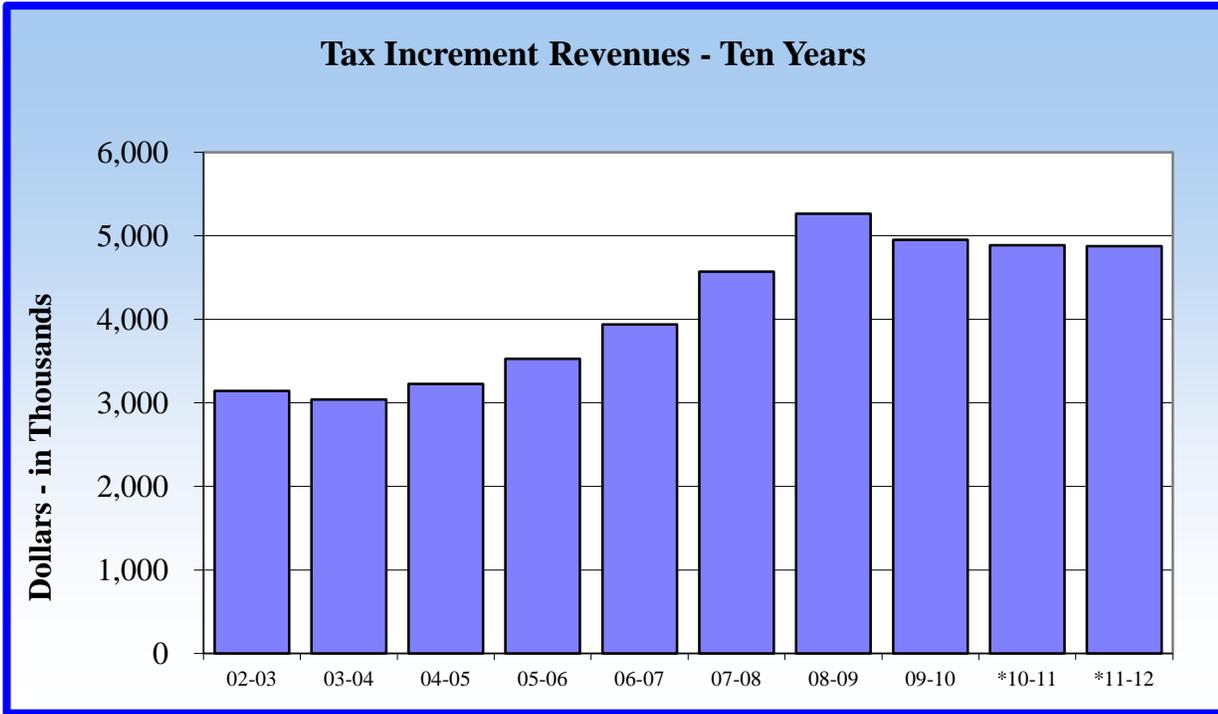
The Eureka Redevelopment Agency (Agency) budget is displayed in this document in several sections. Summaries for the Agency funds are included both in the “Recap of Funds” section beginning on page 19 and in the “Fund Summaries” section beginning on page 217. Revenues can be found in the “Revenues by 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

Redevelopment Fund Trends



HISTORICAL TAX INCREMENTS

Fiscal	Merged Project Area
02-03	3,141,399
03-04	3,038,826
04-05	3,227,871
05-06	3,527,479
06-07	3,936,997
07-08	4,571,136
08-09	5,262,127
09-10	4,951,265
*10-11	4,885,006
*11-12	4,873,772

* Estimated

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



REVENUES BY FUND

	2009-10 Actual	2010-11 Budget	2010-11 Estimated Actual	2011-12 Budget
Special Revenue:				
Low & Moderate				
Income Housing	\$ 1,514,741	\$ 1,722,093	\$ 1,502,548	\$ 1,452,945
Debt Service:				
Merged Project Area	9,106,535	9,241,583	6,631,006	6,147,368
Capital Projects:				
Merged Project Area	<u>2,381,672</u>	<u>3,114,612</u>	<u>1,981,644</u>	<u>776,700</u>
Total	<u>\$13,002,948</u>	<u>\$14,078,288</u>	<u>\$10,115,198</u>	<u>\$8,377,013</u>

EUREKA REDEVELOPMENT AGENCY

SUMMARY OF 2010-2011

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 2010-11 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

- ◆ ***2009-10 Statement of Indebtedness***—prepared the 2009-10 Statement of Indebtedness with the Finance Department, as required by California Redevelopment Law.
- ◆ ***2009-10 Annual Report of Financial Transactions***—prepared the 2009-10 Annual Report with the Finance Department, as required by California Redevelopment Law.
- ◆ ***2011-12 Annual Budget***—prepared 2011-12 Annual Budget for Redevelopment Administration, Housing and Revolving Loan Fund Programs.
- ◆ ***Redevelopment Advisory Board (RAB)***—prepared staff reports and agendas as needed.
- ◆ ***Youth Mural Program***—co-sponsored the “Youth Mural Program” with the Ink People.

- ◆ ***Eureka Art and Culture Commission***—Staff serves as City Liaison on the Eureka Art and Culture Commission. Distributes agendas and minutes to commission members, attend monthly Board Meetings, and take minutes.
- ◆ ***Images of Water Art Competition***—sponsored the 2011 Images of Water Photography Competition as recommended by the Local Coastal Program’s original implementation policies.
- ◆ ***Agency Transferred Property to the City***—In anticipation of the possibility that Redevelopment would be eliminated by the State, the Agency transferred its properties to the City on March 9th. Under current law, redevelopment agencies are authorized to transfer ownership of the physical assets of the Agency to the City. Such transfer must be for public purposes, and all conditions and restrictions on the property and its uses must be retained.
- ◆ ***I-Bank***—Fifteen reimbursements totaling \$1,983,000 have been requested and received for work completed on the \$2,000,000 “C” Street and Market Square Public Improvements Project. The project was completed in September and the final disbursement was requested in February when the Notice of Completion was recorded.
- ◆ ***Jefferson School***—On September 7, 2010, the City Council/Agency Board unanimously adopted Eureka Redevelopment Agency and City of Eureka Resolutions authorizing the purchase of Jefferson School from Eureka City Schools, a Unified District, appropriating funds for the purchase of the property from tax increment revenues, making certain findings and authorizing a budget amendment to the agency budget to allow for the payment of the purchase price \$600,000. In December, the City Council/Agency requested a report on the acquisition be placed on the agenda for the meeting of December 21, 2010. At that meeting the Council voted to ask Eureka City Schools for a three month extension of time to close escrow because the underwriters wanted to receive documentation that the sale was in compliance with State Education Code. Staff contracted with Arnie Herskovic of SHN to update a previously completed feasibility study. The item came back to Council on February 1, 2011. Council/Agency options were: proceed with purchase as approved on September 7, 2010, review/rescind previous Council/Agency direction to acquire Jefferson School, or continue discussion to the February 15th City Council meeting. Council/Agency voted to rescind the previous direction to purchase the School.
- ◆ ***Clarke Historical Museum Funding***—On October 5, 2010, the Agency Board approved a Funding Agreement and Operating Covenant as required to provide funding to the museum. The Agency Board approved \$25,000 for fiscal year 2010-11.

PRIVATE DEVELOPMENT ACTIVITY

- ◆ ***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 have occurred:
 - ✓ 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.

- **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 2010-2011:

- ✓ A \$10,000 deposit was received from the developer
- ✓ Developer applied for a Coastal Development Permit
- ✓ Coastal Development Permit went to Council in January, 2011
- ✓ Updated appraisal has been completed
- ✓ Development & Disposition Agreement went to /Council Agency Board in July.

- **Mission: SwimPossible--** At the March 28, 2011 meeting of the Redevelopment Advisory Board (RAB), the board heard a presentation by Brian Nunn and other members of the group Mission: SwimPossible. The group has been working toward building a public pool in Eureka and is interested in the Halvorsen Site (former Carson Mill Site).

The RAB voted unanimously to issue an RFP for the site. The RFP was distributed on April 18th with a submission deadline of May 9th. A display ad also ran in the Times Standard. On May 24th, the RAB considered the submitted proposals.

Two proposals were received as of the due date. One was from the Mission: SwimPossible group and the other from Travis Schneider for the Halvorsen Village on Humboldt Bay.

At their meeting, the RAB heard presentations on each of the projects, discussed the projects and unanimously voted to recommend a 1 year ERTN with Mission: SwimPossible. They also requested that the Developer provide a status report to the RAB at six and nine months from the date of ERTN approval. If the developer is unable to secure funding within the one year time period the RAB will recommend to the City Council and Agency Board that the ERTN be withdrawn. At their meeting of June 21st, the Council/Agency Board authorized execution of a 1 year ERTN between the Eureka Redevelopment Agency and Mission: SwimPossible.

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

- **Eureka Pier (Fisherman’s Building)**—Staff met with the Developer as needed.
- **Open Door Community Health Centers**—ERTN for the purchase and development of Agency property on Tydd Street for a community health center. The following activities occurred:
 - ✓ Six month ERTN with Open Door Community Health Centers approved on November 16, 2010. Facility will be a 30,000 square foot health center.
 - ✓ A deposit of \$10,000 was received from developer.
 - ✓ Appraisal was completed.
 - ✓ All items required by the ERTN have been received. Design, permitting and other required items are being performed concurrently.
 - ✓ Development & Disposition Agreement approved by the Council/Agency Board on June 7, 2011, and property purchase has been completed.
 - ✓ Construction is expected to start in August.

◆ ***Facade Improvement Program (co-administered with Eureka Main Street)***—No activity due to lack of funding.

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 sq. ft. 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 project has been completed and is open to the public.
 - **“C” Street**— Construction of a 60-foot wide plaza along the 240-foot long portion (14,400 sq. ft.) of “C” Street, has been completed. This pedestrian oriented plaza area includes street furniture consistent in number, scale, and style as those on the existing Boardwalk and “F” Street pedestrian plaza, permanent, semi-permanent, and removable facilities for public gatherings including: a ticket booth and/or information kiosk and outdoor dining areas. A ribbon cutting and a sculpture dedication have also taken place in two separate events. Staff continues to work on the trellis signage, kiosk signage and banners depicting local fishermen.
 - **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. Major tenants are committed and construction is in process. Staff continues to work on securing a tenant for the café/seafood counter. Ribbon cutting is scheduled for September 1, 2011 at 2:00 pm.
 - **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. Project is nearing completion.
- ◆ **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 and underground tanks with above the ground tanks, completed cleanup of contaminated soil around leaking underground storage tanks.
- ◆ **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

- ◆ **CDBG Public Hearing** — On July 28, 2010, staff held a CDBG public hearing to discuss the Fiscal Years 2010 & 2011 CDBG program and solicit citizen input on the following activities.
 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. **Final 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. **Final 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 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 the State CDBG Program toward the completion of this project. Fifteen full-time equivalent jobs were required to be created within 36 months of grant expiration date which is June 30, 2012. Eight of those jobs were required to be filled by low income persons (TIG persons). HSRC successfully created all required jobs, plus 12 additional jobs, by the end of February 2011.
- ◆ **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.
 - ✓ Project was over 50% complete on June 30, 2011.
- ◆ **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. Final plans have been completed and the project is ready to go out to bid. Construction is anticipated to begin in August 2011.

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*—No Activity.

REVOLVING BUSINESS LOAN PROGRAM

- ◆ *Administration*—continued to monitor open loans and market program to lending institutions and potential borrowers. Staff continues to meet with prospective businesses interested in starting, relocating or expanding a business in Eureka. The following loan was approved:
 - **Mycelia Sands** ~ a commercial mushroom business that has been working to get production underway for over a year. Two to three jobs are estimated to be created.

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 San Bernardino, 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 917 Employee Hiring Credit Vouchers to EZ businesses during this period. Businesses located in the EZ continue to learn about the program and the benefits it offers.
 - ✓ **Business License Waivers Issued**—93
 - ✓ **Business Information Packets Distributed**—62
 - ✓ **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.
 - ✓ **Bi-Annual Enterprise Zone Report – 2010**—Staff is gathering information needed to track the 27 performance measures required to be documented as a condition of EZ approval. Staff requested Enterprise Zone Partners to update information on their data collection and Redevelopment Staff will compile all data into a formal report to be sent to HCD.
 - ✓ **Expansion of the Enterprise Zone 2010**— This expansion process was recently begun, and will include ‘satellite areas’ of unincorporated areas of the county. Areas chosen will include highest concentration of businesses and/or locations with businesses that have employees. This process will include working with the county economic development department and will include a MOU with the county. Staff has begun gathering aerial maps to locate areas zoned commercial/industrial.

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 (9/92-6/11)**
 - **Net New Businesses**—528
 - **Net New Jobs**—1972.5
 - **Ground Floor Vacancy Rate**—reduced from 14% (9/92) to 1.5%
- ◆ **National Recognitions**—The City of Eureka was recognized in the following publication:
 - **Sunset Magazine highlighting Eureka, “One of the 10 Best Places to Live in the West”**

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.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT

- ◆ *California Association for Local Economic Development (CALED) Board*—Executive Committee Board Member. Actively supported/opposed legislation affecting economic development in the State.
- ◆ *Annual CALED Conference*—Staff attended the 31st Annual CALED Conference in Sacramento, 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.

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, completing a current marketing piece and establishing a Work Plan. 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.

Another outreach component is ‘One to One Business Meetings’. Staff sets up meetings with local businesses and the City Manager, Redevelopment & Housing Director and Economic Development Coordinator to meet with those businesses. These meetings have been positive in nature.

Staff worked with McClellan Mountain Spring Water, located in Samoa, to discuss the Enterprise Zone benefits. They are manufacturing an innovative biodegradable plastic bottle, in which they bottle their spring water.

- ◆ *Purchased Advertising*—Ads were placed in the following publications:
 - North Coast Jazz Festival Program
 - The Palette Magazine

- ◆ *Website Update*—The update of the Redevelopment website has been completed.

ADDITIONAL PUBLIC INVOLVEMENT

- ◆ *Eureka Chamber of Commerce Business & Industry Committee*—staff attends meetings as scheduled to discuss issues affecting businesses in the region.
- ◆ *Carson Nation!* ~ Staff worked with producers of national televised show focusing on Eureka!

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	16
➤ Housing Pending Applications	1
➤ Housing Loans Declined	0
➤ Housing Loans Canceled	0
➤ Housing Rehabilitation Under Construction	1
➤ Housing Rehabilitation Relocation Grants Pending	1

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

➤ Owner Occupied Housing Rehabilitation Completed	0
➤ Owner Occupied Housing Pending Applications	0
➤ Rental Rehabilitation Loans Pending	0
➤ Rental Rehabilitation Loans Monitored	9
➤ Paint-up Fix-up Grants Completed	3
➤ First Time Homebuyer Loans Completed	2
➤ First Time Homebuyer Loans Monitored	78
➤ Owner Occupied Housing Loans Monitored	12
➤ Housing Loans Canceled	0
➤ Relocation Grants Approved	0
➤ Subordinations Processed	4
➤ Rental Rehabilitation Loan Withdrawn	1

◆ ***HUD Rental Rehab (Fund #285)***

➤ Rental Rehab Projects Monitored	0
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◆ ***HOME Program Owner Occupied Housing Rehabilitation***

➤ Housing Rehabilitation Loans Monitored	11
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◆ **Local Housing Program (#291)**

➤ Wheelchair Ramp Grants	0
➤ Dumpsters Provided	15
➤ Senior Home Repair Grants	80
➤ Paint-up Fix-Up Grants	3
➤ Housing Rehabilitation Projects under Construction	0
➤ Housing Rehabilitation Completed	1
➤ Rental Rehabilitation Loans Monitored	1
➤ Housing Loans Monitored	5
➤ Pending Applications on Waiting List	3
➤ Graffiti Grants	1

◆ **HOME First Time Homebuyer Program**

➤ First Time Homebuyer Loans Monitored	8
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◆ **CalHome Program 06-CalHOME-198**

➤ Housing Rehabilitation Projects under Construction	2
➤ Housing Rehabilitation Completed	4
➤ Pending Applications	3
➤ Housing Loans Monitored	7
➤ Applications Withdrawn	5

◆ **Other Miscellaneous Loan Activities**

➤ Loan Payoffs Processed	12
➤ Defaults/Foreclosures In Progress	5
➤ Loan Modifications Processed	1

ANNUAL LOAN MONITORING:

- ◆ **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, each calendar year, for loan terms and condition compliance (i.e. property taxes current, owner occupancy on single family rehabilitation and homebuyer loans, affordable rents, tenant occupancy, and income verification for new tenants on rental properties with required covenants). Most insurance monitoring for loan compliance is provided by AmeriNational Community Services, a third party vendor, but additional insurance monitoring of contracts is provided by staff.

HOUSING GRANT ACTIVITY

- ◆ **CDBG-Program Income Funds** –\$65,000 was budgeted for loans this fiscal year and was increased by \$5,000, to a total of \$70,000. 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. CDBG Program Income funds have been used this fiscal year to finance rehabilitation work for CalHome loans with construction costs over the allowable \$35,000 maximum loan limit. One CDBG loan, totaling \$50,000 is under construction and one loan was completed in the amount of \$20,000. Both loans were secondary loans to CalHome recipients. One applicant remains on the waiting list for funding in 2011-2012 as a second phase of construction.

- ◆ ***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 \$35,000 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. Two loans were completed in 2009-2010. Four in 2010-2011. Two loans are under construction, and three applications are pending eligibility. An amendment to the Standard Agreement extended the program deadline to June 28, 2011, and a second amendment was recently received to extend the deadline to June 28, 2012. Intense radio ads began on November 3, 2010 and continued through February 3, 2011 for outreach for the 5 remaining loans.
- ◆ ***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 eligible program purposes. For Fiscal Year 2010-11, \$350,000 was budgeted for loans. Funds are anticipated to be used for owner occupied housing rehabilitation or for an affordable housing or rental rehabilitation project in fiscal year 2011-2012.

HOME OWNERSHIP ACTIVITY

- ◆ ***First Time Homebuyers Program (LMIHF)*** – The Eureka Redevelopment Agency’s LMIHFs are in a precarious position with the Governor’s Budget Year 2011-2012 proposal to eliminate Redevelopment Agencies by October 1, 2011. There are currently 173 applicants on the Program’s Waiting List. Two loans were approved in Fiscal Year 2010-2011 which completes the sale of the final 2 7th Street Villa Condominiums. The condominium units were developed in partnership with the Humboldt County Office of Education on Agency owned property. These properties were recorded with 45 year affordability restrictions. Four of the 6 units were sold in FY 2009-2010 and the final 2 units sold by December 30, 2010. There are no additional First Time Homebuyer funds this year due to the “State Take” of funds from the LMIHF.
- ◆ ***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. The completed project consists of six condominium units constructed by the Humboldt County Office of Education’s Regional Occupational Building Trades Program at Eureka High School and were sold to First Time Homebuyer’s funded by the Agency’s LMIHF. As of June 30, 2010, construction was completed on all 6 units and 4 of the 6 condominium units are sold. The 5th unit sold in July 2010 and the final 6th unit sold on December 30, 2010.
- ◆ ***Agency Acquisition of Property at 1710 16th Street, Eureka*** - On June 15, 2010, the First Time Homebuyers of 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 in the area and they felt there was no equity in the property to benefit them. As they felt they were upside down in their home, they agreed to a “Deed in Lieu of Foreclosure”. The Agency acquired ownership on June 15th, and paid the first mortgage in full. The property has been cleaned, rekeyed, maintained, and has provided relocation for a homeowner who is undergoing major residential rehabilitation of her property under the Agency’s CalHome & CDBG-Program Income loan programs. Upon termination of relocation tenancy, the property may be rehabilitated and offered to a First Time Homebuyer (pending 2011-2012 funding availability), or will be sold to the public “as is”.

- ◆ ***Agency Acquisition of Property at 2315 Pine Street, Eureka*** – The First Time Homebuyer of this property was delinquent with first mortgage payments and the Agency filed foreclosure and acquired the property on August 20, 2010 due to a lack of buyers at the Trustee’s Sale. The “Trustee’s Deed Upon Sale” was recorded on September 28th, transferring ownership to the Eureka Redevelopment Agency. The First Mortgage lien holder was paid in full by the Agency and the property is now under Agency ownership. The tenants vacated the property on January 31st, after the property suffered a suspicious fire in the master bedroom causing approximately \$12,000 in damage. This property is intended to be rehabilitated and sold to a First Time Homebuyer (pending 2011-2012 funding availability), or will be sold to the public “as is”.
- ◆ ***Agency Acquisition of Property at 3405 Glen Street, Eureka*** – The First Time Homebuyer of this property was delinquent with first mortgage payments and agreed to a “Deed in Lieu of Foreclosure” as he had suffered an disabling injury and could no longer work. The property was transferred to the Agency on May 9, 2011, and the tenant vacated on May 31st. The First Mortgage lien holder was paid in full by the Agency and the property is now under Agency ownership. This property is intended to be rehabilitated and sold to a First Time Homebuyer (pending 2011-2012 funding availability), or will be sold to the public “as is”.

HOUSING/NEIGHBORHOOD UPGRADE ACTIVITY

- ◆ ***LOCAL Fund/Owner Occupied Rehabilitation*** – Of the \$50,000 budgeted for the LOCAL owner occupied rehabilitation loan program for FY 2010-11, none of the funds have been expended. One loan in the amount of \$50,000 is available. One loan was completed which was funded in February 2010. These funds are reserved for moderate income households who are not located within the LMIHF target area, thus requiring LOCAL funding. There are currently five LOCAL owner occupied rehabilitation loans being monitored and one rental rehabilitation loan with revenue generated into this account only upon repayment of 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.
- ◆ ***Senior Home Repair Program*** – Each fiscal year, the City enters an Agreement with the Humboldt Senior Resource Center to administer this small home repair grant program to income qualified seniors, over 60 years of age to receive eligible repairs and services ranging from grab bars to leaky faucets, toilets, and smoke detectors. In FY 2010-11 the City appropriated \$10,000 from the LOCAL fund, for the program. It is anticipated that the entire \$10,000 will be expended to assist approximately 80 seniors with small repairs.
- ◆ ***LMIHF/Owner Occupied & Rental Rehabilitation*** –Although, \$300,000 was budgeted for owner occupied rehabilitation loans, due to the proposed Redevelopment elimination, no new contracts are to be executed. These funds will be available for use in next year’s budget pending the Redevelopment elimination. The waiting list consists of six owner occupied rehabilitation applicants and seven applicants who have requested rental rehabilitation.
- ◆ ***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. Fifteen dumpsters have been provided to the community free of charge since July 1, 2010, and 15 free dumpsters remain until January 1, 2012 when 20 additional dumpsters will be available.
- ◆ ***Wheelchair Ramp Grant Program*** – This grant program provides funding for residential wheelchair ramp projects from \$2,500 for moderate income households and up to \$3,500 for low income households. For Fiscal Year 2010-11, \$10,000 has been budgeted for the installation of wheelchair ramps, graffiti kit costs, and dumpster costs over the 20 free dumpsters provided by City Garbage. No wheelchair grant applications were received in FY 2010-2011.

- ◆ ***Paint Up/Fix Up Program*** –\$25,000 was budgeted for FY 2010-11 from the LOCAL fund, and an additional \$25,000 was budgeted from the LMIHF. The program provides grants of up to \$2,500 for qualified moderate to low income homeowners and landlords who rent to qualified income eligible tenants for exterior repairs to the residence. It is anticipated that the LOCAL funds will not always be available for future grants; therefore, staff may seek other funding sources in the future for grants (perhaps CDBG funds to low income homeowners city wide). The earthquake in January 2010 prompted emergency grant expenditures for repairs. Those applicants with Building Department red tags were given priority. All others were added to the waiting list. There are currently 120 applicants on the waiting list. Three LOCAL grants totaling \$7,500 was spent and three LMIHF grants totaling \$6,750.
- ◆ ***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 consist 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. For fiscal year 2010-2011, one kit has been issued.

AFFORDABLE RENTAL HOUSING ACTIVITY

- ◆ ***Greyhound Hotel Project:*** Jack Freeman, the owner of the “Greyhound Hotel” located at 420 3rd Street had requested \$450,000 in Agency funding from LMIFs for the rehabilitation and conversion of the existing single resident occupancy (SRO) units on the 2nd and 3rd floors of the structure, to 11 self contained apartment units. The application was never complete and the owner withdrew his request after fire damage to his building (which he is repairing with his insurance proceeds and personal financing). He may seek additional funding for the “May Motel” affordable housing project (next door to the Greyhound Motel) which would incorporate earthquake seismic retrofit funds, rehabilitation funds, relocation funds, lead based paint mitigation, historic review, façade grant, and affordability covenants for 25 years. The owner has been notified that LMIHFs will not be available in Fiscal Year 2010-2011, but HOME Program Income Funds may be available.

TRANSITIONAL HOUSING ACTIVITY

- ◆ ***Humboldt Housing & Homeless Coalition’s Request for Consultant Services*** - On May 16, 2011, the HA B approved \$2,000 for consultant fees for the grant writing of the Humboldt Housing and Homeless Coalition’s 2011 HUD Supportive Housing Program grant application, which if awarded, could assist the City and County with \$639,000 to be used in the community for supportive housing and services, transitional housing, and substance abuse treatment.
- ◆ ***North Coast Veterans Resource Center (NCVRC)-Veterans Transitional Housing Facility***—On July 17, 2008, the City received notification that Eureka had been awarded a grant in the amount of \$1,500,000 from the FY 2008-2009, General Allocation of the State CDBG. The NCVRC, a division of the Vietnam Veterans of California, Inc., was allocated \$876,000 of the award to assist in the financing of Phase II construction improvements of a Veteran’s Transitional Housing facility in Eureka, and \$460,000 to assist the Veterans in providing additional program services. The remaining funds (\$12,000) are to assist the Humboldt Community Access Resource Center (HCAR) in financing building improvements to the HCAR Sunrise Plaza where program services are provided to developmentally disabled adults, and (\$152,000) to the City for general administration of the grant. The City had previously secured CDBG grant funding for the Veterans’ project in the amount of \$201,000 which was used to assist the Veterans’ in the acquisition of the facility site. The center was completed and opened on March 12, 2011, and will provide 34 beds for homeless Veterans, as well as program services to all Veterans. Staff continues to monitor this CDBG funded project.

- ◆ *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 CDBG 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. Tenant occupancy reports were received in July 2010 to reflect compliance with the proper use.

DEFAULTS/FORECLOSURES

- ◆ *Default/Foreclosures* - As of December 31, 2010, there are currently three loans in default, as one loan was paid in full and two defaults were brought current. All current defaults are First Time Homebuyer Program (FTHB) loans.
 - Three properties were acquired through default/foreclosure by the Agency.
 - One property was sold and the loan repaid as it was no longer owner occupied.
 - Two property owners were in default for nonpayment of first mortgage loan payments, but brought first mortgage payments current and are current to date.
 - First Time Homebuyer passed away and son is trying to acquire title by transferring property into his name.

CDBG-PROGRAM INCOME RELOCATION

- ◆ *Relocation* - The property owner of 1135 McCullens Avenue in Eureka received a Building Department “Notice to Abate” and was unable to fund required repairs. As an option to a “Receivership” for rehabilitation, the Borrower was qualified as an eligible CalHome and CDBG Program Income loan recipient. Borrower has been approved for a \$35,000 CalHome and \$50,000 CDBG-PI rehabilitation loan to complete substantial rehabilitation of the existing residence. The homeowner was authorized for a temporary relocation grant of up to \$5,000 to Agency owned property until rehabilitation has been completed on June 30, 2011.

HOUSING ADVISORY BOARD ACTIVITY (HAB)

- ◆ *Housing Advisory Board*—The Board held a meeting on July 12, 2010, to administer the approximately \$2.04 million in Redevelopment LMIHFs 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 FTHP, completing the development and sale of the 7th Street Villas Condominiums, Senior Home Repair Program, Rental Housing Program, Wheelchair Ramp Grant Program, the implementation of the Housing Element and Implementation Plan, Lead Based Paint Hazard Reduction Grant program, Temporary Relocation, CALHOME, general loan monitoring of approximately 149 loan files, and other general business related to loan and grant implementation.
- ◆ *Boardmembers* - The HAB should consist of seven members and a majority vote (4 member unanimous vote) is required to take action on any action items before the HAB. The Mayor recently appointed Jim Snow and Margaret Stevens to the Board which will bring the Boardmember total to six, with one vacancy.

July 12, 2010 Regular Board Meeting:

- *Housing Element Status Update*
- *Werth - CDBG Deferred Rehab Loan Approval*
- *Reinsmith – CalHome Deferred Rehab Loan Approval*
- *Humboldt Housing & Homeless Coalition - Request for Funds Authorization of \$2,000*
- *Proposed FY 2010-2011 Budget Discussion*
- *Housing Objectives and Achievements FY 2009-2010*
- *Amendment to Extend Umpqua’s Agreement to Provide First Mortgage Loans as part of the Agency’s First Time Homebuyer Loan Program for FY 2010-2011*

October 11, 2010 Regular Board Meeting:

- *CDBG-PI \$50,000 Rehabilitation Loan & \$5,000, CDBG-PI Temporary Relocation Grant-Swanson*
- *LMIHF First Time Homebuyer Loan Subordination and Loan Modification: Ashley Ipock*
- *Alcohol & Drug Care Services Facility Update: 1742 J Street, Eureka*
- *Education Item: Housing Rehabilitation Program Residential Anti-Displacement & Temporary Programs*

February 14, 2011 Regular Board Meeting:

- *Reappointment of Boardmember Laurie Sanchez*
- *Oath of Office New Boardmember John Chiv*
- *Schmitz - CalHome Deferred Rehab Loan Approval*
- *Mid –Year Budget Review*

May 9, 2011 Regular Board Meeting Canceled and Rescheduled to May 16, 2011:

- *Request for 2011 Humboldt Housing & Homeless Coalition’s Grant Writing Consultant Fees*
- *Humboldt Bay Housing Development Corporation Request for State CDBG Planning & Technical Assistance Grant for First Time Homebuyer Program Feasibility Study*

STAFF TRAINING

- ◆ *September 15-17, 2010: 2010 CDBG & HOME CONFERENCE: Renewing California Communities with CDBG and HOME, in Sacramento* - Staff attended this very informative workshop and learned about HOME, CDBG, & CalHome program requirements, differences, benefits, changes in policy, challenges, monitoring, Lead Based Paint overlays, conflict of interest, procurement, and program income.
- ◆ *February 15, 2011: Housing Staff Spoke before the Legislative Committee Hearings at the State Capital* – Staff spoke the Affordable Housing Finance Committee at the State Capital in opposition to the elimination of Redevelopment Agencies and discontinuing the California Enterprise Zone Programs.
- ◆ *March 30, 2011: 2011 California Redevelopment Association Annual Conference & Expo in San Jose titled “Redevelopment Worth Fighting For”* - Staff attended this very informative conference which updated the current status of the Governor’s Proposal to Eliminate Redevelopment, addressed Creating Community Support at the Local Level, Securing Funding for Affordable Housing Workshops, Affordability Covenants – Getting your Money’s Worth!, and SB2011 “ten year” plan extension.

- ◆ ***June 6, 2011: “Working Successfully with Customers & Staying Courteous Under Pressure” at the Wharfinger Building in Eureka.*** Redevelopment staff attended this class which identified the importance of “customer service, understanding what motivates people to serve both external and internal customers well, keeps discussions open and focused on problem solving, developing skills to deal with anger (personal and other’s anger), applying valuable communication techniques to resolve customer problems and concerns, and practice stress management techniques when it seems like “the whole world is out to get you”.
- ◆ ***June 15, 2011: 2011 HOME Program Notice of Funding Application Training Workshop for Rental Projects*** - Staff attended this informative HOME training which covered Rental New Construction and Rental Rehabilitation with or without Acquisition Projects only. This information will be useful in completing a HOME Program Grant application which is due on August 15, 2011.
- ◆ ***June 21, 2011: Joint Powers Risk Management Authority Training entitled “Contracts as a Tool in Managing Risk”*** - Housing staff attended this training sponsored by REMIF to educate staff who deal with contracts and insurance requirements of new regulations, the purpose and essential elements of contracts, negotiating contractors for more favorable terms, elements of indemnification, and liability.
- ◆ ***June 28, 2011: 2011 HOME Program Notice of Funding Application Training Workshop for Owner Occupied Rehabilitation Program Activities, First Time Homebuyer, and Tenant Based Rental Assistance in Eureka*** - Staff attended this workshop in anticipation of completing a HOME Program Grant application.

HOUSING PROGRAM MARKETING

- ◆ ***Marketing*** –Once a year, the Agency mails marketing packets to a list of public offices, schools, agencies, and media. Before the approved June 28, 2012, extension for the CalHome Program, the Agency ran radio ads from November-January to advertise for the remaining 5-6 CalHome rehabilitation loans and to create a waiting list of applicants for the next fiscal year’s owner occupied rehabilitation loans. The benefits of the Housing Programs are listed in the publication, "Humboldt Kid's Digest" and the “Senior Digest”. The Times Standard publication for advertising was not published as funds were limited from the “State Take” of Redevelopment Agency funds in FY 2009-2010.