

City Council Meeting

PHONE-IN TESTIMONY PERIOD NOW OPEN FOR Items HA1, HA2 and #S500 –Housing Acquisition, Funding agreement, HUD-CV Funds and related actions

To call in and make your one minute of public comment on this item:



Dial 619-541-6310



Enter Access Code 877861 then press #



Listen and wait until you hear,
“Your phone has been unmuted.”



When it’s your turn, state your name and make
your comments. When finished, hang up.



SAN DIEGO
HOUSING
COMMISSION

We're About People

San Diego Housing Commission (SDHC) Residence Inn Hotel Circle & Residence Inn Kearny Mesa Property Acquisitions

Approval of Services Agreements with People Assisting the Homeless and Father Joe's Villages Housing Authority of the City of San Diego Agenda Item #1 and 2 October 13, 2020

Lisa Jones
Senior Vice President
Homeless Housing Innovations

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Senior Vice President
Acquisitions & Development
Real Estate Division



Residence Inn Property Acquisitions

Operation Shelter to Home - Overview

- Launched April 1, 2020, at the San Diego Convention Center in response to the COVID-19 pandemic.
- Up to 1,495 shelter beds available to persons experiencing unsheltered homelessness.
- Street outreach activities occurred via a coordinated intake process to fill shelter beds and provide a safe and sanitary environment amid the pandemic.
- Services offered at the Convention Center include 24-hour security, meals, showers, bathrooms, laundry services, case management and housing navigation.
- Exit strategies include client placement into permanent and longer-term housing or other appropriate housing solutions.





Residence Inn Property Acquisitions COVID-19 and Need for Permanent Housing with Supportive Services

- The City-declared shelter crisis remains in effect.
- Operation Shelter to Home launched on April 1, 2020:
 - City’s collaborative response to mitigating the impacts of COVID-19 on persons experiencing homelessness.
 - Hundreds of those experiencing homelessness in the City temporarily moved to the Convention Center.
 - Many of those currently residing in the Convention Center are identified as needing long-term Permanent Housing with supportive services.
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- The City of San Diego Community Action Plan on Homelessness:
 - Identified the need for 2,659 PH units in the next 10 years.
 - 60 percent (1,595 PH units) needed within the first four years.



Residence Inn Property Acquisitions

Identifying Properties

- SDHC worked with a real estate broker to identify multiple potential hotel sites and initiated extensive due diligence activities.
- SDHC's review of 29 properties resulted in the selection of two presented today for consideration:
 - Residence Inn Hotel Circle – 1865 Hotel Circle South, San Diego CA, 92108
 - 190 affordable units and two managers' units
 - \$67,000,000 purchase price
 -
 - Residence Inn Kearny Mesa – 5400 Kearny Mesa Road, San Diego, CA 92111
 - 142 affordable units and two managers' units
 - \$39,500,000 purchase price



Residence Inn Property Acquisitions Advantages

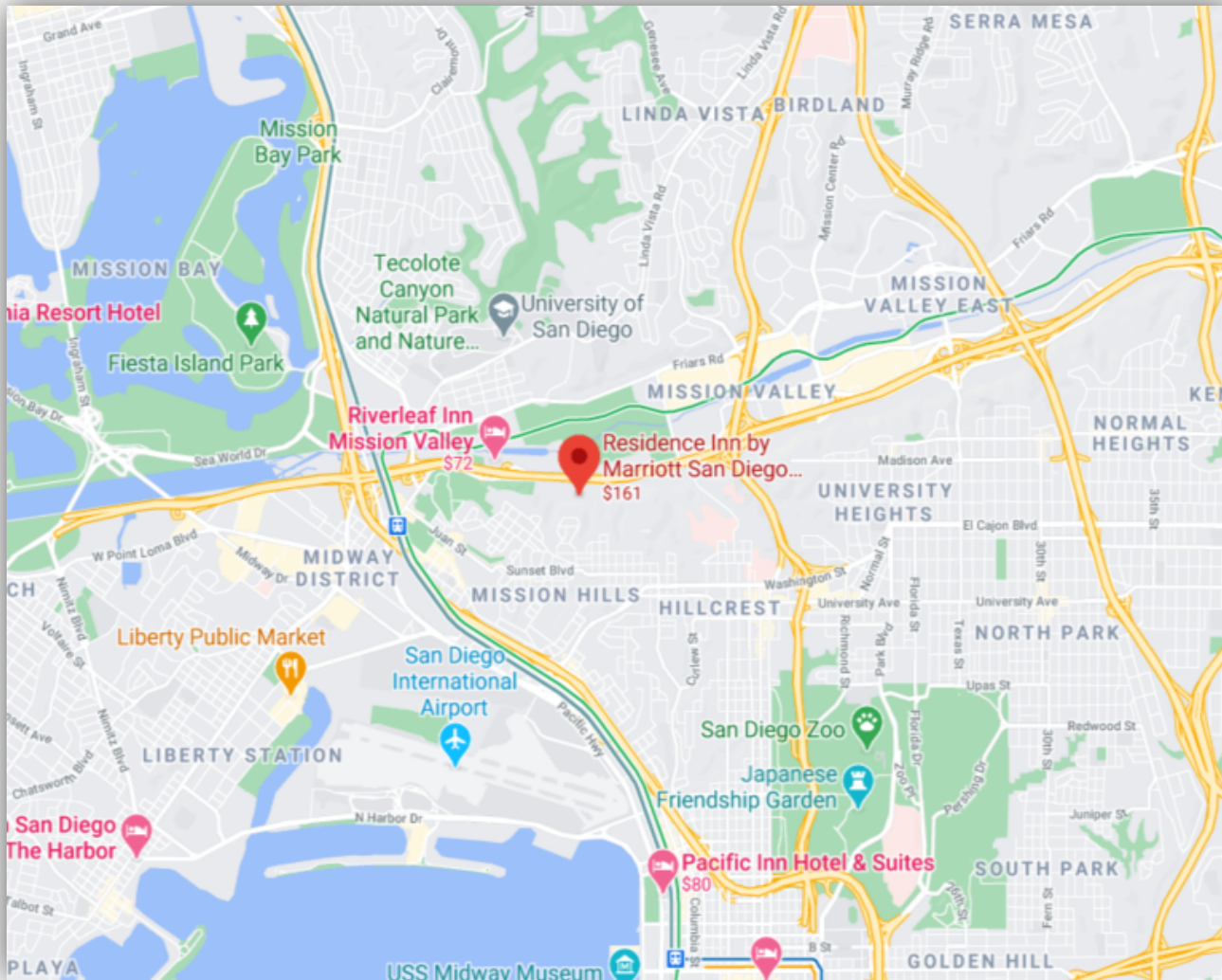
- Both Residence Inn properties:
 - Advance objectives of the Community Action Plan
 - Creates new affordable housing by utilizing existing resources
 - Are close to public transit and access to resources and social services
 - Have ample community space such as laundry, clubhouse, barbecue areas, congregate-eating areas, green space
 - Have ample offices and conference rooms usable for providing supportive services and activities
 - Require minimal upfront capital upgrades, allowing for immediate occupancy





Residence Inn Property Acquisitions

Site #1 – 1865 Hotel Circle South



Residence Inn Property Acquisitions

Hotel Circle – Property Details

Year Built	2003
Number of Units	192 total (152 1-bed, 38 2-bed, 2 managers' units)
Current Population	Market-Rate, Short- and Long-Term Rentals
Current AMI Restriction	None
Proposed Unit Mix	1-Bedroom and 2-Bedroom Rentals
Units of Permanent Housing with Supportive Services	190
Social Services	On-Site Social Services



Residence Inn Property Acquisitions

Hotel Circle – Financial Details

Purchase Price	\$67,000,000
Appraised Value	\$68,100,000
Price Per Unit	\$348,958
Estimated Rents	\$1,610 (1-bed), \$2,091 (2-bed)
Proposed AMI Restrictions	Permanent Housing with Supportive Services
Rental Subsidy	Project-Based Housing Vouchers for All Units



Residence Inn Property Acquisitions

Hotel Circle – Funding Sources

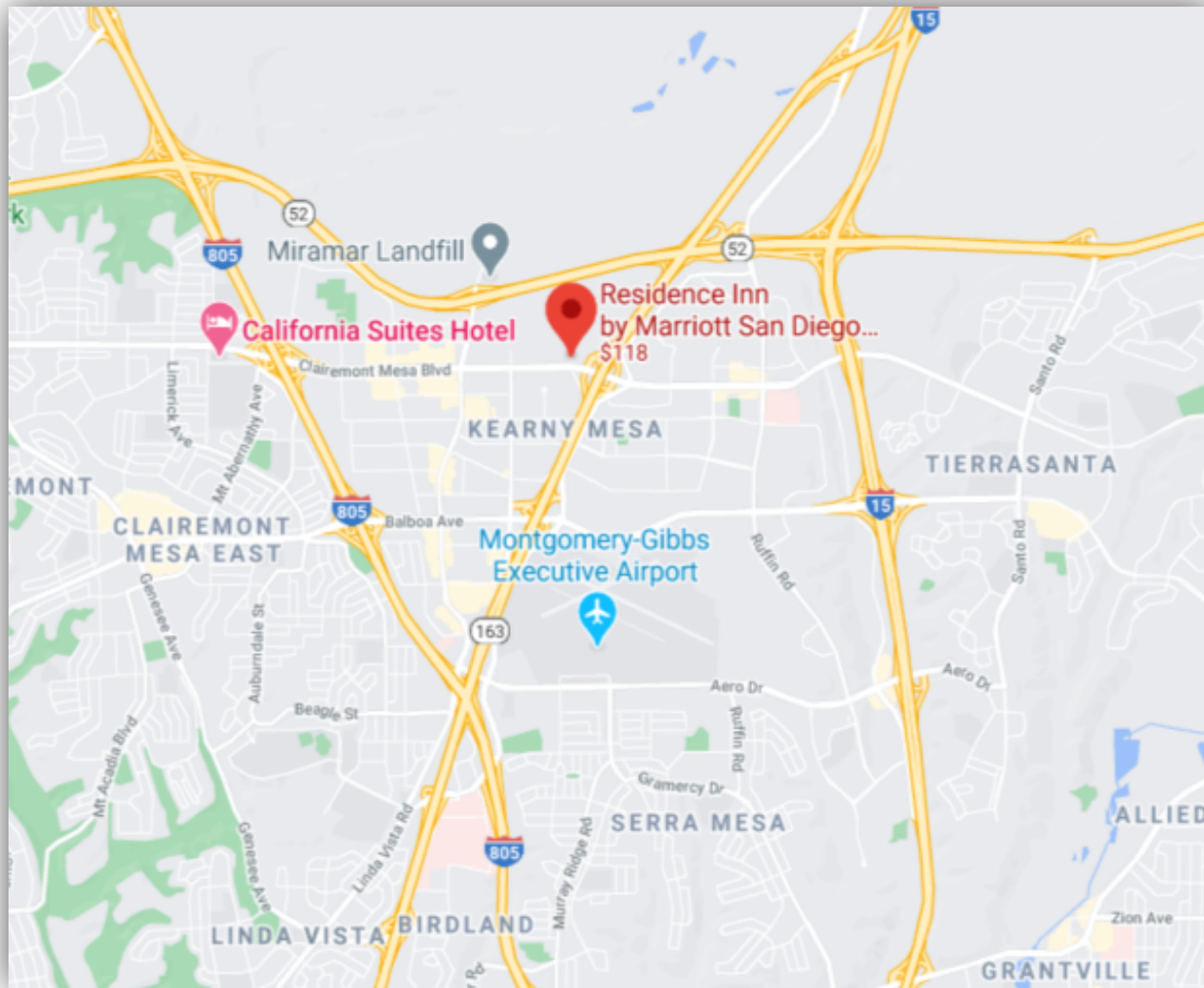
State Homekey Funds	\$27,700,000
Permanent Loan (Chase)	\$32,840,399
FY 2020 Community Development Block Grant (CDBG)	\$10,000,000
SDHC Moving to Work	\$ 928,174
Deferred Developer Fee	\$ 3,500,000
TOTAL	\$74,968,573





Residence Inn Property Acquisitions

Site #2 – 5400 Kearny Mesa Road



Residence Inn Property Acquisitions

Kearny Mesa – Property Details

Year Built	1990, renovated in 2013
Number of Units	144 total (108 studios, 34 2-bed, 2 managers' units)
Current Population	Market-Rate, Short- and Long-Term Rentals
Current AMI Restriction	None
Proposed Unit Mix	Studio and 2-Bedroom Rentals
Units of Permanent Housing with Supportive Services	142
Social Services	On-Site Social Services



Residence Inn Property Acquisitions

Kearny Mesa – Financial Details

Purchase Price	\$39,500,000
Appraised Value	\$39,600,000
Price Per Unit	\$274,306
Estimated Rents	\$1,311 (Studios), \$1,883 (2-bed)
Proposed AMI Restrictions	Permanent Housing with Supportive Services
Rental Subsidy	Project-Based Housing Vouchers for All Units



Residence Inn Property Acquisitions Kearny Mesa – Funding Sources

State Homekey Funds	\$10,000,000
Permanent Loan (Chase)	\$17,425,852
City CARES Act Funds	\$10,000,000
SDHC Moving to Work	\$ 6,594,517
Deferred Developer Fee	\$ 2,469,310
TOTAL	\$46,489,679



Residence Inn Property Acquisitions Hotel Circle - Site Photos



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Residence Inn Property Acquisitions Kearny Mesa - Site Photos



Residence Inn Property Acquisitions Site Photos



Residence Inn Property Acquisitions Kearny Mesa - Site Photos



Residence Inn Property Acquisitions Site Photos



Residence Inn Property Acquisitions Site Photos



Residence Inn Property Acquisitions Service Model

- Long-term housing solution with voluntary, wraparound supportive services combining case management and services with rental subsidies.
- Operated according to the Housing First model.
- Uses national best practices such as trauma-informed care, motivational interviewing, and a harm reduction model to ensure a client-centered approach to rendering services.
- The program design serves the target population in a welcoming, solutions-focused environment while ensuring housing stability.



Residence Inn Property Acquisitions Service Model (Continued)

- Services within Supportive Housing programs include:
 - Case Management
 - Mental Health Services
 - Substance Use Disorder Services
 - Healthcare Services
 - Life Skills
 - Education Services
 - Employment Services
- Referrals through the Coordinated Entry System to ensure the housing intervention is appropriate to the needs of the client.



Service Provider Agreements Procurement Process

- Request for Qualifications issued on May 4, 2020.
- 64 vendors notified through PlanetBids, using both SDHC and City portals.
- Seven proposals received by the deadline of May 18, 2020.
- The source selection committee recommends awarding the contracts to:
 - People Assisting the Homeless for Hotel Circle site
 - Father Joe's Village for Kearny Mesa site



Service Provider Agreements

People Assisting the Homeless (PATH)

- More than 30 years of experience serving individuals, families and veterans experiencing homelessness in California, including the San Diego region.
- In 2019, PATH provided services to more than 25,000 people throughout California, with almost 1,200 placements into permanent housing.
- Offers a comprehensive array of housing and supportive services, including:
 - Permanent supportive housing
 - Interim housing
 - Rapid rehousing
 - Emergency shelter
 - Inclement weather beds
 - Whole Person Wellness
 - Case management
 - Outreach
 - Housing navigation
 - Health services
 - Clinical care
 - Employment services



Service Provider Agreements

Father Joe's Villages

- More than 70 years of experience serving individuals and families experiencing homelessness in the San Diego region.
- Provides services for more than 14,000 individuals on an annual basis.
- Offers a comprehensive array of housing and supportive services, including:
 - Affordable housing
 - Interim shelter
 - Permanent supportive housing
 - Basic and emergency services
 - Transportation assistance
 - Computer lab
 - Public restroom program
 - Mental health counseling
 - Substance abuse treatment
 - Emergency shelter
 - Inclement weather beds
 - Education
 - Outreach
 - Daily meal program



Residence Inn Property Acquisitions

Funding for Services and Property Management

People Assisting the Homeless

FUNDING SOURCE	Year 1
Emergency Solutions Grant and Homeless Emergency Aid Program (HEAP)	\$1,318,382
Property Operating Income	\$1,474,724
Total	\$2,793,106

Father Joe's Village

FUNDING SOURCE	Year 1
Emergency Solutions Grant and Homeless Emergency Aid Program (HEAP)	\$900,212
Property Operating Income	\$1,188,796
Total	\$2,089,008



Residence Inn Property Acquisitions Staff Recommendations

That the Housing Authority of the City of San Diego take the following actions:

- Approve the nineteen actions detailed in Report No. HAR20-029 in order to complete the acquisitions of Residents Inn Kearny Mesa and Residence Inn Hotel Circle to provide long term permanent housing for up to 400 individuals; and
- Approve the three actions detailed in Report No. HAR20-032, to execute Operator Agreements with Father Joes Villages and People Assisting the Homeless for supportive services and property management activities to support the two permanent housing sites.



Residence Inn Property Acquisitions Operation Shelter to Home Exit Strategies

Exit Strategy Progress

Housed as of September 22: **668**

Matched In-Progress towards housing: Over **250**

Hotel Permanent Housing Initiative a Key Component of OSTH Exit Strategies

Hotel PH will House: Approx. **400 persons in 332 units**

Total Anticipated Housed April - December 2020: **1,261**



Economic Development

Allocation of CARES Act Emergency Solutions Grant-Round 2 (ESG-CV2) and Community Development Block Grant-Round 3(CDBG-CV3; and Associated Actions

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Requested Actions

- Enter into a new or revised grant agreement with HUD to include ESG-CV2 and CDBG-CV3 grants
- Accept and expend federal ESG-CV2 funds in the amount of \$22,796,116, as recommended by staff
- Accept and expend federal CDBG-CV3 funds in the amount of \$12,210,017, as recommended by staff
- Amend the Consolidated Plan and FY 2020 Annual Action Plans to included approved allocations
- Approve the 1st Amendment to the CDBG Affordable Housing Revolving Loan Fund MOU
- Approve the Funding Agreement for Coronavirus Relief Funds for acquisition of properties for Permanent Housing with Supportive Services
- Approve refined ESG-CV Activities as recommended by staff

Background | Framework for Requested Actions

CARES Act

- Direct allocation Coronavirus Relief Funds to City
- Additional Allocations to HUD Grant Programs

Additional HUD CARES Act Allocations

- \$12.2M CBDG-CV3 (Round 3)
- \$22.8M ESG-CV2 (Round 2)

Project Considerations

- Prepare for / Prevent / Respond to COVID-19 Emergency
- Avoid Duplication of Benefits



Permanent Housing with Supportive Services

- Acquisition of two hotels to provide permanent housing
 - Assist those temporarily housed at the Convention Center
- State Department of Housing and Community Development
 - Homekey Award I \$27,700,000 for the Hotel Circle Property
 - Homekey Award I \$10,000,000 for the Kearny Mesa Property
- FY 2020 CDBG Affordable Housing Revolving Loan Fund I \$10,000,000
- CARES Act Coronavirus Relief Fund I \$10,000,000

ESG-CV (Round 1) Activities

- Approved for Housing Recovery Programs in May 2020
- Alternative funding sources identified
- Recommended use
 - COVID Compliance Staff at Shelters
 - Elevated service levels to aid transition from congregate shelters to permanent housing
 - Permanent Housing with Supportive Services (Operations)



Proposed Property Acquisition and Operations

Permanent Housing with Supportive Services (Hotels)	Amount
FY 2020 CDBG Affordable Housing Revolving Loan Fund	\$10,000,000
CARES Act Coronavirus Relief Funds (CRF)	\$10,000,000
TOTAL	\$20,000,000
ESG-CV Activities	Amount
COVID-19 Compliance Staff at Bridge Shelters	\$1,107,296
Father Joe's Villages (Shelter)	\$912,611
Permanent Housing with Supportive Services (Operations)	\$1,218,594
TOTAL	\$3,238,501

CDBG-CV3 Activities

- CDBG-CV3 used to prevent, prepare for and respond to COVID-19
- Operation Shelter to Home
 - Launched April 1, 2020 at the San Diego Convention Center
 - Physical distancing and mitigates spread of COVID-19
 - Sustains operations through the end of the calendar year
- Emergency Rental Assistance Program
 - Continued risk of evictions

ESG-CV2 Activities

- ESG-CV2 used to prevent, prepare for and respond to COVID-19
- Immediate operational needs of emergency shelter program
- Allows City to apply other funds to post-pandemic shelter services
- Results in extended duration of programs and increase in number of people served



Administration | CDBG-CV3 and ESG-CV2

- Per the Consolidated Plan
- Budget increase \$34M to \$79M
- Transition EDD staff to support
- All HUD funds require review and regular monitoring
- Monthly, Quarterly and Annual HUD reporting
- Ensure adequate controls



Proposed CARES Act CDBG-CV3 and ESG-CV2 Activities

CDBG-CV3 Activities	Amount
Operation Shelter to Home	\$4,765,000
Rental Assistance	\$5,000,000
Administration and Planning	\$2,442,003
TOTAL	\$12,207,003

ESG-CV2 Activities	Amount
Expansion of Golden Hall Shelter Operations	\$2,210,461
COVID-19 Compliance Staff at Bridge Shelters	\$392,705
Operations of Pre-Existing Shelters	\$14,360,562
Administration and Planning	\$2,279,611
TOTAL	\$19,243,339



Substantial Amendments | FY 2020 Annual Action Plan and Consolidated Plan

- Incorporates CBDG-CV2 and ESG-CV3 funds
- Refines CDBG-CV with more specificity
- Includes eligible activities in response to COVID-19
- Updates Anticipated Resources, Goals and Objectives
- 5-day public comment period
- Submittal to HUD



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