

The San Diego Housing Commission broke new ground in 2007 by being one of the first agencies in the nation to transition out of the federal Public Housing program. In doing so, the agency has not only protected existing residents, but can now leverage its \$125 million portfolio of former public housing assets to create even more affordable housing.



“It’s a very good option for me, because with a voucher, I can move to a location closer to my job.”

*- Divian Contreras,
Public Housing Resident*

THE PUBLIC HOUSING CRISIS

The San Diego Housing Commission (SDHC) owns and manages 1,366 conventional public housing units throughout the City of San Diego, which are rented to low-income families, seniors and persons with disabilities. On average, residents make less than \$20,000 per year and pay 30 percent of their income toward rent. The U.S. Department of Housing & Urban Development (HUD) subsidizes operational costs not covered by rent payments.

Unfortunately, the nation’s public housing program is in a crisis. The federal subsidy to operate and maintain public housing is not only decreasing, but becoming operationally restrictive. In 2007, housing agencies across the nation received only 76 percent of federal funds needed to subsidize the operation of public housing. As a result, agencies laid off workers, sold off public housing units, and reduced service to public housing residents.

Further, HUD is implementing new accounting rules that make it difficult for SDHC to run its public housing program effectively. The new rules require decentralized operations, which is costly and impractical for San Diego, where public housing is not

concentrated as in many large cities, but rather, geographically scattered throughout the city in small complexes averaging less than 10 units per site.

SAN DIEGO’S SOLUTION

As a proactive solution, SDHC proposed to transition out of the public housing program altogether, while still serving low-income residents and, ultimately, creating even more affordable housing.

In fall 2007, HUD approved San Diego’s proposal and awarded SDHC with more than 1,350 Section 8 vouchers for the agency’s residents.

This is how it works:

Transition Public Housing Residents to Vouchers

SDHC continues to own and operate the public housing apartments. However, current residents have been awarded Section 8 Tenant-Based Housing Choice Vouchers (HUD’s rental assistance program). Residents can use the vouchers toward rent in their current unit or toward any rental housing in the city that accepts Section 8 vouchers.

Residents who stay in place, as well as those who move elsewhere, will continue to pay approximately 30 percent of their income toward rent, with the

continued



“It’s really great because now we have the flexibility of being able to move if we ever need to.

I like the idea that we can pick that house or apartment ourselves.”

*-Yvonne Limtiaco,
Public Housing Resident*



SDHC’s Golfcrest Drive site is a former public housing property that the agency transitioned to a voucher-based program.

remainder subsidized by the voucher.

Stabilize Existing Housing

As some residents have chosen to relocate, vacated public housing are being rented out to low-income residents, but at varying affordable rent ranges no more than 80 percent of area median income (AMI) (\$63,200 annual income for a family of four). These affordable rents will fund responsible property management and maintenance.

Create More Affordable Housing

This new operational model will generate an increased, stable revenue stream for SDHC. The rental income will fund operational costs for existing housing, as well as allow the agency to leverage its public housing to build or purchase more affordable housing. The agency’s existing housing, which is owned debt-free by SDHC, has increased in value since it was built. Net rental income will be used to obtain loans secured by the real estate. Loan proceeds will be used to buy or build the additional housing units.

As part of the Public Housing Disposition process, SDHC is required to add at least 350 additional affordable units to its own real estate portfolio. The agency, which recently issued a Request for Proposals, is considering all methods of development, including

TRANSITIONING OUT OF PUBLIC HOUSING

Recognized as a national leader, the San Diego Housing Commission has adopted a private sector approach to managing its rental properties and has created a self-sustaining model that releases the agency from dependence on a diminishing federal subsidy.

Good for Residents

- Residents’ rent portion has remained affordable at 30% of income
- Residents can choose to move closer to their job or family, as Section 8 vouchers offer mobility
- Residents were not required to relocate

Good for San Diego

- Has brought more than 1,350 additional Section 8 vouchers to San Diego
- Will potentially open up 1,366 public housing units to a broader range of low-income residents
- Allows SDHC to leverage rental income to build or purchase at least 350 new affordable units

acquisition of new or recently completed condominiums, apartments and mixed-use developments, vacant sites, and turnkey development. The units, to be owned by SDHC, will serve low-income families, seniors, and persons with disabilities who earn no greater than 80 percent Area Median Income.