



SAN DIEGO
HOUSING
COMMISSION



Homeless Service and Housing Center Exclusive Negotiation Agreement

**Redevelopment Agency
of the City of San Diego**

October 5, 2010

Homeless Service/Housing Center Requested Actions

1. Approve the proposed Exclusive Negotiation Agreement (ENA) with Connections Housing Downtown, L.P. for rehabilitation and operation of the World Trade Center (WTC) building located at 1250 Sixth Avenue as a homeless service center and housing facility;
2. Authorize the Agency staff to enter into exclusive negotiations with the City of San Diego for site control of the WTC for the facility; and
3. Authorize the Agency staff to enter into exclusive negotiations with the City for acquisition of the adjacent parking structure for future rehabilitation or redevelopment

Homeless Service/Housing Center Site and Developer Selection Process

- LU&H Committee directed SDHC to issue RFP
- RFP issued April 3, 2009
- Three (3) qualified proposals were received by the June 22nd deadline
- Responsive proposals submitted by PATH/Affirmed and Father Joe's Villages (FJV)
- The selection committee voted to recommend team consisting of (PATH), a Los Angeles-based homeless service provider, Affirmed Housing Group ("Affirmed"), a local San Diego affordable/supportive housing developer and Family Health Center of San Diego for the World Trade Center building
 - Seven in favor; one abstention; and one absent

Homeless Service/Housing Center Site and Developer Selection Process

LU&H meeting of April 21, 2010

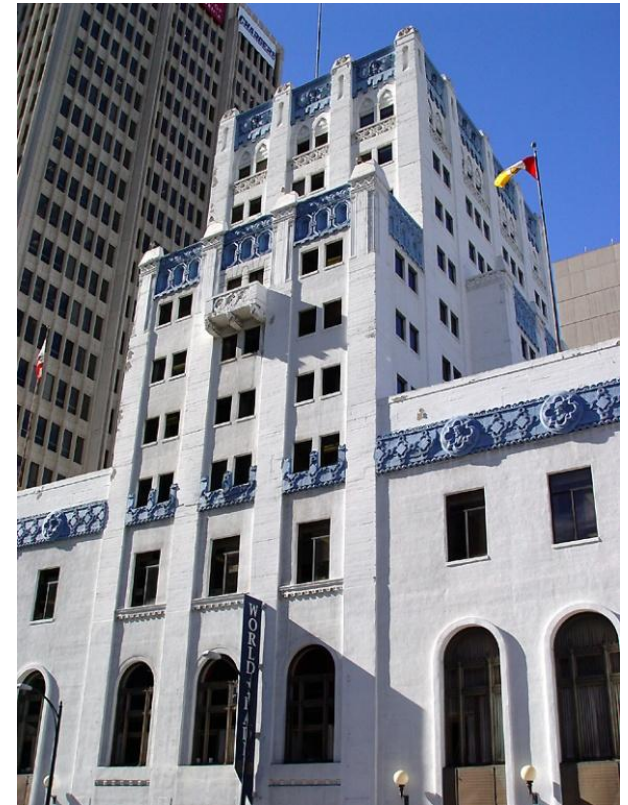
- Staff presented the findings of the Selection Committee, recommended the proposal to rehabilitate the World Trade Center building submitted by the PATH/Affirmed team
- **LU&H Committee Response**
Directed Developer to conduct 60-90 days of community outreach

LU&H meeting of July 14, 2010

- PATH/Affirmed team presented results of extensive community outreach efforts. Staff outlined the proposed terms and schedule of an ENA between the Agency and the Developer.
- **LU&H Committee Response**
 - The Committee voted 3-1 to forward staff recommendation to enter into an ENA to the full City Council.
 - The Committee voted 4-0 to hold a closed session meeting of the Council by the end of July to discuss the litigation related to the City's illegal public lodging ordinance.
 - The Committee voted 4-0 for SDHC and CCDC staff to assess alternative sites proposed by Cushman & Wakefield

Homeless Service & Housing Center World Trade Center Building

- Constructed in 1928
- Local historic designation
- Former San Diego Athletic Club
- City-owned asset
 - City occupies approx. 53% of space
 - Private tenants occupy less than 4% of space
- Interior has been significantly modified for office use
- Architectural, structural and mechanical review performed by qualified consultants
- Rehabilitation cost estimate performed by independent cost estimator
- Structural assessment remains to be performed
- Minimal improvements and modernization required to mechanical and fire/life safety systems



Homeless Service/Housing Center Proposed Program

Total Gross Building Area (GBA)

127,900 SF

Residential

Supportive Units – Studios

75 units

4th-12th floors

Interim Housing (including emergency)

150 beds

2nd-3rd floors

Total Residential

225 beds

Non-Residential

Medical Clinic

13,600 SF

1st floor

Multi-Service Center

17,300 SF

Basement

Administrative Offices, Storage, Training

13,400 SF

Sub-basement

Total Non-Residential

44,300 SF



Homeless Service/Housing Center Alternative Sites Explored

- 1330 Fourth Avenue (Church of Scientology) – 30,000 SF (via RFP)
- 1402 Commercial Street (FJV proposal) – 47,000 SF site / 120,000 SF proposed new building (via RFP)
- 925 B Street (former Chicago Title building) – 68,000 SF
- San Diego Concourse (City-owned building) – 158,000 SF
- SW corner Eighth and C Street (former Woodbury School) – 45,000 SF
- Existing Main Library – unavailable until Spring 2013
- 950 Ninth Street (The Carnegie) – 59 units
- 303 A Street (City-owned USO building) – 30,000 SF
- 1508-1544 E Street – (Navarro warehouse) – 55,000 SF
- 615 Eighth Avenue – 65 SRO units

Homeless Service/Housing Center Entitlements

- Located in Employment Required Overlay District
- CUP required to allow for social services, transitional housing and for exemption from employment requirement
- Planned Development Permit (PDP) to allow for larger Living Unit size deviation
- No parking requirements for Living Units and non-residential uses
- HRB staff review of rehabilitation plan required

Exclusive Negotiation Agreement Objectives

- Nine-month term with optional 3-month extension
- Identify and develop timeline to secure all necessary funding sources for capital improvements and long-term operations
- Negotiate a Disposition & Development Agreement (DDA) between Agency and Developer
 - Scope of Development and Operations
 - Schedule of Performance
 - Ground lease
- Process necessary entitlements including PDP and CUP
 - CUP conditions of operations
- Perform required CEQA review
 - Review of historic rehabilitation plan
- Environmental sustainability

Neighborhood Advisory Committee

- To be formed within 30-60 days of ENA execution
- Include representatives of the surrounding businesses and other community members
- Meet periodically to discuss terms of CUP and address concerns of the surrounding community, including on-site security, prevention of queuing and loitering, budget for neighborhood protection plan, tenant selection process, rules of residents, patient conduct and hours of operations
- CUP approval to be concurrent with DDA approval

Acquisition and Capital Improvements

	Amount ⁽¹⁾ (in millions)	Per GBA	Per Unit/Bed ⁽²⁾ (in thousands)
Estimated Acquisition Cost	\$7.0	\$55	\$47
Estimated Rehabilitation Costs	\$23.9 - \$27.4	\$187 - \$215	\$160 - \$183
Total Estimated Capital Costs	\$30.9 - \$34.4	\$242 - \$270	\$207 - \$230
Proposed Funding Sources			
9% LIHTC	\$14.0	\$109	\$93
VA Grant	\$1.5	\$12	\$10
Agency Low/Mod Funds	\$10.0	\$78	\$67
Agency H&HS (80%) Funds	\$3.0	\$23	\$20
Housing Commission Funds	\$2.0	\$16	\$13
Total Proposed Funding Sources	\$30.5	\$238	\$203
Estimated Funding Gap	\$0.4 - \$3.9	\$3 - \$30	\$3 - \$26

Acquisition and Capital Improvements Cost Comparison

	Amount (in millions)	Per GBA	Per Unit/Bed ⁽²⁾ (in thousands)
WTC Estimated Acquisition and Improvement Costs ⁽¹⁾	\$30.9 - \$34.4	\$242 - \$270	\$207 - \$230
Comparative Projects			
Cedar Gateway (65 units – new const.)	\$32	\$433	\$490
9 th / Broadway (250 units – new const.)	\$75	\$468	\$298
15 th / Commercial (140 units – new const.)	\$40	\$555	\$283
Hotel Sandford (130 units – rehab.)	\$12	\$200	\$94
Studio 15 (275 units– new const.)	\$41	\$417	\$149

⁽¹⁾ Includes medical and services areas

⁽²⁾ 2 interim beds = 1 unit

Acquisition and Capital Improvements Local Subsidy Comparison

	Amount (in millions)	Per GBA	Per Unit/Bed ⁽¹⁾ (in thousands)
WTC Estimated Local Housing Subsidy (150 units)	\$12.0	\$143	\$80
Comparative Projects			
Cedar Gateway (65 units – new const.)	\$8.9	\$129	\$137
9 th / Broadway (250 units – new const.)	\$30.7	\$200	\$123
15 th / Commercial (140 units – new const.)	\$10.8	\$151	\$77
Hotel Sandford (130 units – rehab.)	\$12.2	\$172	\$94
Studio 15 (275 units – new const.)	\$16.5	\$168	\$60

(1) 2 interim beds = 1 unit

Homeless Service/Housing Center Annual Operating Expenses & Funding Sources

Estimated Expenses

Housing	\$1,964,530
Service Center and Medical Clinic	<u>\$3,164,328</u>
Total Annual Expenses	\$5,128,858

Proposed Funding Sources

Rent (including Section 8 vouchers)	TBD
In Kind Contributions	TBD
Donations and Small Grants	TBD
County of San Diego (MHSA and other programs)	TBD
Family Health Centers of San Diego Grants	TBD
City and Government Grants (CDBG, HOPWA, ESG, EFSP, HUD, VA)	TBD

- Neil Good Day Center and Veterans Winter Shelter proposed to remain in operations

Downtown Homelessness

Other Components of the Solution

Project	Supportive Units
Total Existing Supportive Units	293
Under Construction / In Pipeline	
Cedar Gateway	23
15 th & Commercial	49
9 th & Broadway	88
Mason Hotel	16
COMM 22	15
4 th & Beech	15
Under Construction / In Pipeline	206
World Trade Center	73
TOTAL SUPPORTIVE UNITS	572

Adjacent Parking Structure

- 261 stalls – 7 levels; not historic
- Parking not required for proposed WTC program
- Agency proposed to acquire from City using parking revenues and/or 80% funds
- Staff to conduct assessment for renovation or demolition and redevelopment – will return to Agency with analysis and recommendation



Homeless Service/Housing Center Schedule

Milestone	Estimated Date
Agency approval of ENA	Oct 5, 2010
CCDC Board, CCAC and Planning Commission approval of DDA, CUP, PDP, CEQA review	January 2011
Agency approval of DDA, CUP, PDP, CEQA review	February 2011
9% Tax Credit application deadline	March 2011
Tax Credit award notification	June-July 2011
Closing of Agency site acquisition and all funding	August 2011
Complete design, secure building permits, begin construction	November 2011
Complete construction, obtain Certificate of Occupancy	December 2012

Homeless Service/Housing Center Summary

- Facility will provide quality housing for 223 of downtown San Diego's most vulnerable homeless individuals
- Proposal satisfies all goals and requirement of the RFP
- Rehabilitated and preserves an historic resource
- Building floor plates well suited for proposed program
- Achieves the PTECH objective of a Housing-First model that can be replicated in other neighborhoods
- Is financially viable and cost effective; leverages local funds
- Provides a new home for Family Health Centers
- Incorporates a successful model of providing onsite services
- Ensures neighborhood compatibility through CUP conditions and Neighborhood Advisory Committee (including business owners)
- Approval recommended by CCAC and CCDC Board

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San Diego Rescue Mission Property

- Total building area = approx. 94,000 SF
- 6 stories
- 190 structured parking stalls
- Outstanding debt
 - \$8,000,000 1st TD (approx.)
 - \$2,000,000 2nd TD (Agency – approx.)
- \$24 million book value
- Currently provides recuperative care, housing for 50 women with children and 280 single men, emergency women's shelter, medical clinic
- Possible future vacancy of one full floor (approx. 15,600 SF)
- CUP with numerous conditions
- Exemplary track record with community



San Diego Rescue Mission Property



Classroom



Day Care



Women's
Emergency
Shelter

San Diego Rescue Mission Property



Emergency
Women's Shelter



Kitchen



Multi-purpose Room

San Diego Rescue Mission Property



Men's
Shelter



Rooftop
Children's
Playground



Exclusive Negotiation Agreement

Developer Responsibilities

- Advance design, engineering, floor plans and historic rehabilitation plan
 - Perform structural testing
- Refine rehabilitation and operating/maintenance budgets
- Continue community outreach
 - Create Neighborhood Advisory Board
 - Good Neighbor Covenant
- Secure relationships with local service providers and in-kind services
- Prepare application for 9% LIHTC (due March '11) and other funding sources

Exclusive Negotiation Agreement CCDC Responsibilities

- Negotiate property acquisition/lease with City
- Perform additional property due diligence
 - Structural destructive testing – seismic
 - Hazardous materials testing; life-safety studies
- Process entitlements including CUP and PDP
- Coordinate CEQA studies including historical assessment
- Process approval of Agency subsidy and DDA
- Assist with identifying and securing funding sources
- Procure independent evaluation of developer proforma

Exclusive Negotiation Agreement SDHC Responsibilities

- Assist with evaluation of Developer's program and operating plan
- Assist with community outreach
- Assist City with negotiations of illegal public lodging settlement
- Assist with identifying and securing funding sources
- Process approval of SDHC subsidy