

# *STAFF REPORT*



ITEM NO. 10  
*CITY OF OCEANSIDE*

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DATE: July 9, 2008

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO DEOBLIGATE \$200,000 OF HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS ALLOCATED TO COMMUNITY HOUSINGWORKS FOR DEVELOPMENT OF TRANSITIONAL HOUSING FOR YOUTH AGING OUT OF THE FOSTER CARE SYSTEM; APPROVAL TO APPROPRIATE \$200,000 OF HOME FUNDS TO SAN DIEGO HABITAT FOR HUMANITY TO BUILD A SINGLE-FAMILY HOME IN OCEANSIDE**

## **SYNOPSIS**

Staff recommends that the City Council deobligate \$200,000 of HOME Investment Partnership Program funds allocated to Community HousingWorks for development of transitional housing for youth aging out of the foster care system; appropriate \$200,000 of HOME funds to San Diego Habitat for Humanity (Habitat) to build a single-family home in Oceanside; approve a Memorandum of Understanding (MOU) with Habitat for the use of the funds; and authorize the City Manager to execute the MOU.

## **BACKGROUND**

The City of Oceanside is a recipient of HOME Investment Partnership (HOME) Program grant funds from the U.S. Department of Housing and Urban Development (HUD). The HOME Program provides formula grants to States and local jurisdictions that communities use directly or in partnership with nonprofit housing organizations to fund a wide range of activities. HOME funds may be used to build, buy, and/or rehabilitate affordable rental housing, support first-time homeownership programs for low-income households, or provide direct rental assistance to low-income individuals or families. The City of Oceanside uses HOME funds for a first-time homeowner program and to develop new rental housing that is affordable to low- and very low-income households.

Under HOME Program regulations, fifteen percent of the funds granted to local jurisdictions must be allocated to a Community Housing Development Organization (CHDO). A CHDO is a private nonprofit organization that has among its purposes the provision of decent housing that is affordable to low- and moderate-income persons, as

evidenced in its charter, articles of incorporation, resolutions or by-laws; has a demonstrated capacity for carrying out activities assisted with HOME funds; and, has a history of serving the community within which housing to be assisted with HOME funds is to be located (24CFR92.2). The fifteen percent requirement is cumulative and the City exceeded the requirement for some years due to allocation of CHDO funding for the Old Grove Apartments project.

The City needed to allocate funds in 2007 to a CHDO or risk losing the funds, and the City Council on July 18, 2007, allocated \$200,000 to develop transitional housing for youth aging out of the foster care system. Community HousingWorks, the City's only certified CHDO at the time, and Interfaith Community Services, their partner in the project, have not been able to identify a site that is appropriate for the proposed transitional housing program and that would meet federal HOME Program requirements. In the meantime, Casa de Amparo was awarded a five-year grant from the County of San Diego to work with former foster youth. The grant for the "New Directions" program managed by Casa de Amparo provides funds for a master lease for eleven scattered site apartments to house up to 24 former foster youth ages 18-23 and for supportive services to enable the youth to become independent and self-sufficient.

## **ANALYSIS**

The City Council on July 18, 2007, allocated \$200,000 of HOME CHDO funds to develop housing for youth aging out of the foster care system. The Neighborhood Services Department asked Community HousingWorks and Interfaith Community Services to work together on developing the project. Due to the difficulty of identifying a site for the project that is appropriate for youth transitional housing and that meets HOME Program requirements, and the development of the "New Directions" program in Oceanside by Casa de Amparo with grant funding from the County of San Diego, the Neighborhood Services Department has determined that this is no longer a feasible project. Without a feasible and eligible project for which to use the CHDO funds, the City risks having the funds recaptured by HUD.

Until recently, Community HousingWorks was the only CHDO certified by the City of Oceanside. San Diego Habitat for Humanity has submitted documents to the City to become certified as a CHDO. The documents demonstrate that San Diego Habitat for Humanity satisfies the requirements for local certification and the HUD Los Angeles Field Office has approved the certification. At the same time, the Neighborhood Services Department has identified a project for which CHDO funds could be appropriated. This project is to build a single-family home on a 5,000-sq.-ft. / 0.115-acre City-owned parcel in the 1200 block of Nelms Street (APN 145-131-14) in the Eastside neighborhood (see attached parcel map). This parcel and various other parcels of land were donated to and accepted by the City in 2000 in exchange for payment of property taxes. The Housing and Neighborhood Services Department supported accepting the donation as an opportunity for a potential housing project; the Planning Department expressed interest in the remaining parcels for potential habitat use. The parcel would support development of a single-family home; Habitat for Humanity, unlike other CHDOs, specializes in the development of single-family homes. The City is not

required to issue an RFP for the use of these funds and the City has the discretion to "sole source" for an affordable housing project as is being proposed.

The \$200,000 of HOME funds must be appropriated to a CHDO. The City intends to contract with Habitat to develop this project, conditional upon satisfactory completion of environmental reviews and other pre-development requirements. In order to satisfy HUD requirements, the City must commit the HOME funds to a developer and/or project with an executed agreement. Until such time as the development agreement with Habitat is considered by the City Council, entering into this MOU will satisfy HUD requirements. If the proposed project proves not be feasible, the MOU does not obligate Habitat to use the funds on a separate project.

### **FISCAL IMPACT**

The City appropriated ("reserved") \$200,000 of HOME Investment Partnership Program funds to Community HousingWorks CHDO (277.294466) for a youth transitional housing project in July 2007. The Neighborhood Services Department has determined that the project is no longer feasible and staff recommends that the City Council deobligate this allocation and appropriate \$200,000 to Habitat for Humanity CHDO (277.298827) for an eligible project. There is no impact on the General Fund and the City is not obligated to appropriate any additional funds to Habitat for Humanity for the project. The deobligation and allocation of funds maintains the City's minimum fifteen percent appropriation of CHDO funds as required by regulations governing the use of HOME funds. The funds must be expended on an eligible project no later than June 30, 2010, five years from the date of the original allocation of the HOME funds to the City.

### **INSURANCE REQUIREMENTS**

Recipients of HOME funds from the City must meet standard City insurance requirements.

### **COMMISSION OR COMMITTEE REPORT**

The Housing Commission reviewed this item at their June 24, 2008, meeting and recommends that the City Council approve the deobligation and appropriation of funds. The report of the Housing Commission is attached.

### **CITY ATTORNEY'S ANALYSIS**

The City Council is authorized to hold a public hearing in this matter. Consideration of this matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, the Council shall affirm, modify or deny the project. The supporting document has been reviewed and approved as to form by the City Attorney.

**RECOMMENDATION**

Staff recommends that the City Council deobligate \$200,000 of HOME Investment Partnership Program funds allocated to Community HousingWorks for development of transitional housing for youth aging out of the foster care system; appropriate \$200,000 of HOME funds to San Diego Habitat for Humanity (Habitat) to build a single-family home in Oceanside; approve a Memorandum of Understanding (MOU) with Habitat for the use of the funds; and authorize the City Manager to execute the MOU.

Prepared by:



John A. Lundblad,  
Management Analyst

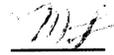
Submitted By:



Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Margery M. Pierce, Director, Neighborhood Services



Teri Ferro, Director, Financial Services



- Attachments: 1. February 2, 2000, staff report with parcel map  
2. Housing Commission Recommendation  
3. Memorandum of Understanding

**STAFF REPORT****ITEM NO. 42**  
**CITY OF OCEANSIDE**

WJFM

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DATE: February 2, 2000  
TO: Honorable Mayor and City Councilmembers  
FROM: Community Services Department  
SUBJECT: **ACCEPTANCE OF LAND DONATION**

**SYNOPSIS**

Staff recommends that the City Council accept a donation of various parcels of land (i.e. APN 145-101-15, 145-131-01 through 07 and 14, and 148-012-01 through 04) within the Eastside neighborhood to the City and authorize the City Clerk to accept and record the deeds with the San Diego County Recorder.

**BACKGROUND**

Mr. and Mrs. Donald Aarthun and Ms. Jacqueline Lawrence have offered 13 parcels of land to the City, in exchange for the payment of the current property taxes. The properties are within the Eastside neighborhood on Nelms and Shoshone streets.

The Housing and Neighborhood Services Department has expressed an interest in obtaining one of the parcels (i.e. APN 145-131-14) for a potential housing program and the Planning Department has indicated an interest in the rest of the parcels for potential habitat use.

**ANALYSIS**

The City Council's approval for the acceptance of the property is required before the deeds can be recorded with the County Recorder's Office.

**FISCAL IMPACT**

The taxes for all the properties for FY1999-2000 totals \$1049.96. Staff will request that the County Assessor segregate the taxes and only charge for that portion of the year that the properties were privately held. This would reduce the taxes by approximately one-half.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY ANALYSIS**

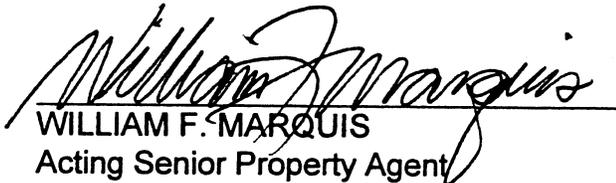
Does not apply.

**RECOMMENDATION**

Staff recommends that the City Council:

1. Accept the property donations from Mr. and Mrs. Aarthun and Ms. Lawrence to the City.
2. Authorize the City Clerk to record the deeds with the San Diego County Recorder.

PREPARED BY:

  
WILLIAM F. MARQUIS  
Acting Senior Property Agent

SUBMITTED BY:

  
THOMAS J. WILSON  
City Manager

REVIEWED BY:

Dana H. Whitson, Assistant City Manager

Steven R. Jepsen, Deputy City Manager





145 - 13

1-100

14

5-24-85 KJ

CHANGES	BLK	OLD	NEW	YR	CUT
131	126	21	36	17	206
132	3	166	24	504	27
133	181	16	32	24	1344
134	19	39	42	18	1762

10

21	20
22	19
23	18
24	17
25	16
26	15
27	14
28	13
29	12
30	11
31	10
32	9
33	8
34	7
35	6
36	5
37	4
38	3
39	2
40	1

LAKTORD

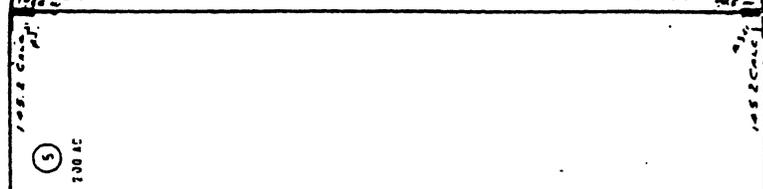
10

21	20
22	19
23	18
24	17
25	16
26	15
27	14
28	13
29	12
30	11
31	10
32	9
33	8
34	7
35	6
36	5
37	4
38	3
39	2
40	1

HOLLY (ACRES)

21	20
22	19
23	18
24	17
25	16
26	15
27	14
28	13
29	12
30	11
31	10
32	9
33	8
34	7
35	6
36	5
37	4
38	3
39	2
40	1

HELMS



LAUREL ELEMENTARY SCHOOL

LAUREL

ST.

SAN DIEGO ST

MARQUETTE ST

MAP 996 - JUDSON'S SUB - BLK 1-3  
AND 7111 - BIRTH RECORD & PLAT NUMBERS 91A - INT 20 - I.S. 797 RNS 3409

144  
17

148  
1

148  
5

148  
16

6.20

TO: OCEANSIDE CITY COUNCIL  
FROM: HOUSING COMMISSION  
RE: CHODO \$200,000  
DATE: JUNE 24, 2008

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL  
ALLOCATE \$200,000 CHODO FUNDS TO A LOT ON NELMS STREET TO  
HABITAT FOR HUMANITY.

CAMP	YES
CHRISTY	YES
COOPER	ABSENT
DAVIS	YES
FARMER	ABSENT
HUSKEY	ABSENT
PARKER	YES
SORENSEN	YES

SAIZ (ALTERNATE)	YES
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**MEMORANDUM OF UNDERSTANDING  
BY AND BETWEEN  
THE CITY OF OCEANSIDE  
AND  
SAN DIEGO HABITAT FOR HUMANITY**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into this FIRST day of JULY, 2008, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and SAN DIEGO HABITAT FOR HUMANITY, a California non-profit public benefit corporation and its successors and assigns, hereinafter designated as "DEVELOPER."

**RECITALS**

**WHEREAS**, CITY is a municipal corporation organized under the laws of the State of California and is a Participating Jurisdiction in the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnership Program; and

**WHEREAS**, DEVELOPER is a California non-profit public benefit corporation doing business in San Diego County, California and certified as a Community Housing Development Organization (CHDO) by the City of Oceanside and the HUD - Los Angeles Field Office; and

**WHEREAS**, DEVELOPER has proposed to construct a single-family home on a CITY-owned parcel (the PROJECT) located in the 1200 block of Nelms Street (APN 145-131-14) in the Eastside neighborhood of the CITY and more particularly described in Exhibit A.

**WHEREAS**, CITY desires to commit the sum of \$200,000 in HOME Investment Partnership Funds to assist with the financing of the Project; and

**WHEREAS**, the parties expect construction on the Project to commence within twelve months of the date of this MOU; and

**WHEREAS**, it is the desire of CITY and DEVELOPER to enter into this MOU for the purpose of establishing a binding commitment pursuant to which said HOME funds will be provided to DEVELOPER for the Project.

**NOW THEREFORE**, the CITY and DEVELOPER agree as follows:

1. Use of HOME Funds CITY agrees to provide \$200,000 in HOME Investment Partnership Funds, which will be used, in addition to other sources of funds, for development and construction of the Project.

2. Affordability The housing provided through the assistance of said HOME funds shall meet the affordability requirements of 24 C.F.R. section 92.252 or 92.254, as applicable. DEVELOPER agrees to be bound and abide by all applicable rules and regulations with respect to repayment of the HOME funds if the housing does not meet the affordability requirements for the specified time period. The parties agree to prepare, execute and record such other and further agreements and documents as are necessary to ensure compliance with the affordability requirements.
3. Project Requirements The parties agree to prepare, execute and record such other and further agreements and documents as are necessary to ensure compliance with HOME Program project requirements.
4. Property Standards PROJECT housing shall meet the property standards set forth in 24 C.F.R. section 92.251 and the lead-based paint requirements set forth in 24 C.F.R. Part 35, subparts A, B, J, K, M and R, upon project completion. DEVELOPER shall maintain the Project housing in compliance with section 92.251 for the duration of the affordability period.
5. Other Program Requirements DEVELOPER agrees to carry out the Project in compliance with the program requirements specified in 24 C.F.R. section 92.504(c)(3)(v), including but not limited to affirmative marketing responsibilities; federal requirements and nondiscrimination; displacement relocation and acquisition requirements; labor requirements; and conflict of interest provisions.
6. Records and Reports DEVELOPER agrees to maintain and provide to CITY, as and when required, all records and reports that CITY, as a Participating Jurisdiction, is required to submit to HUD in meeting its recordkeeping and reporting requirements under the HOME Program.
7. Enforcement The parties agree to prepare, execute and record such other and further agreements and documents, including but not limited to deed restrictions and covenants running with the land, as are necessary to provide for a means of enforcement of the affordable housing requirements by the CITY or the intended beneficiaries.
8. Requests for Disbursement of Funds DEVELOPER may not request disbursement of funds under this MOU until the funds are needed for payment of eligible costs. The amount of each request, when made, must be limited to the amount needed.
9. Term of Agreement Except as otherwise specifically provided, the term of this MOU shall commence upon the date of execution by the parties and shall continue and be in effect until the execution by the parties of a Disposition and

Development Agreement ("DDA") with respect to the Project at which time this MOU together with its obligations and liabilities shall terminate; provided, however, that the affordability period required by the CITY, as a Participating Jurisdiction, under 24 C.F.R. section 92.252 shall be specified as the affordability period set forth in the DDA.

10. Conditions Precedent, Contingencies This MOU is contingent upon the finalization and execution of all documents and further agreements as may be required by the parties hereto and by other third parties to commit and secure adequate additional funding to pay for the construction and development of the Project and to enable DEVELOPER to satisfy the covenants contained in this MOU.
11. Indemnification Insofar as it is legally authorized, DEVELOPER shall hold free and harmless, indemnify and defend, CITY, members of the City Council, boards or commissions, its employees, officers and agents, and each of them while acting as such, from all claims, loss, damages, liabilities, actions, judgments, court costs and legal or other expenses (including attorneys' fees), of every name kind and description, which the CITY may incur as a direct or indirect consequence of the provision of HOME funds and/or the performance or failure to perform any of DEVELOPER's obligations under this MOU; provided, however, that DEVELOPER's duty to indemnify and hold harmless hereunder shall not extend to liability arising from the sole negligence or willful misconduct of the CITY. DEVELOPER's duty to indemnify the CITY shall survive the term of this MOU.
12. Interpretation of Agreement The interpretation, validity and enforcement of this MOU shall be governed by and construed under the laws of the State of California. The CITY and DEVELOPER shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.
13. Notice Any notice required or permitted under this Agreement shall be deemed given when actually delivered or when deposited in the mail, certified or registered, postage prepaid, addressed as follows:

DEVELOPER:

San Diego Habitat for Humanity  
10222 San Diego Mission Road  
San Diego, CA 92108-2135  
Attn: Cheryl Keenan, Executive Director

CITY:

Neighborhood Services Department, Housing & Code Enforcement  
City of Oceanside  
300 North Coast Highway  
Oceanside, CA 92054  
Attn: Margery Pierce, Director, Neighborhood Services

- 14. Agreement Modification This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
- 15. Signatures The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of DEVELOPER and the CITY.

**SAN DIEGO HABITAT FOR HUMANITY**

a California non-profit public benefit corporation

By: Cheryl Keenan  
Title: Executive Director

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**SIGNATURES MUST BE NOTARIZED**

**CITY OF OCEANSIDE**  
a municipal corporation

APPROVED AS TO FORM

\_\_\_\_\_  
Peter A. Weiss, City Manager

Scott Samuelson, ASST.  
City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of SAN DIEGO

On JULY 1, 2008 before me, CAROLYN JANE BOLLMAN, NOTARY PUBLIC  
Date Here Insert Name and Title of the Officer

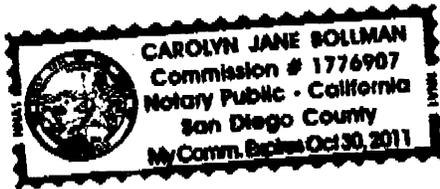
personally appeared CHERYL KEENAN  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Carolyn Jane Bollman*  
Signature of Notary Public



Place Notary Seal Above

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

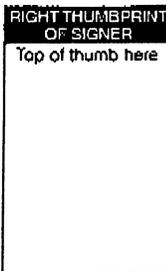
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_