



REPORT

DATE ISSUED: For the Agenda of November 14, 2003 **ITEM 105**

REPORT NO: HCR03-106

SUBJECT: Interim Funding and Relocation Technical Assistance to the City of San Diego for the De Anza Harbor Resort Transition Plan (Council District 6)

SUMMARY

Issue: Should the Housing Commission recommend Housing Authority approval of an interim commitment of \$2 million in Housing Commission funds to support the City's transition plan and relocation assistance for the residents of De Anza Harbor Resort?

Recommendation 1: That the Housing Commission recommend Housing Authority approval of:

- a) a \$2 million backstop funding commitment to the City of San Diego for the proposed transition and relocation assistance for the low income residents of De Anza Harbor Resort Harbor Resort and
- b) establishment of \$2 million set aside of local funds in the Housing Commission FY04 Budget for the De Anza Harbor Resort Transition Set Aside Fund and authorization for the Chief Executive Officer to expend the set aside fund for this purpose as needed by the City.

Recommendation 2: That the Chief Executive Officer be authorized to execute all documents or agreements to accomplish the recommended actions.

Fiscal Impact: Approval of this action, along with final Housing Authority approval, would result in the establishment of a \$2 million set aside fund and subsequent expenditure of these funds. It is the stated intention of the City to use cash flow from operation of the resort and Sludge Mitigation Funds to the extent they are available to fund the transition plan.



Certificate of Funding Availability:

Certificate No.:	FY04-078
Amount:	\$2,000,000
Revenue Source:	Local Fund Reserves
Division:	Rental Assistance
Line Item:	Loans

Affordable Housing Impact Statement: Housing Commission revenues, if utilized, will assist resident households earning less than 80 percent Area Median Income.

BACKGROUND

In 1945, the state granted the De Anza Harbor Resort land to the City for public use. In 1953, the City entered into a lease agreement that allowed the land to be used for “tourist and travel trailer” purposes. Over time, the trailers became less mobile and used for permanent residential purposes. In 1981, a state law was passed allowing residential use of the tidelands property until November 23, 2003. Since the lessee of the property, De Anza Harbor Resort, has decided not to exercise an option to develop the property at the end of the lease term (November 23, 2003), the City of San Diego is scheduled to take control of the property November 24, 2003. At the present time over 500 residents live in the mobile home park and many are elderly with limited incomes. The City intends to return the land to public use as originally planned.

DISCUSSION

The City of San Diego has been working on a settlement plan to maintain the property for up to 4.5 years to allow residents time to relocate and to provide moving assistance to residents of De Anza Harbor Resort. Revenue sources for this plan include the monthly rent amount currently being paid by residents of De Anza and the possible use of Fiesta Island Sludge Mitigation Funds. Because the City is prepared to immediately execute agreements with residents and the use of the Sludge Mitigation Funds will require time to receive administrative approval from the Coastal Commission, the City has approached the Housing Commission for assistance by seeking a commitment of Housing Commission funds to this project on a temporary basis until other funding is available. This action will allow the City to execute agreements with the residents of De Anza Harbor Resort and to make the necessary financial commitments to these families.

Once Sludge Mitigation Funds are approved for this purpose, it is expected that the Housing Commission funds will no longer be necessary. The Housing Commission will utilize its current reserves to fund cash flow needs of this project. There is, however, no firm guarantee of repayment to the Housing Commission if neither the operating budget

nor the Sludge Mitigation Fund is insufficient. The Commission, upon approval of this action, will use \$500,000 of local reserves (leaving a balance of \$1.3 million or less than 1% of the agency's total budget in the Contingency Reserve) and all of the \$1,500,000 local reserve for the Section 8 program to create a new De Anza Harbor Resort Transition Set Aside Fund. Upon release of this funding commitment or reimbursement of expended funds, it is anticipated that the agency and Section 8 reserves will be restored to original levels.

The City has also asked that the Housing Commission assume responsibility to provide technical assistance and support as needed to assist the low income residents of De Anza in their efforts to locate replacement housing. The City will identify a source of revenue to replace Housing Commission funds needed to provide this support and technical assistance. Cost of this assistance has been estimated to be approximately \$1,935 per household for a total anticipated cost of up to \$967,500 (if all 500 families were to qualify) over a four to five year period.

Submitted by,

Carrol M. Vaughan
Chief Operating Officer

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Officer