



REPORT

DATE ISSUED: July 21, 2016

REPORT NO: HCR16-067

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of July 29, 2016

SUBJECT: St. Vincent de Paul Village, Inc. Revocable Grant and Loan Modification

COUNCIL DISTRICT: 7 and 9

REQUESTED ACTION

Recommend that the San Diego Housing Commission approve the modification of St. Vincent de Paul's \$175,860 revocable grant on the property located at 4281 College Avenue and the \$27,050 loan for 5126 70th Street, San Diego.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Consent to the sale of the two properties located at 4281 College Avenue and 5126 70th Street owned by St. Vincent de Paul Village; accept \$115,108 as payment in full of the revocable grant; and accept \$27,050 for repayment of the loan made to the project known as Josue Homes, as described within this report;
- 2) Rescind the existing Declaration of Covenants, Conditions and Restrictions for both properties upon receipt of the funds; and
- 3) Approve the reallocation of \$142,158 to St. Vincent de Paul Village's existing Transitional Housing Grant Contract No. HIT-15-02E.1 for Fiscal Year 2017.

SUMMARY

On March 5, 1994, the San Diego Housing Commission (Housing Commission) funded a \$27,050 deferred payment loan to St. Vincent de Paul Village (SVDP) as partial funding for the purchase of a single-family home located at 5126 70th Street. On July 17, 1997, the Housing Commission funded a revocable grant of \$175,860 to SVDP to acquire and rehabilitate an 11-bed residence located at 4281 College Avenue. Both of the homes were used as transitional housing, providing housing and services for homeless men and women with HIV/AIDS.

The \$27,050 loan was evidenced by a Note Secured by a Deed of Trust (Note) executed by S.V.D.P. Management, Inc., a California nonprofit corporation, in favor of the Housing Commission. The loan has deferred payments at three percent simple interest for a term of 55 years. The interest on the principal will be forgiven at the end of the loan term if the property is operated in the manner proposed.

The Revocable Grant Agreement (Agreement) in the amount of \$175,860 was supported by a Promissory Note Secured by a Deed of Trust (Grant Note) executed by St. Vincent de Paul Village, Inc.,

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a California nonprofit public benefit corporation. The Grant Note bears no interest except in the case of a default. The Agreement and Grant Note are to be forgiven at the end of the 55-year term. SVDP has provided the required services and is in compliance with all the terms of the Housing Commission documents.

The Josue Homes Program is operated by Father Joe's Villages (FJV). There are a total of five scattered sites with five single-family homes, including the two properties financed by the Housing Commission. This program has been in operation since the late 1980s, providing housing and services tailored to meet the needs of the resident population. On March 15, 2016, the Housing Commission received a letter from Father Joe's Villages, seeking Housing Commission approval to consolidate the Josue Homes Program into their existing facilities at their downtown campus.

Reasons for this request include: 1) Medical treatments to persons with HIV/AIDS has advanced significantly since the inception of the Josue Homes Program and segregating persons with HIV/AIDS is not necessary; 2) operating a residential program on scattered sites is inefficient from a cost standpoint; and 3) this change will allow FJV to provide more comprehensive services to the residents.

Due to these considerations, FJV wishes to sell the five single-family homes. Pursuant to a subsequent letter from FJV dated June 27, 2016, FJV is specifically requesting the Housing Commission consent to the sale of the College Avenue and 70th Street properties and has proposed the following:

1. Repayment of both the grant and loan through the sale of the homes. Repayment would be discounted according to the number of years remaining in the original term, giving credit for the number of years services have been provided;
2. Restrictions on the properties would be rescinded; and
3. The loan and grant funds repaid to the Housing Commission will be added to existing FJV Transitional Housing Grants for fiscal year 2017.

The following table describes the recommended forgiveness and prepayment for these two properties:

Property Address	Original Principal Balance	Interest Rate	Accrued Interest thru 8/31/16	Balance thru 8/31/16	Recommended Forgiveness	Recommended Repayment
5126 70th Street	\$ 27,050	3%	\$ 18,195	\$ 45,245	\$ 18,195	\$ 27,050
4281 College Avenue	\$ 175,860	0%	\$ -	\$ 175,860	\$ 60,752	\$ 115,108
Total	\$ 202,910		\$ 18,195	\$ 221,105	\$ 78,947	\$ 142,158

The \$27,050 loan funded for the 70th Street property allowed forgiveness of accrued interest at the end of the term; therefore, Housing Commission staff recommends the loan funds totaling \$27,050 be repaid when the property is sold and all accrued interest since the inception of the loan be forgiven.

Housing Commission staff recommends crediting the number of years FJV provided services under the terms of the \$175,860 revocable grant. The prorated amount needed to fully satisfy the Agreement and Grant Note would be \$115,108 and was determined by dividing the original grant amount by 55 years and crediting the number of years the grant has been in effect (19 years).

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Approval of staff's recommendations will allow FJV to become more effective and streamline operations by consolidating housing and services at their downtown campus.

AFFORDABLE HOUSING IMPACT

There is no affordable housing impact with the approval of the recommended actions. The two properties financed by the Housing Commission are currently vacant. Several of the residents finished the program and moved out on their own and the remaining residents transitioned to FJV's in downtown San Diego.

FISCAL CONSIDERATIONS

Approval of this action will result in the payoff of the loan and revocable grant funded to SVDP and the reallocation of funds to increase the Transitional Housing Grant Contract No. HIT-15-02E.1 by \$142,158 for Fiscal Year 2017 (June 30, 2016 – July 1, 2017).

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On June 14, 1993, the Housing Commission Board approved the \$27,050 deferred loan and on June 2, 1997, approved the \$175,860 revocable grant to SVDP.

ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,

Approved by,

Vicki Monce

Vicki Monce
Loan Services Manager
Real Estate Division

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
Real Estate Division

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