



SAN DIEGO
HOUSING
COMMISSION

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NEWS RELEASE

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HOUSING COMMISSION PARTNERSHIP BRINGS TO LIFE MERCADO del BARRIO DEVELOPMENT

San Diego, CA— The San Diego Housing Authority today unanimously approved a \$7 million loan from the Housing Commission to help finance a 92-unit affordable apartment complex that is part of [Mercado del Barrio](#), a major redevelopment in Barrio Logan.

Mayor Jerry Sanders also endorsed the mixed-use development.

“Barrio Logan community has waited more than three decades for this redevelopment project to happen,” said Housing Commission President & CEO Richard C. Gentry. “The Housing Commission is pleased to be a partner in helping this signature project move forward.”

Mercado del Barrio will improve 6.8-acres of blighted vacant lots bordered by Cesar Chavez Parkway, the Coronado Bridge overpass, Chicano Park, National Avenue and Main Street.

The loan from the Housing Commission will help finance the Estrella del Mercado Apartments, where monthly rents will range from \$460 for a one-bedroom unit to \$1,118 for a three-bedroom unit. The apartments, which are required to remain affordable for 55 years, are available to households whose annual earnings range from 30 percent to 60 percent of the San Diego Area Median Income (AMI). For a two-person household, the income limit ranges from \$19,850 to \$42,950 annually.

Council President Ben Hueso, who organized a community rally today prior to the City Council’s vote, praised the Housing Commission for stepping forward with a loan at the crucial moment to make Mercado del Barrio financially feasible.

Community members attending the rally said the project, which they have waited for since 1976, will unite rather than divide the community.

In addition to the apartments, the \$62.3 million mixed-use project will feature a retail center anchored by a Northgate Market grocery store and a 208-space parking structure.

The apartment project is being developed by Chelsea Investment Corp. of Carlsbad, while the commercial portion is being built by Shea Properties.

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Major components of the apartment's financing include:

- \$7 million loan from San Diego Housing Commission
- \$9.1 million loan from the San Diego Redevelopment Agency
- \$17.5 million in tax credit equity
- \$953,149 in deferred developer fees
- \$110,625 federal solar tax credit grant

The 311,000-square-foot Mercado del Barrio development will incorporate "smart growth" design features aimed at linking the site to nearby mass transit facilities.

The right-of-way for Newton Avenue, which bisects the site, will be abandoned and turned into a pedestrian plaza.

Public art elements, including landscaping and plazas, will be tailored to highlight the culture of Barrio Logan and connections to Chicano Park.

Energy saving features will be included, allowing the project to meet or exceed the U.S. Green Building Council's requirements for Leadership in Energy and Environmental Design (LEED) Certification.

The Housing Commission's loan for Estrella del Mercado is made possible through an innovative finance plan approved in 2009 by the Housing Authority. The plan calls for the Housing Commission to raise up to \$100 million in capital funds by borrowing against the equity of the apartments and other housing units it owns.

Since approving the plan in October 2009, the San Diego Housing Authority has authorized three projects totaling \$18.4 million that will produce 292 new affordable housing units. The projects are:

- The Hotel Sandford – Acquisition and rehabilitation of a historic 130-unit downtown hotel to preserve it for low-income seniors. Renovations finished for fall of 2011.
- Riverwalk Apartments– Construction of a 50-unit apartment complex in the Otay Mesa/Nestor neighborhood. Completion scheduled for summer of 2011.
- Arbor Village – Acquisition and rehabilitation of a 112-unit apartment complex in Logan Heights. Renovations are expected to be done in the first quarter of 2011.

With the loan and land purchase for the Estrella del Mercado, the total affordable rental units created by the Housing Commission's finance plan will be 383. The goal of the finance plan is to produce up to 800 new affordable housing units through construction, purchase, and rehabilitation of rental units.

To obtain an equity stake in the project and satisfy a requirement from the U.S. Department of Housing and Urban Development (HUD), the Housing Commission will purchase a half-acre portion of the Mercado project for a negotiated price of \$100.00 from Shea Properties.

(MORE)

SDHC AFFORDABLE HOUSING FINANCE BACKGROUND:

- The Housing Commission's new affordable units will be rented to low-income households earning no greater than 80 percent of the San Diego AMI.
- The Housing Commission's finance 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 to produce 800 new affordable housing units, the number of rental units owned by the Housing Commission will increase from 1,371 to approximately 2,171, more than double what was promised to HUD.

Established in 1979, the San Diego Housing Commission is an award-winning public agency that provides a variety of affordable housing programs that annually improve the lives of nearly 76,000 San Diegans. For more information, visit www.sdhc.org

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