



SUPPLEMENTAL

COUNCIL AGENDA: 1-26-10

ITEM: 4.7

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Paul Krutko

SUBJECT: SEE BELOW

DATE: January 22, 2010

Approved

Date

1-22-10

COUNCIL DISTRICT: Citywide

SUBJECT: APPROVAL OF AMENDMENTS TO THE CDBG CONSOLIDATED PLAN ANNUAL ACTION PLAN FOR CHANGE IN USE OF 16.1 ACRES AT THE FMC SITE

REASON FOR SUPPLEMENTAL REPORT

This memorandum is being sent to the Mayor and City Council in order to report on comments received during the 30-day public comment period related to amending the 2004-2005 Consolidated Plan Annual Action Plan.

RECOMMENDATION

It is recommended that the City Council approve the recommendation made in the January 13, 2010 memorandum.

BACKGROUND

The memorandum submitted to the City Council on January 13, 2010 indicated that a supplemental memorandum would be distributed to the Mayor and City Council prior to the January 26, 2010 City Council meeting. This supplemental memorandum will report the public comments received to date and any changes made to the document since the notice of public hearing was released on December 3, 2009.

ANALYSIS

Public Comments

Since the release of the memorandum related to the Approval of Amendments to the Consolidated Plan Annual Action Plan for FY 2004-2005 on December 3, 2009, a public hearing has been held. The public hearing was held with the Housing and Community Development Advisory Commission (HCDC) on December 10, 2009. The HCDC recommended approval of the Amendments to the 2004-2005 Consolidated Plan Annual Action Plan for 2004-2005 by a vote of 6-0.

HONORABLE MAYOR AND COUNCIL

Subject: Approval of Amendments to the Consolidated Plan Annual Action Plan for FY 04-05-Supplemental

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The questions and comments received from the Housing and Community Development Advisory Commission fall within three basic areas; the collateral being proposed by the City, the current economic climate and the Developer's level of commitment moving forward with the project and the role of the Housing Department in Section 108 deals.

The Proposed Collateral

Staff from the Finance Department, Office of Economic Development (OED), Attorney's Office and General Services reviewed City owned property that was eligible and would meet the value necessary to meet Housing and Urban Development (HUD) collateral requirement. The list generated and presented to HCDC included the Biblioteca Latinoamerica library. The Commission expressed concern and recommended that the library not be pledged as collateral given the transformative effective the library has had on the surrounding community. OED staff has subsequently removed it from the list.

Developer's level of commitment in the current economic climate

The commission was concerned about the viability of the project and the potential exposure to CDBG funds should the project not move forward. The commission recommended that the City's General Fund be considered for any unpaid future debt service.

OED staff explained that developer still is very committed to move forward with the proposed development and that under the current development agreement the debt service on the Section 108 loan is secured through 2013. Should the deal not be realized, OED would issue a Request for Proposals (RFPs) for another developer to move forward with the current site entitlements. Finally, staff reiterated that the General Fund is currently the first revenue source for the debt service followed by the sale of any collateral and then finally CDBG funds.

Housing Department's role in Section 108

The commission recommended that the Housing Department be the lead agency who coordinates any existing or future Section 108 loans and amendments.

COORDINATION

This report has been coordinated with the Housing Department and the City Attorney's Office.

CEQA

EIR Resolution No. 71716. File No: PP08-093.



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