



Good Neighbors

San Diego
Housing Commission

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REPORT

DATE ISSUED: December 5, 2003

ITEM 107

REPORT NO. HCR 03-117
For the Agenda of December 12, 2003

SUBJECT: Sale of Four Public Housing Sites to the San Diego Unified School District,
(Council Districts 3 and 7)

SUMMARY

Issue No. 1: Should the Housing Commission recommend that the Housing Authority authorize the Chief Executive Officer (“CEO”) to sell, at fair market value, four public housing sites to the San Diego Unified School District (the “District”) contingent upon final approval by the Department of Housing and Urban Development (“HUD”)?

Recommendation No. 1: That the CEO of the Housing Commission be authorized to execute all necessary documents to sell four public housing sites located at 3759 Ward Road, 3331-3335 Van Dyke Avenue, 3410-3420 43rd Street, and 4118-4132 52nd Street.

Issue No. 2: Should the Housing Commission recommend that the Housing Authority authorize the submittal of an application to the Department of Housing and Urban Development (HUD) to approve the disposition of four public housing sites?

Recommendation No. 2: That the Housing Authority direct the CEO to prepare a disposition application for the four public housing sites being sold to the District.

Fiscal Impact: The Housing Authority would receive \$4,202,000 (approximately \$120,000 per unit), the fair market value for the properties as determined by an independent appraisal process. These funds must be used either to replace public housing units or improve the public housing inventory.

Affordable Housing Impact: The units being sold provide housing for low-income households at 80% median area income (\$51,050 for a family of four) or less, and each household pays about 30% of their income toward rent. The sale of these units will temporarily reduce the public housing stock by 35 units, until the units are replaced via acquisition or new construction. The District is responsible for all moving and relocation expenses. Existing public housing tenants will also be eligible to move into other public



housing units or Section 8 assisted rentals, to the extent that these unit types are available. No households will be displaced without adequate replacement housing.

Environmental Review: This activity is categorically exempt from California Environmental Quality Act (CEQA) review, pursuant to Section 15326 of the CEQA Guidelines, and is categorically excluded from further review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Part 58.35(a)(5).

Future Related Action: This recommendation will be scheduled for the next available Housing Authority meeting. A replacement plan will also be presented to the Housing Commission and Housing Authority in 2004.

BACKGROUND

On November 3, 1998, San Diego voters approved Proposition MM, a \$1.51 billion bond to fund the modernization of 165 existing schools and construction of 16 new/rebuilt schools. By 2006, the District plans to build 13 new schools and rebuild three existing schools to alleviate overcrowding in the city's most densely populated and rapidly growing areas. After a lengthy process that included significant public participation, the District selected three sites for new schools in the Mid-City area of the City of San Diego. The selected sites include four properties owned by the Housing Authority.

The Housing Commission received offers from the District to purchase the four sites based upon the market value of each site as determined by appraisals. Staff hired an independent appraisal firm to review the District's appraisals. For all four sites, it was determined that the District's offers represented market value. The following table summarizes the number of units and offer amounts for each property.

Property Address	No. of Units	Offers
3759 Ward Road	5	\$ 825,000
3331-35 Van Dyke Avenue (model school site)	6	\$ 737,000
3410-3420 43rd Street (model school site)	10	\$ 1,210,000
4118-4132 52nd Street	14	\$ 1,430,000
Total	35	\$ 4,202,000

The District is purchasing the property under the authority of eminent domain in order to build three new schools in the communities of City Heights and Normal Heights. On September 9, 2003, the District authorized the use of eminent domain by holding public hearings and adopting resolutions of necessity for the properties located at 3759 Ward Road, 3331-35 Van Dyke Avenue, and 3410-3420 43rd Street. The District has also filed complaints for these three properties in Superior Court in order to obtain orders of possession, and soon will be taking the same actions on 4118-4131 52nd Street.

At the time offers were made to the Housing Commission, on behalf of the Housing Authority, relocation notices were sent to all occupants by the District, as required by law. The District's relocation consultant has been working with individual tenants to ensure that they find

replacement housing. The Housing Commission has agreed to allow tenants the opportunity to relocate to another public housing property or receive Section 8 rental assistance, to the extent that these resources are available.

DISCUSSION

The District is on a tight timeline to acquire the land necessary to build new schools in Normal Heights and City Heights. Staff is bringing this request forward to help expedite the necessary approvals for the disposition of the properties to the District. However, because these are public housing sites, HUD approval must be received before the close of escrow. As part of the action items for this project, staff is asking for the authority to submit the required disposition application to HUD.

HUD allows Public Housing Agencies to utilize the proceeds received to replace the units lost, but no longer *requires* one-for-one replacement. HUD also permits the use of multiple funding sources to replace the units. As a result, staff intends to replace the lost units via new construction or acquisition using a mixture of public and private funds as necessary. The proposed replacement project will be brought forward in 2004.

ALTERNATIVE

Refuse the District's offers to purchase. This alternative would only delay the District's acquisition of the properties, since the District could acquire the properties through eminent domain proceedings.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

Jack D. Farris
Housing Finance and Development Manager

Elizabeth C. Morris
Chief Executive Officer

Information: Peter Armstrong 578-7556

Attachments: 1. Site Map

ATTACHMENT 1

Site Map

