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## **SAN DIEGO HOUSING COMMISSION MOVES FORWARD ON PLAN TO EXPAND AFFORDABLE HOUSING**

*Agency secures \$37 million in capital funds backed by Fannie Mae*

**SAN DIEGO, CA**—The San Diego Housing Commission today achieved a major milestone in its long-range plan to expand the city’s supply of affordable housing by securing approximately \$37 million in financing.

The Housing Commission, which plans to add more than 1,000 affordable rental units over the next three to five years, has closed on a series of loans from Greystone Servicing Corp. The 30-year mortgages are backed by the Federal National Mortgage Association, also known as Fannie Mae.

“With this funding, the Housing Commission moves a step closer to the first major expansion of agency-owned affordable housing units in more than a decade,” said Richard C. Gentry, the agency’s President and CEO. “We will be able to produce the first 350 units of the overall goal of 1,000.”

The loans from Greystone are secured by equity from 566 multi-family units located at 34 properties owned by the housing agency. The Housing Commission’s annual debt service to repay the loans will be approximately \$3 million. Fannie Mae is making the transaction possible by pre-approving its purchase of the mortgages, a service it provides as part of its community outreach to assist affordable housing projects nationwide.

Under an unprecedented finance plan approved by the San Diego Housing Authority on October 13, 2009, the Housing Commission intends to raise approximately \$100 million by leveraging the equity from about 1,200 agency-owned housing units. The Fannie Mae-backed mortgages represent the first phase of financing. The commission is planning a second round of borrowing in 2010 aimed at raising another \$60 million in mortgages from the Federal Housing Administration (FHA).

Portions of the Fannie Mae funding and the future FHA financing will take advantage of the federal Build America Bonds program, which offers an annual 35 percent interest rate rebate for the full term of the loans. The overall finance plan has been developed with assistance of the San Diego office of NorthMarq Realty Services Inc., an affiliate of national commercial mortgage banking firm NorthMarq Capital LLC.

The Housing Commission plans to acquire an array of properties, including existing apartments, partially finished multi-family developments or other real estate with funding needs. Converting

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these properties to affordable housing will be accomplished via renovations, or by forging partnerships with nonprofit and for-profit developers and the city of San Diego's redevelopment agencies.

Rental units created under the financing plan will be made available to low-income and workforce families. These are individuals and families whose household incomes are no greater than 80 percent of the county's Area Median Income (AMI), as set by the U.S. Department of Housing and Urban Development (HUD). A senior can qualify with an income up to \$28,900 annually; a family of four may qualify if household earnings are less than \$66,100 annually.

The Housing Commission's plan to create new affordable housing is intended to fulfill the terms of a 2007 agreement with HUD. The pact granted the Commission sole control and ownership of its 1,371 public housing units as long as the equity from the properties would be used to create at least 350 additional affordable housing units.

When the plan is completed, the number of affordable housing units owned by the Housing Commission will increase from 1,371 to approximately 2,400, nearly triple what was promised to HUD.

For more information about the San Diego Housing Commission's plan to expand its affordable housing, please visit <http://www.sdhc.org/giaboutus3a8.shtml>

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*The **San Diego Housing Commission** is a public agency working to expand affordable housing opportunities in the City of San Diego. Each year, the agency helps 80,000 low-income individuals with affordable housing through award-winning programs that benefit the city's economy and revitalize neighborhoods.*