



Good Neighbors

San Diego
Housing Commission

REPORT

ITEM 106

DATE: For the Agenda of December 1, 2000

REPORT NO. HCR 00-118

SUBJECT: Funding to Lease SRO Units for Mentally Ill Homeless
(Council District 8)

SUMMARY

Issue: Should the Housing Commission contribute up to \$85,000 towards the City's cost of leasing 50 Single Room Occupancy (SRO) units to house severely mentally ill or dually-diagnosed homeless individuals?

Recommendation: That the Commission support the City's commitment to place the most difficult-to-place homeless persons in permanent, highly service-enhanced housing by providing funding to lease 50 units at the Hotel Metro from Alpha Project. A Memorandum of Understanding with the City would set forth the documentation, invoicing and payment procedures.

Fiscal Impact: Housing Commission approval of the proposal will result in expenditure of up to \$85,000 of Housing Trust Fund linkage fee funds.

Certificate of Funding Availability:

Certificate No.:	01-117
Amount:	\$85,000
Revenue Source:	Housing Trust Fund Linkage Fee
Department:	Housing Finance and Development
Line Item:	Grants

Affordable Housing Impact: Approval will make it possible to house 50 homeless, difficult-to-place individuals with very low income in decent, safe affordable housing.



BACKGROUND

The City has requested Housing Commission participation (Attachment 1) to assist the City in meeting its commitment in the County's successful application for \$3,750,000 of annual funding, for three years, from the California Department of Mental Health. With these funds, the City and County will provide a program of Adult Systems of Care integrated services to mentally ill homeless individuals. The letter notifying the County of the application's selection for funding is included as Attachment 2.

DISCUSSION

The application characterized the Integrated Services Program (ISP) as a collaboration between various County and City agencies, including the Housing Commission. These agencies, together with mental health contractors, nonprofit housing and service providers, police, probation, families and clients will provide comprehensive services to persons with chronic mental illness, including persons who also have substance-abuse problems. The ISP's primary objective is to move 200 "of the most chronic, mentally ill and dually diagnosed homeless adults off the streets and into housing and treatment" by the end of FY01. The 200 units include the 50 units that the City has requested Commission funding to lease.

The \$85,000 requested represents the estimated amount needed to lease up to 50 units at the Hotel Metro, as they become available, at a rate of \$375 per unit per month, through the end of June, 2001. The City's Homeless Services staff will be developing recommendations to City Council for funding to continue leasing the 50 units beyond FY01.

Alpha Project, an experienced provider of housing and services for difficult-to-serve homeless persons, is the managing partner for the limited partnership (San Diego SRO Limited Partnership) that owns Hotel Metro. The Commission owns the land on which Hotel Metro was built and master-leases the land to the limited partnership. The Commission also made a development loan to the partnership in 1989 and added to the loan in a 1995 financial restructuring. As a result of the restructuring, the Commission holds the first trust deed.

ALTERNATIVE

Do not approve the funding, which could leave the City without means to lease the Hotel Metro units and meet its commitment. Other City funding sources, notably Community Development Block Grant (CDBG) funds, cannot be used for this purpose because the City's FY01 CDBG funds for non-"bricks and mortar" uses are already committed to the maximum level allowed.

Submitted by,

Pat Duplechan
Director, Housing Programs

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Officer

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- Attachments: 1. Request from City
 2. Notification of Successful Application