



HOUSING AUTHORITY REPORT

DATE ISSUED: June 21, 2007

REPORT NO: HAR07-019

ATTENTION: Chair and Members of the Housing Authority
For the Agenda of July 10, 2007

SUBJECT: YWCA Transitional Housing Development (Confidential Address)

REQUESTED ACTION:

Approve an increase of up to \$500,000 to the previously approved loan for the construction of 14 units of transitional housing for families fleeing domestic violence.

STAFF RECOMMENDATION:

Subject to the conditions described below, the San Diego Housing Commission recommends Housing Authority approval of:

1. An increase of up to \$500,000 to the previously approved \$1,686,000 residual receipts 0% interest loan to the YWCA of San Diego County that will include \$100,000 to be included as part of the project's permanent financing and \$400,000 to be considered as gap financing to be repaid with approved Affordable Housing Program funding upon receipt by the borrower; and
2. Authorize the President and Chief Executive Officer, or designee, to execute any and all documents necessary to make the approved loan.

BACKGROUND:

The YWCA of San Diego County (YWCA) received approval in February 2005 for a \$1,686,000, 0% residual receipts loan to fund the construction of 14 units of transitional housing. (See Attachment 4, HCR04-95 for further project description.) The project is under construction and is currently 70 % complete. Construction completion is scheduled for late August 2007.

During the initial project development phase several unanticipated expenses arose that have impacted the project budget. The developer was directed to reroute the off-site sewer into the center of a heavily trafficked boulevard and perform associated sidewalk improvements, the preservation of a historic tree required additional routing requirements, and archeological monitoring costs all contributed to the construction cost shortfall. The developer directed the architect and the construction contractor to review the project design for any potential cost savings. There still exists a need for \$518,609 in additional funds. (See Attachment 1.)

The YWCA has proactively searched for additional funding sources. It previously raised \$300,000 in donations as part of the original project financing. The YWCA is currently soliciting other potential donors as part of this current request for increased funding. The project has received discretionary funding approval for \$50,000 each from two County Supervisorial District offices. Council District Two has approved \$5,000. A private donor will provide

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\$12,500 and has committed to an additional matching amount at year end for this current funding need. The aggregated value of these confirmed funds is \$117,500.

The \$518,609 in additional funds currently needed (per Attachment 1) will be offset by the confirmed \$117,500. The YWCA request for \$500,000 from the Housing Commission would be utilized to cover the \$401,109 gap. The balance of the Housing Commission funds would be applied to certain items that have been previously value-engineered out. These include nearly \$70,000 in landscape and irrigation system features and additional site enhancements and any remaining construction-related expenses.

The YWCA received a June 13, 2007 approval of funding from the State of California Affordable Housing Program (AHP) for a loan of \$420,000, the maximum amount for which the project was eligible to apply. It is not known when the funds will be received by the YWCA. The YWCA has requested Housing Commission approval of loan funding of up to \$500,000 in order to insure timely payment of all contractors and vendors who will be anticipating payment at construction completion. \$400,000 of the AHP funds would be applied towards full repayment of a separate Housing Commission bridge financing loan upon receipt. An approximate amount of \$100,000 of these funds would be utilized to complete the project and remain as part of the Housing Commission permanent financing.

Proposed Funding Request

The project received Housing Commission funding in the amount of \$843,000 of San Diego Housing Trust Fund (HTF) and \$843,000 in State of California Local Housing Trust Fund Program matching funds. The YWCA is requesting up to an additional \$500,000 in Housing Commission funds for any construction gap financing that may occur prior to receiving AHP funds. The maximum of Housing Commission funds would be \$2,186,000, for a total development cost of \$378,617 per unit, a Housing Commission cost of \$156,143 per unit and a Housing Commission subsidy per bedroom of \$78,071. See Attachment 2 for a side by side comparison of Development Costs and Sources of Funds.

The current funding combined with the total additional funds needed of \$518,609 equal a projected total development cost of \$5,300,643. The Housing Commission would remain in first loan position. All other terms and conditions of the first position San Diego Housing Commission 0% simple interest, residual receipts loan will remain in effect. Attachment 3 is the revised project General Application that further identifies the project needs and anticipated financial performance.

FISCAL CONSIDERATIONS:

Approval of these recommendations would result in the expenditure of up to \$500,000 in San Diego Housing Commission funds.

Amount:	\$500,000
Revenue Sources:	HTF/Various
Division:	Housing Finance and Development
Line Item:	Loans

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This project initially received a \$10,000 Predevelopment Project Support Grant. On October 26, 2004, the Loan Committee recommended approval of a loan up to \$1,686,000. The Housing Commission recommended Housing Authority approval on November 19, 2004 (HCR04-095). The loan was approved by the Housing Authority on February 1, 2005. On June 15, 2007, the Housing Commission unanimously recommended Housing Authority approval of the loan increase per HCR 07-44 and as described in this report.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

This project was presented in August 2004 to the local community planning group where it was approved by a vote of 13-1-0.

ENVIRONMENTAL REVIEW

This new construction project is approximately 70% complete. The environmental review previously approved at the November 19, 2004 Housing Commission meeting (HCR04-095) stated that the project has been found to be exempt under the National Environmental Policy Act (NEPA) pursuant to 24CFR58, Section 58.34(a). A California Environmental Quality Act (CEQA) Revised Final Mitigated Negative Declaration for Project 44721 was issued by the City of San Diego Development Services Division on January 14, 2005.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

The project will add 56 beds of transitional housing to low income families victimized by domestic violence and homelessness.

Respectfully submitted,

Approved by,

Cissy Fisher
Director of Housing Finance & Development

Elizabeth C. Morris
President and Chief Executive Officer

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- Attachments:
1. YWCA Construction Project Funding Needs
 2. Development Summary
 3. SDHC General Application Form
 4. HA Report No. HAR04-095*

* Distribution of this attachment may be limited. Copies available for review during business hours at the San Diego Housing Commission offices located at 1122 Broadway, San Diego CA

ATTACHMENT 2

Development Summary

June 15, 2007

Name: Transitional Housing Development
 Location: Confidential Location
 Description: Transitional Housing for Victims Fleeing Domestic Violence
 Sponsor(s): The YWCA of San Diego County

Unit Affordability

Total # of units: 14
 Assisted units: 14
 Restricted rents: 14 - Two-bedroom @ \$474 (30%)

 Market rent: Two-bedroom @ \$1,500

 Percent of AMI: 14 units @ 30 percent

 Affordability: 55 years

Development Cost

	CURRENT	PROPOSED
Total development cost:	\$ 4,015,801	\$5,300,643
HC development cost:	\$ 1,686,000	\$2,186,000 (Maximum)
Total development cost per unit:	\$ 286,843	\$ 378,617
HC cost per unit (14 units):	\$ 120,429	\$ 156,143
HC subsidy per bedroom @ 28 bedrooms:	\$ 60,214	\$ 78,071

Sources of Funds

	CURRENT	PROPOSED (Without AHP)
San Diego Housing Commission	\$ 1,686,000	\$2,186,000
EHAPCD State Shelter Grant*	\$ 1,000,000	\$1,000,000
City of San Diego CDBG Grant*	\$ 160,000	\$ 160,000
County of San Diego CDBG Grant*	\$ 50,000	\$ 50,000
County of San Diego HOME Loan*	\$ 761,234	\$ 761,234
County of San Diego Discretionary Funds	\$ 0	\$ 100,000
YWCA Land Equity*	\$ 825,000	\$ 825,000
YWCA Donations (1)	\$ 299,800	\$ 218,409 (1)
Total Development Cost	\$ 4,782,034	\$5,300,643

* = No Change

(1) Actual Donations to date are \$117,500

Pro Forma Summary (Year 1)

Estimated net annual income:	\$ 70,189
Estimated annual expense:	\$ 52,120: \$3.22 square foot
Estimated Net Operating Income:	\$ 18,069
Estimated Replacement Reserve:	\$ 3,500
Estimated Residual Receipts:	\$ 14,569 (SDHC 50% Share = \$7,285)