



Good Neighbors

San Diego
Housing Commission

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Housing Authority Report

EXECUTIVE SUMMARY

DATE REPORT ISSUED: November 17, 2006 REPORT NO.: HAR06-27
ATTENTION: Members of the Housing Authority
ORIGINATING DEPARTMENT: Housing Commission
SUBJECT: Loans For Low-Income Housing
COUNCIL DISTRICT: District 7

REQUESTED ACTION:

Authorize a \$260,000 increase to an acquisition and rehabilitation loan for an affordable housing development located at 4242 – 4260 51st Street.

STAFF RECOMMENDATION:

Authorize an increase in a Housing Commission acquisition and rehabilitation loan to Townspeople for 23 studio apartments to be used as permanent supportive housing for extremely low-income persons with HIV or AIDS at risk of homelessness and authorize the President and Chief Executive Officer of the Housing Commission to execute all necessary documents.

EXECUTIVE SUMMARY:

Townspeople is a California 501(c)(3) nonprofit corporation established in 1994 with the mission of developing affordable housing for persons living with HIV and AIDS. Townspeople purchased the property and has completed approximately 70 percent of the original scope of rehabilitation work.

Although structural damage caused by differential settlement in two of the three buildings was identified in an initial inspection report, cracking of the concrete foundations has worsened and become of greater concern. Subsidence caused by poor site drainage makes foundation repairs and remediation of soil moisture advisable. It is expected that up to \$300,000 of work would be completed in order to maintain the long term structural integrity of the buildings.

In exchange for the loan increase, affordability of 23 units would be extended from 55 to 65 years. Nine studio apartments would remain affordable to extremely low-income tenants earning 30 percent of Area Median Income (AMI) and 14 studio apartments would remain affordable to extremely low-income tenants earning 45 percent of AMI.

FISCAL CONSIDERATIONS:

An initial estimate indicates that foundation repair work will cost in excess of \$260,000. Approval of this recommendation would allow Townspeople to borrow up to \$300,000 in HOME and Housing Trust Fund funds from the Housing Commission to perform the repairs and install site drainage. The Housing Commission loan would increase from \$1,310,000 to up to \$1,610,000. The total development cost would increase from \$2,909,327 to up to \$3,209,327.



PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Housing Authority approved the loan for this project on August 26, 2005 (HCR05-75).

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The development was favorably received by the City Heights Planning Group on February 9, 2005. A Community group vote to approve the loan or a loan increase for this project is not required.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Stakeholders include Townspeople and its clients, the California Department of Housing and Community Development (HCD) as a lender, and the City of San Diego as this project supports its efforts to house residents living with HIV or AIDS who are at risk of homelessness.

Respectfully submitted,

Approved by,

Cissy Fisher
Director, Housing Finance and Development

Elizabeth C. Morris
President and Chief Executive Officer

Attachments: 1. Housing Commission Report No. HCR06-83

Information: Mr. Dan Cady (619) 578-7594

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