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San Diego Housing Commission (SDHC) Homekey Funds for Proposed Abbott Street Apartments Acquisition and Rehabilitation

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Emily S. Jacobs
Executive Vice President of Real Estate
San Diego Housing Commission

Josh Hoffman
Vice President of Real Estate Development
Real Estate Division



Proposed Abbott Street Apartments Acquisition & Rehabilitation

Introduction

- Homekey is a statewide program designed to rapidly produce housing for persons experiencing homelessness or at risk of homelessness.
 - \$736 million available statewide through a Notice of Funding Availability (NOFA) issued March 29, 2023.
 - \$34 million set aside for San Diego region’s local geographic pool
 - San Diego region may also apply for a competitive statewide pool of funds.
- State has awarded \$20,750,000 to SDHC for two projects to date.
 - Ramada Inn
 - Abbott Street Apartments



Proposed Abbott Street Apartments Acquisition & Rehabilitation Funding Award

- **May 12, 2023:** The SDHC Board of Commissioners (Board) voted 4-0 to authorize SDHC to submit a joint application with Wakeland Abbott LLC Homekey grant funds in accordance with the March 29, 2023, Homekey Notice of Funding Availability (NOFA).
- Homekey Award: \$3,900,000 for Abbott Street Apartments
 - September 26, 2023: Funding award letter
 - October 10, 2023: State announcement of Homekey funds to partially finance the rehabilitation of Abbott Street Apartments
- Abbott Street Apartments will be owned by Wakeland Abbott LLC.



Proposed Abbott Street Apartments Acquisition & Rehabilitation

Subject Property

2147 Abbott Street
San Diego, CA 92107
Council District 2
County District 3

- Ocean Beach
- 13 affordable units + 1 office/service space
- 1 Building – two-story walk-up
- Developer: Wakeland Housing and Development Corporation



Proposed Abbott Street Apartments Acquisition & Rehabilitation Due Diligence

- Wakeland Abbott LLC conducted extensive due diligence activities:
 - Appraisal
 - Physical Needs Assessment
 - Hazardous Materials
 - Phase I Environmental Site Assessment
 - Market Study
 - Zoning Conformance Verification
 - Title Report
- A third-party review of the resulting reports revealed no findings that would prevent the recommendation for SDHC to collaborate with Wakeland Abbott LLC on this property.



Proposed Abbott Street Apartments Acquisition & Rehabilitation

Sources and Uses of Funds

SOURCES	Cost	Per Unit
Local Match Funding - City of San Diego	\$1,465,000	\$112,692
Local Match Funding - County of San Diego	\$1,465,000	\$112,692
Homekey - Capital	\$3,900,000	\$300,000
Total Project Sources	\$6,830,000	\$525,385

USES	Cost	Per Unit
Land/Acquisition	\$4,510,000	\$346,923
Design & Engineering	\$13,440	\$10,495
Legal/Financial/Other Consultants	\$25,000	\$1,923
Permits & Fees	\$35,000	\$2,692
Direct Building Construction	\$1,167,800	\$89,831
Financing Costs	\$163,046	\$12,542
Marketing/General & Administrative	\$124,000	\$9,538
Developer Fees	\$416,000	\$32,000
Hard Cost Contingency	\$154,514	\$11,886
Soft Cost Contingency	\$98,201	\$7,554
Total Project Uses	\$6,830,000	\$525,385



Proposed Abbott Street Apartments Acquisition & Rehabilitation Supportive Services

- Populations served:
 - Individuals experiencing chronic homelessness with income up to 30 percent of San Diego's Area Median Income (AMI)
- Residents identified through referrals from the Coordinated Entry System
- SDHC awarded 13 rental housing vouchers to help residents pay rent:
 - 13 Project-Based Housing Vouchers
- Through a Memorandum of Agreement with the County of San Diego Health and Human Services Agency, residents will receive supportive services:
 - On-site case management and initial needs assessment
 - Individualized service planning
 - Direct or linkages to mental health services
 - Physical and behavioral health services
 - Substance use services
 - Care coordination
 - Life skills training, education services, and employment assistance
 - Assistance obtaining benefits and essential documentation, transportation services, and other services
 - HIV services



Proposed Abbott Street Apartments Acquisition & Rehabilitation

Affordability Restrictions

- In 1997, SDHC restricted the then 14 units at the property to persons with income at or below 80 percent of AMI.
- SDHC subsequently allowed the property to be reconfigured to provide 10 transitional housing units for victims of domestic violence
 - 9 units restricted at or below 35 percent of AMI
 - 1 unit restricted at or below 50 percent AMI.
- If the property were no longer used as transitional housing, the affordability restrictions would revert to 14 units at 80 percent of AMI.
- Proposed development:
 - Amend and restate or terminate the prior SDHC affordability restrictions.
 - Restrict 13 affordable rental housing units at the property for households experiencing chronic homelessness with income up to 30 percent of AMI, currently \$27,350 per year for a one-person household.
 - One unrestricted office/service space.





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Proposed Abbott Street Apartments Acquisition & Rehabilitation Project Site



Proposed Abbott Street Apartments Acquisition & Rehabilitation Project Site (Continued)



Proposed Abbott Street Apartments Acquisition & Rehabilitation Status

- Wakeland has an executed PSA
- California Department of Housing and Community Development Standard Agreement expected December 2023
- Close of Escrow: February 2024
- Construction and rehabilitation of the property: February 2024 – August 2024
- First residents move in: August 2024



Proposed Abbott Street Apartments Acquisition & Rehabilitation

Staff Recommendations

That the SDHC Board recommend that the Housing Authority of the City of San Diego take the following actions:

- 1) Authorize SDHC to amend its Fiscal Year 2024 budget in the amount of \$3,900,000 in State of California (State) Homekey Program funds to support the proposed development of Abbott Street Apartments at 2147 Abbott Street, San Diego, CA 92107 in Council District 2, which will consist of 13 affordable rental housing units for people experiencing chronic homelessness with income up to 30 percent of San Diego's Area Median Income.
- 2) Authorize SDHC to accept and expend \$3,900,000 in State Homekey Program funds to support the proposed development of Abbott Street Apartments at 2147 Abbott Street, San Diego, CA 92107 in Council District 2, which will consist of 13 affordable rental housing units for people experiencing chronic homelessness with income up to 30 percent of San Diego's Area Median Income.



Proposed Abbott Street Apartments Acquisition & Rehabilitation Staff Recommendations (Continued)

- 3) Authorize SDHC's President and Chief Executive Officer (President & CEO), or designee, to amend and restate SDHC's existing restrictions and deed of trust on the Property, so that such restated or replacement restrictions comport to the transaction described in this report.
- 4) Authorize SDHC's President and Chief Executive Officer (President & CEO), or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals. SDHC staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the documents, and other required documents, including amendments to any documents.



Proposed Abbott Street Apartments Acquisition & Rehabilitation

Questions & Comments

