



HOUSING AUTHORITY REPORT

EXECUTIVE SUMMARY SHEET

REPORT NO: HAR 08-22

DATE REPORT ISSUED: April 29, 2008
ATTENTION: Chair and Members of the Housing Authority
ORIGINATING DEPT.: SAN DIEGO HOUSING COMMISSION
SUBJECT: U. S. Congressional Set Aside Economic Development Initiative - Special Purpose Grant
COUNCIL DISTRICT: 3
STAFF CONTACT: Cissy Fisher (619)578-7585

REQUESTED ACTION:

Authorize necessary steps to receive a set-aside grant approved by Congress for affordable housing as administering agent for the City of San Diego.

STAFF RECOMMENDATION:

Recommend that the Housing Authority: (1) approve a grant agreement for a \$148,500 Economic Development Initiative - Special Purpose (EDI-SP) Grant on behalf of the City of San Diego to be used for rehabilitation for The Cove Supportive Housing Development; (2) grant funds to The Association For Community Housing Solutions (TACHS) for use in the rehabilitation of The Cove Supportive Housing Development located at 5288 El Cajon Boulevard; (3) authorize the Interim President and Chief Executive Officer, or designee, to execute all documents necessary to obtain and utilize these funds; and, (4) amend the FY2008 Housing Commission budget to reflect the addition of \$148,500 in EDI-SP funds.

EXECUTIVE SUMMARY:

On July 24, 2007, the Housing Authority approved a transfer of ownership and substitution of loan approval from Jewish Family Services to TACHS for a \$982,000 loan for a 20 unit apartment complex for extremely low-income, chronically homeless, mentally ill persons. An additional \$130,000 temporary bridge loan was approved for the development at the February 22, 2008 Housing Commission meeting. These previously approved loans and their terms and conditions are to remain unchanged.

The San Diego Housing Commission applied, as the sponsoring entity for TACHS, to the Department of Housing and Urban Development (HUD) for \$148,500 of EDI-SP grant funds specifically for the 20-unit project. HUD has approved the project per the attached correspondence (Attachment 1). The funds will be utilized for the ongoing rehabilitation of the development. The project rehabilitation is currently 75% complete with completion projected for late April 2008.

The project has experienced an increase in its total development costs from the previous budget of \$3,962,158 to \$4,018,495 due to the developer being directed by the City of San Diego during the inspection process to upgrade the existing bath drain line opening from 1-1/2" to 2" at six units. TACHS will have sufficient funding sources for its development costs with the approval of this grant agreement. In addition to the previously approved Housing Commission financing assistance identified above, TACHS has received a \$400,000 HUD Supportive Housing Grant. It has also received approval from the State of California for a \$2,357,995 Multi Family Housing Program (MHP) loan.

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Special Purpose Grant

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TACHS has applied for a \$300,000 Mental Health Services Act (MHSA) forgivable loan with no debt service. It is TACHS' intention to pay down the Housing Commission's \$982,000 loan with the MHSA financing if that application is approved. The \$130,000 bridge loan will be paid off in July 2008 when the previously approved MHP loan is funded.

The EDI-SP grant, which is the subject of this report, will fund certain site costs, electrical installation, concrete and carpet installation. All items have been approved by HUD in response to the original EDI-SP grant application.

FISCAL CONSIDERATIONS:

The Housing Authority previously approved the \$982,000 loan which is funded with \$950,000 in HOME Program funds and \$32,000 in local Housing Trust Funds. The \$130,000 bridge loan is utilizing CalHFA Housing Enabled by Local Partnerships (HELP) Program funds. HUD has informed the Housing Commission, as grantee, that \$148,500 of EDI-SP grant funds have been approved for the sub-grantee, The Cove. The Grant funds would be deposited into the Housing Commission Fund 224 for the HUD (EDI) Grant Account 4810.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH

This acquisition and rehabilitation proposal was presented to the Kensington-Talmadge Planning Group on September 14, 2005, where it was approved by a unanimous vote to support the proposed project.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The project will create nineteen units for the development of permanent supportive housing for extremely low income, chronically homeless, seriously mentally ill adults.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance & Development

Approved by,



Carol M. Vaughan
Interim President & Chief Executive Officer

HOUSING AUTHORITY REPORT

DATE ISSUED: April 29, 2008 REPORT NO: HAR 08-22

ATTENTION: Chair and Members of the Housing Authority
For the Agenda of May 6, 2008

SUBJECT: U. S. Congressional Set Aside Economic Development Initiative - Special
Purpose Grant (Council District 3)

REQUESTED ACTION:

Authorize necessary steps to receive a set-aside grant approved by Congress for affordable housing as administering agent for the City of San Diego.

STAFF RECOMMENDATION:

Subject to the conditions described below, recommend Housing Authority approval of:

1. The grant agreement for a \$148,500 Economic Development Initiative - Special Purpose (EDI-SP) Grant on behalf of the City of San Diego to be used for rehabilitation for The Cove Supportive Housing Development, and;
2. Granting funds to The Association For Community Housing Solutions (TACHS) for use in the rehabilitation of The Cove Supportive Housing Development, formerly known as Hope Village, located at 5288 El Cajon Boulevard, and;
3. Authorization for the Interim President and Chief Executive Officer, or designee, to execute all documents necessary to obtain and utilize these funds; and,
4. An amendment to the FY2008 Housing Commission budget to reflect the addition of \$148,500 in EDI-SP funds.

BACKGROUND:

On July 24, 2007, the Housing Authority approved a transfer of ownership and substitution of loan approval from Jewish Family Services to TACHS for a \$982,000 loan for a 20 unit apartment complex for extremely low-income, chronically homeless, mentally ill persons. An additional \$130,000 temporary bridge loan was approved for the development at the February 22, 2008 Housing Commission meeting. These previously approved loans and their terms and conditions are to remain unchanged.

The San Diego Housing Commission applied, as the sponsoring entity for TACHS, to the Department of Housing and Urban Development (HUD) for \$148,500 of EDI-SP grant funds specifically for the 20-unit project. HUD has approved the project per the attached correspondence (Attachment 1). The funds will be utilized for the ongoing rehabilitation of the development. The project rehabilitation is currently 75% complete with completion projected for late April 2008.

The project has experienced an increase in its total development costs from the previous budget of \$3,962,158 to \$4,018,495 due to the developer being directed by the City of San Diego during the inspection process to upgrade the existing bath drain line opening from 1-1/2" to 2" at six units.

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Special Purpose Grant

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All confirmed project sources are shown below. TACHS has also applied for a \$300,000 Mental Health Services Act (MHSA) forgivable loan with no debt service. It is TACHS' intention to pay down the Housing Commission's \$982,000 loan with the MHSA financing if that application is approved.

The \$130,000 bridge loan will be paid off in July 2008 when the State of California Multi Family Housing Program (MHP) loan is funded.

Sources:	Amount	Uses:	Amount
California MHP	\$2,357,995	Acquisition	\$1,700,000
HUD Supportive Hsg. Grant	400,000		
SD Housing Commission		Rehabilitation	1,337,178
• 3% Interest loan	982,000		
• Bridge Loan	130,000	Soft Costs	981,317
EDI – SP Grant	148,500		
Total	\$4,018,495		\$4,018,495

The EDI-SP grant, which is the subject of this report, will fund certain site costs, electrical installation, concrete and carpet installation. All items have been approved by HUD in response to the original EDI-SP grant application.

FISCAL CONSIDERATIONS:

The Housing Authority previously approved the \$982,000 loan which is funded with \$950,000 in HOME Program funds and \$32,000 in local Housing Trust Funds. The \$130,000 bridge loan is utilizing CalHFA Housing Enabled by Local Partnerships (HELP) Program funds. HUD has informed the Housing Commission, as grantee, that \$148,500 of EDI-SP grant funds have been approved for the sub-grantee, The Cove.

ENVIRONMENTAL REVIEW

The proposed development has been reviewed by the City of San Diego under the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA guidelines and has been determined to be exempt. The proposed development has also been determined to be categorically excluded according to 24CFR 58.35(a)(3) under the National Environmental Protection Act (NEPA). This project converts to Exempt per Section 58.34(a)(12) because it does not require mitigation.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH

This acquisition and rehabilitation proposal was presented to the Kensington-Talmadge Planning Group on September 14, 2005, where it was approved by a unanimous vote to support the proposed project.

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KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The project will create nineteen units for the development of permanent supportive housing for extremely low income, chronically homeless, seriously mentally ill adults.

Respectfully submitted,

Approved by,



Cissy Fisher
Director of Housing Finance & Development

Carrol M. Vaughan
Interim President & Chief Executive Officer

Attachment 1

HUD correspondence dated January 29, 2008

ATTACHMENT 1

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-1000



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

JAN 29 2008

Ms. Elizabeth C. Morris
President
San Diego Housing Commission
1625 Newton Avenue
San Diego, CA 92113

Dear Ms. Morris:

The Department is pleased to announce approval of the following Special Project grant, as funded by the Congress in the Department of Housing and Urban Development Appropriation Act of 2006 (PL 109-115) and as described in the Congressional Record of November 18, 2005. Please note that the amount shown below is 99.00% of the amount specified in the Congressional Record of November 18, 2005, because of a 1.00% rescission mandated in the Act.

Project No.: B-06-SP-CA-0131
Project Funding: \$148,500
Recipient: San Diego Housing Commission

This letter transmits the following documents and guidance needed to activate your FY 2006 special project grant.

1. Grant Agreement. Enclosed are four copies. Please read the agreement carefully, noting any attachments which have modifications or special conditions on this grant. Please sign and date three copies with original signatures and return them as noted below. The fourth copy is for your records pending receipt of a countersigned copy.

2. Assistance Award - Form 1044. Four copies are enclosed. Please sign and date three copies with original signatures and return them as noted below. The fourth copy is for your records pending receipt of a countersigned copy.

3. Forms and Instructions for Drawing Down Funds. HUD uses the Line of Credit Control System (LOCCS) for financial management of grant funds. Under this system, you identify the bank account into which you want HUD to deposit funds electronically. Then you request scheduled payments, using a voice response system.

You will be able to draw down funds once, 1) HUD processes the forms, 2) sends you a LOCCS ID Number and a LOCCS Voice Response Number, and 3) after the required certifications and environmental review (if needed) have been accepted by HUD.

Please ensure that all the following forms are complete and return them together as noted below:

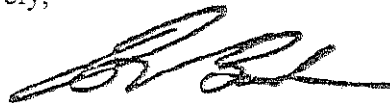
- a) the three signed originals of the Grant Agreement;
- b) the three signed originals of the Assistance Award (HUD Form 1044);
- c) the Direct Deposit Form (SF 1199) completed by you and your financial institution;
- d) evidence of the ABA number for your depository account, such as a VOIDED blank check, a deposit slip or similar documentation.

The notarized LOCCS Access Authorization Form (HUD form 27054) should be sent directly to the address on the form.

All of these items should be sent to the Government Technical Representative for this grant, Joanne Omega , Room 7146, U.S. Dept. of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410. If you or your staff have any questions about these documents and procedures, please contact Joanne Omega at (202) 708-3773, ext. 4661, fax (202)-708-7543, or Joanne_Omega@hud.gov.

We look forward to working with you toward a successful completion of this project.

Sincerely,



Otto V. Banks
Deputy Assistant Secretary
for Economic Development

Enclosures

The Cove Apartments - Project Development

The Cove Apartments (the "project") is located at 5288 El Cajon Boulevard, San Diego, CA 92102. The project consists of 20 units of multi-family rental housing, and includes the acquisition and moderate rehabilitation of this property for the purpose of creating permanent, supportive housing for chronically homeless, severely mentally ill seniors within the southern California region. The property contains 12 studio units and 8 one-bedroom units. There is a laundry room, an existing pool that will be removed and replaced with an open courtyard setting, office space and a paved parking area for The Cove residents. Each unit opens directly to the outside, with common walkways and parking spaces surrounding the property.

Of the 20 existing units, 19 will be designated for TACHS' targeted population of chronically homeless, mentally ill seniors, and 1 unit is designated as the on-site Resident Manager's unit. The acquisition cost for the project is \$1,700,000. The proposed rehabilitation will include the replacement of unit windows, electrical upgrades, painting, security doors, new tub/surrounds in each unit, new plumbing fixtures (kitchen and bath), new appliances and cabinetry, roofing repairs, window replacements, water heater replacements, the removal and backfill of an existing pool and the conversion of two units to meet current ADA requirements. The estimated cost of the rehabilitation will be approximately \$60,000 per unit.

TACHS has contracted with the County of San Diego's Department of Mental Health for full service delivery to each tenant. TACHS also will provide an on-site Resident Services staff member, charged with connecting each tenant with the resources needed to keep him/her living independently in a supportive housing environment.

Neighborhood and Amenities

Public transit: El Cajon Blvd is well-served with public transit. Bus service operates as Route 1, 15, 115 every 10 to 20 minutes every day, and connects the site directly to downtown San Diego. The nearest bus stop is 50 yards from the apartment building. The three routes that run along El Cajon Boulevard allow direct access to the Hillcrest office of the UCSD Medical Center, UCSD Outpatient Psychiatric Services, Scripps Mercy Hospital, San Diego State University, Grossmont College, City College and the trolley station.

Shopping:

The closest convenience store is the 7-11 at 5208 El Cajon Blvd, less than a 10th of a mile from the apartment building. There are a variety of small markets within a quarter mile radius. There is a shopping center at 6155 El Cajon Blvd, which includes a Vons (with pharmacy), GNC (General Nutrition Center), nail salon, video store, hair salon and other general shops. This center is 1.04 miles from Hope Village. Just across the street from the Vons center is a Sav-On Drugs and also a Smart & Final store. This is located 1.17 miles from the apartment building.

Medical services:

Inpatient Medical Centers

Scripps Mercy Hospital (Acute care hospital and outpatient services, emergency and inpatient psychiatric services) 4077 5th Ave, San Diego, CA (4.61 miles away)

UCSD Medical Center (Acute care hospital and outpatient medical services, emergency and inpatient psychiatric services) 200 W Arbor Dr, San Diego, CA (4.83 miles away)

Sharp Mesa Vista Hospital (Inpatient and outpatient psychiatric care) 7850 Vista Hill Ave, San Diego, CA (5.01 miles away)

Sharp Memorial Hospital (Acute care Hospital and outpatient medical services) 7901 Frost St, San Diego, CA (5.15 miles away)

Outpatient Medical Offices/Family Practitioners

City Heights Family Health Center

5379 El Cajon Blvd, San Diego, CA (directly across the street from the property)

Public recreation:

Colina del Sol Park has outdoor courts, tot lot, playground, picnic areas, a multi-purpose athletic field, golf course, tennis courts, a full size gymnasium, meeting room, game room, craft and ceramic room, full size kitchen and a swimming pool across the street. This park and recreation center is .68 miles from The Cove Apartments and is located at 4877 Orange Avenue, San Diego, CA 92115.

The Salvation Army Kroc Center is a 12-acre family support, education, recreation, and cultural arts facility. The complex has a pool, education center, fitness area, gymnasium, ice arena, rock wall, skateboard park, etc. The center is located 2.44 miles from The Cove. The complex is located at 6845 University Avenue, San Diego, CA 92115 and the residents can access the center via public transit.