Civic San Diego

DATE ISSUED: March 20, 2013

ATTENTION: Honorable Chair and Members of the Land Use and Housing Committee
Docket of March 27, 2013

SUBJECT: Affordable Housing Master Plan – Citywide

STAFF CONTACT: Eri Kameyama, Senior Project Manager

REQUESTED ACTION: That the Land Use and Housing (LU&H) Committee recommends that the City Council, acting as the Board of the City of San Diego ("City") in its capacity as successor housing entity, ("Successor Housing Entity") approves the proposed Affordable Housing Master Plan ("Master Plan") and directs Civic San Diego ("CivicSD") staff to proceed with implementation of the Master Plan pursuant to the consultant agreement between the City and CivicSD for services to the Successor Housing Entity.

STAFF RECOMMENDATION: That the LU&H Committee recommends that the City as Successor Housing Entity approves the proposed Master Plan and directs CivicSD staff to proceed with implementation of the Master Plan pursuant to the consultant agreement between the City and CivicSD for services to the Successor Housing Entity.

SUMMARY: Pursuant to Assembly Bill x1 26 ("AB 26") and Assembly Bill 1484 ("AB 1484"), the City, solely in its capacity as the designated successor agency to the Redevelopment Agency of the City, a former public body, corporate and politic ("Successor Agency") has recently transferred its housing assets to the Successor Housing Entity, which included; 1) Encumbered Low- and Moderate-Income Housing Funds ("Low/Mod Fund") for approved enforceable obligations; 2) Unencumbered Low- and-Moderate Income Housing Bond Proceeds in the amount of $32,871,000; 3) Interest in real property held for the purpose of affordable housing (22 properties); 4) Notes receivable, first-time homebuyer loans, Owner Participation Agreements (OPA) and Disposition and Development Agreements (DDA); 5) Ground leases recorded on properties containing affordable housing; and 6) Recorded covenants in favor of the former Redevelopment Agency (RDA) restricting properties for affordable housing purposes. The Successor Housing Entity is required to maintain all housing assets in a separate account known as the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund") and utilize the housing assets and all revenues generated from those assets for the purposes of maintaining, preserving or improving affordable housing. The dissolution legislation terminated future tax increment funding for new affordable housing production, with the exception of those projects deemed to be enforceable obligations by the State Department of Finance (DOF). As a consequence, optimizing the use of the remaining housing assets is vital until a new replacement funding source is identified.

While not required within the dissolution legislation, CivicSD staff committed to the City Council to prepare a Master Plan that outlines priorities and a proposed strategy for the remaining housing assets that maximizes their effectiveness in continuing affordable housing production. Specifically, the Master Plan provides proposed uses for the real properties and proposed expenditures of the Housing Asset Fund. Of the 22 real properties owned by the Successor Housing Entity, nine properties that are currently occupied by existing affordable housing developments are recommended to be retained as affordable housing for the remaining terms of existing affordability covenants. One property that is land occupied by existing rental housing with expired affordability covenants (Market Street Square) is recommended to be sold to the current ground lessee with a requirement to preserve the affordable units for an extended term. Five properties (including 50 percent of the 13th and Market site) are proposed to be competitively sold, with a Disposition and Development Agreement (DDA) at the greatest possible value to private developers for mixed-use market-rate development with a requirement that at least 15 percent of the total residential units be affordable. Eight properties (including 50 percent of the 13th and Market site) are proposed to be retained by the Successor Housing Entity for future affordable housing developments. Staff projects that, through creative public-private partnerships and prudent management of assets, the Housing Asset Fund could generate approximately $65 million of net funds for future affordable housing purposes, comprised of unencumbered bond proceeds, land disposition proceeds and other revenues from loan repayments and rent payments, after deducting administrative costs. After allocating the estimated gap funding needed to develop affordable housing on eight of the City-owned properties, staff projects that approximately $15 million of additional proceeds will be available in Fiscal Year 2015 and Fiscal Year 2016 for a City-wide Notice of Funding Availability (NOFA) to fund new housing projects on sites to be determined through the NOFA process. Based on the critical need and strong support from the Mayor's Office, Council, CivicSD and the San Diego Housing Commission (SDHC), staff has elevated the production of homeless housing as a primary goal of the Master Plan. Pursuant to this Master Plan, staff conservatively estimates that a total of 1,041 affordable units could be produced City-wide, with approximately 38 percent of those units targeted for the homeless population.

<u>FISCAL CONSIDERATIONS:</u> The Master Plan includes projected revenues to be generated from the housing assets, including loan repayments, ground lease payments and other program incomes, which are sufficient to cover the estimated costs of administration of the Master Plan and specific projects. No burden on the City's general fund is expected in the next five years. There are potential limits on funding for those costs under proposed legislation, such as SB 341, which could impose a stricter cap on use of the Housing Asset Fund to pay for administrative costs. The Fate of SB 341 and other recently introduced legislation is not known at this time. Approvals for future individual projects/transactions that are components of this Master Plan will be presented to the CivicSD Board and City Council for consideration.

<u>ECONOMIC IMPACTS:</u> None with this action. Approvals for future individual projects/ transactions that are components of this Master Plan will be presented to the CivicSD Board and City Council for consideration.

CIVIC SAN DIEGO RECOMMENDATION: On March 27, 2013, the CivicSD Board of Directors will hear this item.

OTHER RECOMMENDATIONS: The Master Plan was presented to the Board of Directors of the San Diego Housing Commission (SDHC) on February 15, 2013 as an information item and received an overwhelmingly positive response. In addition, CivicSD staff presented the proposed Master Plan and received input from the representatives of the San Diego Housing Federation on February 4, 2013, the City Heights Area Planning Committee on February 4, 2013 and the Campaign to Ending Homelessness in Downtown San Diego Leadership Team on February 21, 2013. CivicSD staff plans to present the Master Plan to the Southeastern San Diego Planning Committee and the Encanto Neighborhoods Planning Group in April 2013.

The Downtown Community Planning Council is scheduled to hear this item on March 20. On March 13, the CivicSD Real Estate & Budget/Finance & Administration Joint Committee heard this item and voted unanimously to support the staff recommendation.

BACKGROUND

Pursuant to AB 26 and AB 1484, the Successor Agency has recently transferred its housing assets to the City as Successor Housing Entity. The Successor Housing Entity is required to maintain all housing assets in a separate account known as the Housing Asset Fund and utilize the housing assets and all revenues generated from those assets for the purposes of maintaining, preserving or improving affordable housing. The types of housing assets transferred to the Successor Housing Entity include the following:

a) ***Encumbered Low/Mod Fund for approved enforceable obligations*** – Individual enforceable obligations are identified in the Enforceable Obligation Payment Schedule (EOPS) and Recognized Obligation Payment Schedules (ROPS). Pursuant to the letter issued by the California Department of Finance (DOF) dated January 4, 2013, the Successor Agency transferred the revenues only through the ROPS 3 period (June 30, 2013). It is anticipated that as future ROPS are approved by DOF, the revenues for each ROPS period will be transferred to the Successor Housing Entity for enforceable obligations.

b) ***Unencumbered Low- and Moderate-Income Housing Bond Proceeds in the amount of approximately $32,871,000*** – AB 1484 clarified that the excess bond proceeds, which include bond proceeds issued by the former RDA prior to 2011 for purposes of affordable housing that are not presently committed under an enforceable obligation, could be retained and spent by the Successor Housing Entity for the purposes of affordable housing.

c) ***Interest in real property held for the purpose of affordable housing*** – A total of 22 real properties (18 in downtown and four in southeastern San Diego), which were acquired by the former RDA for the purposes of affordable housing, were transferred from the Successor Agency to the Successor Housing Entity. Of those 22 properties, nine properties are occupied by existing affordable housing projects with long-term affordability restrictions in favor of the former RDA, and will remain affordable for the duration of their affordability restrictions.

d) ***Notes receivable, first-time homebuyer loans, OPAs and DDAs*** – The former RDA entered into OPAs and DDAs with developers and provided loans, in many cases, forgivable or deferred loans requiring only residual receipt payments, from its Low/Mod Fund to subsidize acquisition and development of affordable housing projects. The former RDA also provided a variety of homebuyer assistance loans to Low- and Moderate-Income homebuyers to purchase and/or rehabilitate homes. Many of these homebuyer loans have zero or very low interest rates and payments are deferred, and some are forgivable after full terms. Any repayments from these loans must be deposited to the Housing Asset Fund for affordable housing purposes.

e) ***Ground leases recorded on properties containing affordable housing*** – The former RDA entered into long-term ground leases with affordable housing developers to allow development and operation of affordable housing projects on its properties. In most cases, very minimal ground lease payments are required while the affordability covenants are in effect.

f) ***Recorded covenants in favor of the former RDA restricting properties for affordable housing properties*** – The former RDA recorded long-term affordability covenants on properties for which it provided financial assistance, including properties owned by the former RDA, to ensure that the properties remain affordable for a specified period of time.

In consideration of the new reality of limited resources for future affordable housing production, CivicSD staff has prepared this Master Plan as a guiding instrument to implement best practices while optimizing unit production for targeted populations. This Master Plan outlines creative strategies for the use of the housing assets retained by the Successor Housing Entity for the next five years, specifically, proposed uses for the real properties and proposed expenditures of the Housing Asset Fund.

Of the 22 real properties owned by the Successor Housing Entity, the Master Plan assumes the nine properties currently occupied by affordable housing projects will remain on the leased properties for the full terms of the affordability covenants. Therefore, the plan focuses on strategies for the remaining 13 properties that do not currently provide affordable housing. The Master Plan also includes expenditures for the unencumbered funds, including the bond proceeds and any other revenues generated from the housing assets (loan repayments, ground lease payments, program incomes, etc.), and not the encumbered funds for enforceable obligations.

The former RDA had two new affordable housing projects under contract and in the pipeline at the time the dissolution legislation was approved. Those projects, Celadon (Ninth and Broadway) and COMM22, have been approved by the DOF and are currently under construction. When complete in 2015, the projects will provide a total of 447 units for individuals, seniors and families. Of those units, 101 will be set aside for homeless and special needs populations. Because the funds for these projects are now encumbered, they are not included in this forward-looking Master Plan.

DISCUSSION – AFFORDABLE HOUSING MASTER PLAN

Guiding Principles

To facilitate the preparation of the proposed Master Plan and provide direction and focus for its strategies, staff developed the following guiding principles:

1. Maximize quality unit production with limited resources
In the absence of redevelopment, which provided a minimum of 20 percent of tax increment funds for affordable housing purposes, the City retains very limited one-time resources, and no reliable future revenue stream, with which to produce new affordable housing units. The Master Plan should strive to maximize the number of new quality unit that can be produced with the remaining housing assets of the Successor Housing Entity by leveraging the City funds with other funding sources, negotiating with private parties to maximize the production of affordable units within developments on the City-owned properties, and using competitive processes to select development partners and proposals for funding.

2. Homeless housing
Production of homeless housing is one of the most important priorities for the City and CivicSD and the most challenging to finance. According to the Regional Task Force on the Homeless, 3,623 unsheltered homeless persons were counted within the City during the 2012 point in time count (January 2012), of which 733 were counted in the downtown area (census tracts #51,52,53,54,56 and 58). Even though significant progress has been made in recent years by efforts led by public and private partnerships (as detailed later in this report), additional resources are needed to provide significantly more housing units to "end homelessness" in the City. The Master Plan should attempt, to the greatest extent possible, to address the needs of the homeless population by allocating funding for production of homeless housing units, as well as utilizing the City-owned properties for development of housing units targeted for the homeless population. In addition, the Master Plan should contemplate that developers be required to include a minimum number of permanent supportive housing units or other homeless units within proposed affordable housing developments subsidized by the Housing Asset Fund. This concept is consistent with the Affordable Housing Guidelines adopted by the CivicSD (former Centre City Development Corporation (CCDC)) Board of Directors in June 2009 whereby a minimum of 15 percent of the units in new affordable housing developments be dedicated to the homeless or at-risk population.

3. Maximize leverage with other funding sources
The Master Plan should strive to maximize the results of the Housing Asset Fund by leveraging it with other private and public financing available for affordable housing

developments. Developers should be strongly encouraged to seek all available funding sources to reduce the City's investment. Examples of such funding sources include Low Income Housing Tax Credit (LIHTC) programs, Mental Health Services Act (MHSA) program, the Affordable Housing Program (AHP), and the final round of Prop1C funding (expected to be competitively allocated in June 2013). In addition, staff will apply for SDHC Project-Based Section 8 vouchers, seek Housing and Urban Development (HUD) for its Veterans Assistance Supportive Housing (VASH) vouchers, and other local public and private funding opportunities for collaboration on key projects.

4. Development of affordable housing on real properties retained by the Housing Successor Entity

   Where feasible, the Master Plan should strive to produce affordable housing on properties retained by the Housing Successor Entity in an effort to negate land acquisition costs. However, it is also recognized that some of the real properties retained are located in downtown and are considered to be prime, high-value real estate that could generate substantial sales proceeds to the Housing Asset Fund for future affordable housing projects on more suitable, less valuable sites. These high-value sites are zoned for some of the highest density in the City for mixed-use development and are inappropriate for 100 percent affordable housing development. On those sites deemed appropriate for 100 percent affordable housing, the Master Plan should reserve funds and prioritize its investment in the development of affordable housing on those City-owned properties.

5. Geographic diversity
   The Master Plan should ensure that the limited City resources be available for investment in affordable housing among different neighborhoods within the City, creating geographic diversity. Because all 22 real properties retained by the Successor Housing Entity are located in downtown and southeastern San Diego, it is inevitable that more affordable units will be built in downtown and southeastern San Diego. These neighborhoods provide strong access to transit and services. However, sufficient funds should be held available for competitive allocation outside of downtown and southeastern San Diego.

6. Transit-Oriented-Developments (TODs)
   The Master Plan should seek to invest in affordable housing developments that are proximate to public transit to reduce reliance on automobiles, minimize greenhouse gas emissions, and contribute to creating walkable communities in urban City neighborhoods. Therefore, projects located within one-half mile from public transit stops with direct routes to employment centers should be prioritized for funding.

7. Catalyst for neighborhood investment
   The former RDA funded affordable housing developments with its Low/Mod Fund to not only create affordable housing opportunities for the low- and moderate-income residents, but also to revitalize neighborhoods by removing blight and strategically selecting project sites in areas where neighborhood investments were in greater need. In addition, projects

were carefully programmed and designed to activate the streets and catalyze revitalization of the surrounding areas. This Master Plan will continue to strive to achieve the same goal of revitalizing neighborhoods with the Affordable Housing Assets by investing funds strategically and creatively in mixed-use, mixed-income projects providing community benefits, where possible, to serve as the catalyst for neighborhood investment. Projects will be selected with consideration for their potential economic development impacts, including job creation, for the communities. The developers will also be encouraged to design and program projects to activate the streets and contribute to revitalizing the surrounding neighborhoods.

8. Sustainability
The former Centre City Development Corporation (CCDC) had required affordable housing projects seeking the redevelopment subsidy to be designed to achieve the minimum of LEED Silver or equivalent. A number of downtown affordable housing projects have since been certified as LEED Silver, Gold or Platinum utilizing recycled materials for construction, installing energy-efficient appliances and water-saving fixtures, collecting rain water for irrigation, and generating their own electricity with onsite renewable energy. These efforts have contributed to reducing energy demand and saving utility costs for the operator and residents. The Housing Asset Fund should target its investment in projects that achieve a minimum level of Silver LEED certification, or its equivalent.

9. Allow for flexibility
The Master Plan should be based on various assumptions that reflect funding sources, priorities and costs known at the time of its preparation. However, the plan should provide for flexibility to accommodate new challenges/opportunities that may arise, such as new funding sources, properties that may become available, or changes in priorities. In addition, there is uncertainty related to pending litigation and future legislation on redevelopment dissolution. In the event a court were to decide that successor entities are required to fulfill unmet obligations related to inclusionary affordable housing under the California Redevelopment Law, or in the event legislation is adopted which imposes the inclusionary requirement or additional affordable housing obligations on the Successor Housing Entity, the Master Plan may need to be substantially revised to fulfill such additional requirements.

10. Competitively bid to select development partners
To optimize the use of limited resources, encourage transparency and competition, and to ensure the quality of developments, selection of development partners and/or development proposals will be made through competitive processes, such as Request for Qualifications (RFQ), Request for Proposals (RFP) and NOFA, except in rare cases where site control is demonstrated and owner participation is necessary.

11. Use conservative assumptions
The Master Plan should be based on conservative assumptions and projections. Best efforts were made not to overestimate the availability of funds or underestimate the costs or required investments in new developments.

Recent Accomplishments in Efforts to End Homelessness in Downtown

CivicSD, in collaboration with its public and private partners, has made significant progress to house homeless individuals in recent years. Some of the efforts are detailed below and summarized in the following table.

Name - Area	Number of Homeless Housed	Year(s)	Type of Housing provided
Former RDA/CCDC – Downtown	311 + 101 in pipeline	2009-2013 2013-2015	161 new supportive housing units and 150 transitional housing, 101 supportive housing units in pipeline
Campaign to End Homelessness in DT – Downtown	242	2010-2013	Permanent housing and supportive services
DTSP – Downtown	44	2012-2013	Reunited with family members
Project 25 – San Diego Region	36	2012-2013	Permanent housing and services
100 Day Campaign to House Veterans – San Diego Region	103	2012	Permanent housing and services
TOTAL	**736 + 101 in pipeline**		

Commitment to Ending Homelessness in Downtown

The City, former CCDC, and the SDHC have made strong commitments to address homelessness, particularly in downtown San Diego, and have allocated resources to create permanent supportive and transitional housing units toward the goal of ending homelessness in downtown. In 2009, CCDC's Board of Directors established a policy within its Affordable Housing Guidelines to require any future affordable housing development in downtown funded by redevelopment funds to include at least 15 percent of the total affordable units as supportive housing units targeted for the formerly homeless and those at risk of homelessness. As a result, 161 supportive housing units have been built and 101 supportive housing units are in the pipeline since the adoption of the policy. Including the supportive housing units that were already in place before 2009, the total number of supportive housing units in downtown will exceed 550 by 2015. In 2010, CCDC and the Downtown San Diego Partnership (DSDP) formed the Ending Homelessness in Downtown San Diego Campaign ("Campaign"), a collaborative effort by various private, public and non-profit entities with a goal of ending homelessness in downtown San Diego (explained in more detail later in this section). In 2011, CCDC prepared the "Five-Year Work Plan Toward the Goal of Ending Homelessness in Downtown San Diego" (adopted by the City Council in September 2011), which detailed the strategies and resources to end homelessness in downtown San Diego by 2016. One of the most significant achievements by the former RDA and CCDC in the efforts to end homelessness in downtown is the opening of the Connections Housing project in March 2013, which will initially house a total of 223 formerly homeless individuals and provide wrap-around services for the tenants on site. The transitional units are expected to turnover every several weeks as tenants move toward permanent supportive housing and space is made available for new tenants identified by the outreach teams. The Connections Housing project is envisioned as a one-stop homeless center model that could be replicated in other neighborhoods of the City on a smaller scale.

Campaign to End Homelessness in Downtown

The Campaign was launched in 2010 by the DSDP and CCDC, in partnership with the County of San Diego ("County"), the U.S. Department of Veterans Affairs (VA), the SDHC and the United Way of San Diego County ("United Way"). It successfully completed the Downtown San Diego Registry Week in September 2010 with 240 volunteers, counting 1,040 homeless people in downtown and identifying the most vulnerable homeless individuals through the Vulnerability Index (VI) survey. With support of the County, VA and SDHC, which provided a total of 125 housing vouchers and supportive services, the Registry Week successfully housed a total of 148 of the most vulnerable homeless individuals in permanent and interim housing (as of January 2013). The Campaign recently completed "Blitz Week" to house an additional 100 vulnerable homeless individuals, with housing vouchers and services provided by the County, VA and SDHC. Blitz Week implemented an expedited pre-screening and enrollment process through an existing service provider network to identify the most vulnerable homeless individuals. To date, 94 formerly homeless individuals have been successfully housed, which increased the total housed by the Campaign efforts to 242 (as of January 2013). The Campaign's Leadership Team has continued to expand its members to include local-, state- and federal-elected officials and public agencies, business leaders, homeless service providers and advocates, healthcare providers, the faith-based community, academic institutions and the philanthropic community.

Downtown San Diego Partnership's Efforts to End Homelessness in Downtown

The DSDP, which represents the business community, has demonstrated strong leadership in an effort to end homelessness in downtown. Not only has it spearheaded the Campaign in 2010, but it also initiated successful efforts as the "Movin' Home" program, which installed nine red meters throughout the downtown neighborhoods to encourage donations by the public to help fund move-in kits and vouchers for the Campaign efforts. It has also streamlined its Clean & Safe Program to strengthen its homeless outreach team, which successfully reunited a total of 44 homeless individuals with family and support systems since February 2012 through its "Work Your Way Home" program.

Other Regional Efforts

Significant efforts have been made over the years to address homelessness in the San Diego region by various public and private entities as well as collaborative efforts, including the San Diego County's Plan to End Chronic Homelessness in the San Diego Region (PTECH). Among those efforts, two collaborative efforts should be noted for their achievements in recent years. Project 25 is a three-year pilot program launched by the United Way, in partnership with the City, County and local non-profit agencies, to provide permanent housing, supportive services and a comprehensive discharge program to at least 25 of the chronic homeless individuals who are considered as the most frequent users of public resources. Project 25 has enrolled 36 homeless individuals to date, and is compiling the frequent user data to compare the cost of services used by those individuals before and after entering the program. Another accomplishment was made by the "100 Day Campaign to House Veterans" in 2012, by which a total of 103 formerly homeless veterans were housed. It was led by the 100,000 Homes Campaign and the Rapid Results Institute, in partnership with the U.S. Department of Housing and Urban Development (HUD), VA, the U.S. Interagency Council on the Homeless, SDHC, the County Department of Housing and Community Development, the United Way and the Regional Continuum of Care (RCCC).

As summarized here, there have been various initiatives in San Diego and downtown San Diego to address the homelessness issue. This Master Plan intends to maintain the momentum by continuing to increase the supply of housing units targeted for the homeless and individuals and families throughout the city who are at risk of homelessness.

Partners/Community Outreach

CivicSD staff plans to continue its engagement efforts with various public agencies, community groups, and other key stakeholders prior to finalizing the Master Plan for recommendation to the City Council. To collaborate in funding affordable and homeless housing projects, CivicSD staff has worked closely with SDHC staff in preparation of the draft Master Plan. Partnership with SDHC is critical to the financial feasibility of many affordable housing developments, as demonstrated by recent collaborative projects such as Connections Housing and Celadon. CivicSD's design review and entitlement authority combined with the SDHC's access to federal funding has produced several highly successful and award-winning projects. Key concepts of this Master Plan were presented to the SDHC Board on February 15, 2013 and received favorable comments.

CivicSD staff also met with staff from the County Department of Mental Health and the Corporation for Supportive Housing (CSH) regarding our future collaboration on supportive housing units for homeless and those at risk of homelessness with mental illness. The County had been supportive of the former CCDC's effort to require 15 percent of supportive housing units within affordable housing projects in downtown. It has provided or committed MHSA development and/or operating subsidies as well as supportive services for 109 supportive housing units in downtown since 2008. The County staff is in support of the Master Plan and will consider providing necessary MHSA funding for future supportive housing units based on program funding availability. The MHSA program is critical for the success of supportive housing units targeted for mentally disabled individuals because the program not only provides development subsidies, but also provides operating subsidies for up to 20 years (subject to availability) and supportive services for the tenants, which is the key to success for independent living.

In addition, CivicSD staff presented the draft Master Plan to the San Diego Housing Federation Board of Directors, a stakeholder group consisting of affordable housing professionals and developers, and the Campaign's Leadership Team. Among the neighborhood planning groups, CivicSD staff presented the Master Plan to the City Heights Area Planning Committee on February 4, 2013, and Southeastern San Diego Planning Committee and the Encanto Neighborhoods Planning Group in April 2013.

Housing Assets - Real Properties

The Successor Housing Entity owns a total of 22 real properties in former redevelopment areas in downtown and southeastern San Diego. In this section, recommended uses and strategies for these properties will be discussed. Maps of downtown and southeastern San Diego that show locations of the 22 properties are attached to this staff report as Attachment A.

Real Properties with Long-Term Affordability Covenants

Of the 22 real properties, nine properties are occupied by existing affordable housing projects with long-term affordability restrictions in favor of the former RDA. These properties were leased to the developers to develop and operate affordable housing projects through long-term ground leases. Most of these projects received other public subsidies, and the affordability and uses are restricted by these programs, including the LIHTC program and other federal and state programs. The Master Plan proposes these properties continue to operate with their existing affordable housing for the duration of the RDA affordability covenants or RDA ground leases.

For the older projects, the terms of ground leases are consistent with the terms of the affordability covenants. Therefore, upon expiration of the affordability covenants and ground leases, ownership transfers to the City and the properties' future uses will be at the City's discretion. For the newer projects, the ground lease terms are longer than the terms of the affordability covenants. As a result, after expiration of the affordability covenants, 10 or more years will remain on the ground lease terms (in most cases with options to extend the leases) and the operators could convert the affordable units to market-rate units. Based on the terms of the executed ground leases, the City will collect greater ground lease payments from the market-rate projects based on the revenues. The City will also have the option to acquire the project upon expiration of the affordability restrictions at a favorable price.

The following table summarizes the nine properties occupied with existing affordable housing secured by affordability restrictions. A list with detailed descriptions of these properties is attached to this staff report as Attachment B.

Name	Area (all in downtown)	Total Units	Aff. Units	Expiration - Covenants	Expiration – Ground Leases
Celadon at 9th & Broadway (under construction)	East Village	250	248	55 years	2083
CCBA Senior Housing	Marina	45	45	2052	2055
Cedar Gateway	Cortez	65	65	2068	2080
Columbia Tower	Columbia	150	148	2037	2037
Heritage Apartments	Cortez	230	38	2054	2057
Horton House	Marina	153	150	2030	2030
Lincoln Hotel	Gaslamp	40	40	2051	2051
Ten Fifty B	East Village	229	226	2066	2076
Villa Maria	Little Italy	37	36	2053	2054

Real Properties Available for Future Development

Of the 22 properties, 13 properties are not currently with affordable housing developments and therefore, offer opportunities for future affordable housing production or producing significant value through their disposition to invest in new affordable housing elsewhere. One exception is Market Street Square, a 192-unit rental property constructed in 1987, which is explained in detail in the following sub-section. Fact sheets, including detailed property descriptions, photos, site maps and proposed plans for the 13 properties, are attached to this staff report as Attachment C.

- Real Properties Recommended to Sell for Market-Rate Development

  In accordance with the guiding principles, it is the goal of this Master Plan to maximize the values of the housing assets and minimize the required expenditures/subsidies by the Successor Housing Entity. Staff recommends that some of the prime real estate assets zoned for high density in downtown be sold to market-rate developers through a competitive process to maximize the sales proceeds, which can then be applied toward investment in new affordable housing developments outside of downtown. However, as a condition of these properties' sale, staff recommends that the market-rate developers be required to construct at least 15 percent of the sites' total residential units as affordable and available for low- and moderate-income households on site pursuant to restrictive covenants recorded against the properties that will ensure the restricted units will remain affordable for 45 years for for-sale units and 55 years for rental units. This on-site affordability requirement is consistent with the Housing Asset List approved by the Oversight Board and the DOF and the deposit of the proceeds into the Housing Asset Fund. The competitive and negotiated sale of selected downtown sites at market rate generates significant capital for a competitive NOFA to invest in housing projects throughout the City, achieving the guiding principle of geographic diversity.

The following five downtown properties, including 50 percent of the 13th and Market site, are recommended for sale at market-rate for private developments with affordable housing components (minimum 15 percent of total units). The timing of issuance of RFPs will depend on the terms of existing leases to interim uses. Development agreements and/or sales agreements will be presented to the CivicSD Board and City Council separately in the future for consideration.

	Area	Lot Size	Existing Uses	Plans/Timing of Sales
(1) GSA Child Care Center	Downtown – Columbia	26,905 SF	Leased to GSA, sub-leased to a child day care center (lease to expire in 2015)	Issue RFP upon expiration of existing lease with GSA. Require minimum 15% affordable units. Could be redeveloped together with adjacent 15,000 SF site currently used as the surface parking lot for Columbia Tower affordable senior housing project (land owned by the City).
(2) Park and Market	Downtown – East Village	52,030 SF	Surface parking lot (leased to parking operator with month-to-month lease) and historic building	Issue an RFP for this site to solicit proposals from developers nationwide. Require minimum 15% affordable units in the proposed development. RFP could be issued summer 2013.
(3) 7th and Market	Downtown – East Village	55,157 SF	Surface parking lot (leased to parking operator with month-to-month lease)	Issue an RFP for this to solicit proposals from developers nationwide. Require minimum 15% affordable units in the proposed development. RFP could be issued summer 2013.
(4) Popular Market	Downtown – East Village	19,924 SF	10,000 SF building with tenants (month-to-month lease)	Issue RFP. Require minimum 15% affordable units.
(5) 13th & Market (non-affordable housing component)	Downtown - East Village	20,000 SF (50% of 40,000 SF site)	Vacant lot and existing structures	Issue RFP. Require minimum 15% affordable units. One parcel remains to be acquired to complete site assembly. RFP to be issued following acquisition of the final parcel.

- Real Properties with Expired Affordability Covenants

Market Street Square:

Market Street Square is a 192-unit residential complex with ground-floor commercial spaces (10,000 square feet) constructed in 1987. The former RDA provided a development subsidy and entered into a 55-year ground lease. The ground lease restricted 40 of the 192 units (20 percent of total units) as affordable units to very-low and low-income households for 20 years, which had expired as of December 2011. The ground lease will not expire until 2040. The ground lessee expressed desire to negotiate sale of the land and termination of the ground lease with the City. The ground lessee agreed to maintain 40 units as affordable in the existing housing. If and when the site is redeveloped in the future, the developer would also be required to restrict 40 units as affordable rents through long-term affordability restrictions. An appraisal is currently being prepared to determine the value of the property. Sales proceeds from this property will be deposited into the Housing Asset Fund to be used for affordable housing purposes City-wide. A sales agreement, once negotiated, will be presented to the City Council for review and approval.

- <u>Real Properties Recommended to Hold for Future Affordable Housing</u>

Based on a thorough assessment of each property, the following eight sites, including 50 percent of the 13th and Market site, are recommended to be retained by the Successor Housing Entity for future affordable housing developments. Future development agreements and funding for individual projects will be presented to the CivicSD Board and City Council separately in the future for consideration. Details of the proposed uses on these properties are described later in this staff report.

	Area	Lot Size	Existing Uses	Proposed Uses
(1) Fourth & Beech	Downtown – Cortez	32,452 SF	Vacant lot and two one-story buildings leased to commercial tenants	100% affordable housing with 15% supportive housing units and ground floor commercial space
(2) 13th & Market (Affordable component)	Downtown – East Village	20,000 SF (50% of 40,000 SF site)	Vacant lot and existing structures	100% affordable housing project for the homeless and special needs population at risk of homelessness, with active ground floor commercial space, to replace Hotel Metro units.
(3) 13th & Broadway	Downtown – East Village	19,000 SF	Vacant lot	Mixed-use project with fire station and affordable housing.
(4) Former Monarch School site	Downtown – Little Italy	14,801 SF	Monarch School – Scheduled to relocate to the new location in spring 2013	100% affordable housing with active ground floor commercial space
(5) Hilltop & Euclid	Southeastern – Central Imperial	372,081 SF	Vacant lot	Mixed-use commercial and housing. Require minimum 25% affordable units.
(6) Ouchi site	Southeastern – Central Imperial	50,529 SF	Vacant lot + two vacant existing structures	Mixed-income housing. Require minimum 25% affordable units.
(7) 6395-97 Imperial	Southeastern – Central Imperial	7,431 SF	Vacant lot + two vacant existing structures	100% affordable housing.
(8) 40th & Alpha	Southeastern – Southcrest	21,000 SF	Vacant lot	100% affordable housing.

Five-Year Plan for Housing Asset Fund

- Projected Revenues

(1) Balance of the Affordable Housing Bond Proceeds:

AB 1484 allows the Successor Housing Entity to retain the balance of the unencumbered affordable housing bond proceeds issued by the former RDA prior to 2011 and apply it toward the purposes of affordable housing. The current balance is approximately $32.87 million, derived from various former RDA project areas as shown in the table below. Since the affordable housing provisions of redevelopment law primarily remain in effect, bond proceeds proposed for expenditure outside of the project area from which they were derived shall require the City Council to approve findings of benefit documenting that the funds expended outside of the project area would benefit the project area that generated the funds. The City Heights and southeastern San Diego neighborhoods previously expressed their expectations for the bond proceeds generated from their project areas to be spent within their neighborhoods. Therefore, staff recommends that a minimum of $3,542,000 and $1,407,000 of the Housing Asset Fund be set aside for affordable housing activities in City Heights and southeastern San Diego respectively. There may be cases where bond proceeds from these project areas have to be spent outside of these areas based on the timing of proposed developments and receipt of sales proceeds from downtown properties. However, it will be made sure that those funds be refunded with sales proceeds from downtown properties as they come in so that the City Heights and southeastern San Diego neighborhoods could spend the full amounts of the bond proceeds generated from these project areas as specified above. Moreover, the Successor Housing Entity will need to confirm in each instance that the expenditure of bond proceeds outside of the source project area is permitted by and consistent with the underlying bond covenants.

Balance of Unencumbered Affordable Housing Bond Proceeds by former Project Areas

Project Area	Balance
North Park	$2,580,000
Southeastern SD	$1,407,000
North Bay	$1,846,000
City Heights	$3,542,000
Centre City	$16,560,000
Horton Plaza	$277,000
NTC	$2,959,000
Crossroads	$3,700,000
Total (City-wide)	**$32,871,000**

(2) Revenues from loan repayments, ground lease payments and other program incomes:

The Successor Housing Entity will deposit any loan repayments from debt issued by the former RDA, ground lease payments collected from the leased land and other program incomes to the Housing Asset Fund. As discussed previously in this report, a majority of the development loans issued by the former RDA are in the form of residual receipt loans, and the amount of anticipated repayments on these loans is minimal. In addition, a majority of the ground leases for the existing affordable housing projects only require residual receipts payments. Based on the recent records, the projected total revenues from loan repayments, ground lease payments and other program incomes, net of operating and maintenance costs of the properties, for the next five years are approximately $4.7 million. In addition, it is expected that the City will receive cost savings from a few projects that the former RDA had funded with its Low/Mod Fund. The amount is currently projected to be approximately $850,000 in FY 2013. With the amount of the anticipated cost savings, the total revenues for the five-year period would be $5.5 million. The actual amounts could fluctuate from year to year depending on the performance of affordable housing projects with the former RDA loans and ground leases and other factors. These revenues may be applied toward affordable housing projects located anywhere within the City with findings of benefit.

(3) Land disposition proceeds:

As discussed previously in this report, staff recommends that Market Street Square and five of the downtown properties owned by the Successor Housing Entity be sold to private developers for mixed-income/mixed-use developments. Staff proposes to issue RFPs to solicit development proposals from private developers for each property. Once a development team is selected, a DDA would be negotiated to determine the scope of development, schedule of performance and sales price. At a minimum, 15 percent of the total residential units must be affordable to moderate- and low-income households pursuant to restrictive covenants recorded against the properties that will ensure the restricted units will remain affordable for 45 years for for-sale units and 55 years for rental units. The sales price for each property will be determined based on the appraised value with consideration for the costs of affordable housing and other public benefits included in the proposal. Staff conservatively estimates the total amount of land disposition proceeds from the six properties and sales proceeds from the existing Hotel Metro property, which will be discussed later in this report, at $27.6 million.

It is proposed that CivicSD charge a transaction fee equal to four percent of the negotiated gross sales price for the land sales to private developers for mixed-income/mixed-use developments. Based on the total anticipated sales proceeds of $27.6 million, CivicSD is expected to receive fees in the total amount of $1.1 million during the five-year Master Plan period. The fees collected from these sales transactions will be used to fund CivicSD's other efforts related to affordable housing production including the following potential efforts:

- Creation of public/private TOD investment fund with emphasis on affordable housing. The investment fund is anticipated to finance site assembly, infrastructure and planning activities to stimulate private investment in TOD projects;
- Enhanced planning in urban neighborhoods to facilitate TOD and affordable housing;
- Advocacy for new State legislation that supports affordable housing; and
- Collaboration with other local governmental bodies to create a permanent local funding source for affordable and homeless housing.

After deducting the four percent fees, the net sales proceeds are estimated to be $26.5 million. These sales proceeds will be deposited to the Housing Asset Fund and available for future affordable housing activities City-wide. The land disposition proceeds will not become available for affordable housing purposes until the DDAs are negotiated, executed and the transaction closed. Therefore, the timing of availability of these funds will vary depending on the timing of the issuance of RFPs, negotiation of DDAs, and closing of the transactions upon fulfillment of all conditions precedent to closing. Staff has estimated the timing of each property's disposition and estimated disposition proceeds, by fiscal year.

- Proposed expenditures/Proposed projects

The following table reflects the available funding for future affordable housing projects during the next five fiscal years. Detailed cash flow projections are attached to this staff report as Attachment D.

The line for the administrative costs include: 1) CivicSD staff time to manage properties, negotiate DDA/OPA, monitor construction, and close financing; 2) legal costs for negotiation and document preparation for DDA/OPA and closings; 3) consulting costs for financial consultant to review development proforma and other financial analysis, and homeless consultant to plan for and advise on production/delivery of homeless housing/services. The total administrative cost over the five-year period is projected to be $3.4 million, which is 5.2 percent of the projected asset value. It should be noted that the projected revenues generated from the housing assets through loan repayments, ground lease payments and other program incomes ($4.7 million during the five-year period) would be sufficient to cover the total projected administrative costs. Therefore, no burden on the City's general fund is expected in the next five years. There are potential limits on funding for those costs under proposed legislation, such as SB 341, which could impose a stricter cap on use of the Housing Asset Fund to pay for administrative costs.

Five-Year Cash Flow Projections – Housing Asset Fund

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
Unencumbered Bond Proceeds	$32,871,000					$32,871,000
Revenues from Housing Assets[1]	$ 2,503,000	$1,252,000	$640,000	$520,000	$635,000	$5,550,000
Land Disposition Proceeds after 4% fees		$20,618,000	$1,530,000	$3,229,000	$1,078,000	$26,455,000
Less Admin. Expenses	($275,000)	($850,000)	($850,000)	($850,000)	($550,000)	($3,375,000)
Available for Affordable Projects	**$35,099,000**	**$21,020,000**	**$1,320,000**	**$2,899,000**	**$$1,163,000**	**$61,501,000**

[1] Cost savings, Loan repayments, ground lease payments and program incomes

Based on the availability of funds, the following projects are proposed to be funded from the Housing Asset Fund. Subsidies are required to develop affordable and homeless housing on the eight properties proposed to be retained by the Successor Housing Entity. Of the eight properties, estimated funding for seven of the properties are included as explained below. The remaining funds will become available for homeless housing and affordable housing with homeless housing component City-wide through competitive NOFA process. Individual projects recommended for funding and the estimated subsidy amounts are summarized in the table below with detailed descriptions for each project. Development agreements and subsidies for individual projects will be presented to the City Council for review and approval in the future.

It should be noted that funding for homebuyer assistance loan programs funded by the former RDA, such as the First-Time Homebuyer Loan Program and Housing Enhancement Loan Program (HELP), is not included in the Master Plan. Although the programs were successful in assisting low- and moderate-income homebuyers to purchase and/or rehabilitate homes, they only aimed at assisting the initial homebuyers, and no long-term affordability covenants were recorded against the properties. As a result, the subsidized properties could be sold at market-rates after initial sales and the affordable housing opportunities were lost after the initial buyers. It is the goal of the Master Plan to provide quality units to the maximum number of low- and moderate-income residents. Therefore, the Master Plan proposes to use the funds to provide development loans for development and rehabilitation of affordable housing units, which will be leveraged with other funding sources and could serve low- and moderate-income residents for the longest terms through long-term affordability covenants, rather than providing one-time homebuyer loans to individual homebuyers. However, if actual revenues from property sales exceed projections or staff is successful in creating greater leverage of the City's funds resulting in reduced subsidies for projects, then staff recommends that the excess proceeds be dedicated to reestablishing the HELP program.

Proposed Affordable Housing Projects for Funding

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
Atmosphere	$12,207,000					$12,207,000
Hotel Metro Replacement		$17,160,000				$17,160,000
Hilltop & Euclid				$ 2,000,000		$ 2,000,000
Ouchi Site		$ 720,000				$ 720,000
6395-97 Imperial		$ 400,000				$ 400,000
40th & Alpha		$ 480,000				$ 480,000
Monarch Site		$ 7,500,000				$ 7,500,000
Churchill		$ 3,000,000				$ 3,000,000
VVSD V		$ 1,800,000				$ 1,800,000
13th&Broadway						$ 0
NOFA for City-wide projects			$ 8,000,000	$ 7,071,000		$15,071,000
Total	**$12,207,000**	**$31,060,000**	**$ 8,000,000**	**$9,071,000**	**$ 0**	**$60,338,000**
Cumulative Balance	**$22,892,000**	**$12,853,000**	**$ 6,173,000**	**$ 0**	**$1,163,000**	

(1) Fourth and Beech – Atmosphere (Downtown – Cortez)

The former RDA assembled the 32,500 square-foot lot in the Cortez district using the Low/Mod Fund from 2010 to 2011. The site lies directly to the east of a future proposed park site (St. Joseph's Park). In 2010, an Exclusive Negotiation Agreement (ENA) was executed with Wakeland Housing, which acquired three of the five parcels from a private owner and sold them to the former RDA with the objective of entering into a DDA and Ground Lease with the former RDA to develop an affordable housing project on the site. Negotiations on the DDA/Ground Lease terms with Wakeland Housing were suspended in August 2011 pursuant to the California Supreme Court order in relation to AB26/27. The project had nearly received design review approval in May 2011. The design received favorable review by the Real Estate Committee. The final design, incorporating the Real Estate Committee's comments, was planned to be presented to the former CCDC Board and former RDA Board (City Council), together with the fully negotiated DDA and Ground Lease, in the fall of 2011, but was circumvented by the dissolution legislation.

The proposed 12-story building would provide 205 units with 203 affordable housing units and ground-floor retail space. Of the 203 affordable units, 41 units are proposed to be set aside as supportive housing units for the formerly homeless and extremely low-income individuals who are at risk of homelessness. The target population would be seniors for 10 units and adults with mental illness for 31 units, which will be subsidized by the MHSA development subsidy. Non-supportive housing units will consist of studios, one-, two- and three-bedroom units, targeted for very-low- and low-income individuals and families. Wakeland Housing has revised the project proforma to minimize the required City subsidy by bi-furcating the project into two components to utilize both 4 percent and 9 percent tax credits, as well as the intent to pursue TOD-Infill funding that is expected to be released by the California Department of Housing and Community Development (HCD) via a NOFA in April 2013. With the previously proposed outside funding sources (MHSA and Project-Based Section 8 vouchers), the proposed City subsidy for the development of the project has been reduced from $30 million to $11.6 million. With the acquisition costs paid by the former RDA in the amount of $7,379,000, the total proposed City subsidy is $19 million ($93,000 per unit). In comparison with recent comparable family affordable housing projects in downtown funded by the former RDA, including Parkside, Lillian Place, Cedar Gateway and Ten Fifty B that required RDA subsidies ranging from $120,000 to 180,000 per unit, the proposed subsidy of $93,000 per unit is extremely favorable.

Staff recommends proceeding with the proposed Atmosphere project by Wakeland Housing for the site based on the following reasons:

a) Reduced City subsidy – The project leverages the City funds with various outside funding sources and requires a subsidy in an amount that is less than half of that required for comparable recent affordable housing projects funded by the former RDA.
b) Supportive housing for the formerly homeless and special needs population at risk of homelessness – The proposed project will include 41 units of permanent supportive housing units. The County has set aside MHSA development and operating subsidies for the 31 units. The developer will secure a service provider and funding for the 10 non-MHSA units.
c) Fully designed project – The project is design- and entitlement-ready as soon as the DDA and Ground Lease are negotiated. This is the only project in the pipeline that could be entitled and secure its local funding commitment in time to apply for the final round of Prop 1C NOFA of TOD-Infill funding. Evidence of entitlements, site control, and local funding commitment are required in order to be competitive and receive the maximum project readiness score. The NOFA is expected to be issued by HCD in April 2013 and applications due in June 2013.

The Master Plan includes $12,207,000 as the proposed funding amount for the project, which is the proposed subsidy amount by the developer, and increased by a five percent funding contingency.

(2) 13th and Market – Alpha Square – Hotel Metro Replacement Project (Downtown – East Village)

The former RDA assembled this 37,000 square-foot lot consisting of eight parcels using the Low/Mod Fund and unrestricted funds located on the south side of Market Street between 13th and 14th streets. Assembly of one additional 3,000 square-foot parcel is required to complete assembly of the 40,000 square-foot site. Prior to the dissolution of the RDA, the site was planned as a replacement site for Hotel Metro, a 193-unit Single Room Occupancy (SRO) hotel, for which the SDHC owns the land and San Diego SRO (Alpha Project is the general partner) owns the improvements subject to a long-term ground lease. In 2008, the former RDA purchased one of the three SDHC loans recorded against the property to allow SDHC to fund the winter shelter program that year. In the acquisition agreement, it was contemplated that the former RDA and SDHC negotiate an option agreement for the former RDA to purchase the land underneath Hotel Metro from SDHC. However, the negotiation for that option agreement was not completed prior to the dissolution of the former RDA.

Hotel Metro consists of two four-story buildings located on the east and west sides of 13th Street, between Island Avenue and J Street in East Village. The structures are in severely deteriorated conditions due to poor quality of construction and deferred maintenance over the years. The property has undergone several emergency repairs in recent years, but those repairs only provided temporary solutions. The building has been determined to require substantial rehabilitation in order to be functional over the long term. In addition, staff notes other fundamental design issues including small unit size (average of 100 square feet), shared bathrooms and lack of community space, rendering the property ineligible for many funding sources for capital improvements or services for the special needs tenants who currently reside in the property. Absent a significant investment in major renovation of the buildings, the project is likely to become uninhabitable within a few years and 193 very low income units may be lost. Based on these factors and a condition assessment study conducted in 2008, SDHC and CivicSD staff and concur that the best solution for Hotel Metro is to develop a new project at a nearby location and relocate the tenants to the new project upon completion – the 13th and Market site has been identified as the ideal relocation site for the 193 Hotel Metro units. The replacement project will only require approximately half of the project's total 40,000 square feet. Therefore, it is recommended that the remainder of the site be competitively sold to a private developer through RFP/Q to develop a mixed-income/mixed-use project with a minimum of 15 percent of its residential units affordable.

Based on the above analysis and the guiding principle of preserving and improving existing affordable housing, staff recommends that the Master Plan include investment in a replacement project for the Hotel Metro on the 13th and Market site pursuant to a DDA with Alpha Project and their development team. Staff also recommends that CivicSD negotiate the acquisition of existing Hotel Metro land and improvements from the SDHC and San Diego SRO, the existing Hotel Metro structures be demolished upon completion of the new project and relocation of the tenants, and competitively sold for market rate mixed-use development that will generate new revenues for the Housing Asset Fund. San Diego SRO, represented by Alpha Project, is prepared to partner with an affordable housing developer to work with the City on the design and financing of the replacement project. All 193 units are planned to be targeted for the formerly homeless and other special needs population at risk of homelessness. Depending on the funding sources and services available, a large portion of the units are proposed to be supportive housing units.

To summarize, the following actions are included in the Master Plan:

1. Resume negotiation with SDHC on an Option Agreement to acquire the Hotel Metro site (land) and with Alpha Project to acquire the improvements;
2. Proceed with acquisition of one remaining parcel to complete site assembly; and
3. Begin negotiation with San Diego SRO on a DDA for the replacement development.

The Master Plan assumes a $17,160,000 investment by the Housing Asset Fund will be required for the project, which is based on the assumption of $80,000 per unit for 195 units plus 10 percent contingency.

(3) 13th and Broadway (Downtown – East Village)

The former RDA acquired this 19,000 square-foot lot using the Low/Mod Fund and unrestricted funds for a future mixed-use project to include affordable housing and an East Village fire station. As development in the East Village district progresses, the Downtown Community Plan projects the need for a new fire station on this site. Development costs of the fire station were planned to be funded in the latter half of this decade by property tax increment and Development Impact Fees (DIFs) generated from the Centre City Project Area. However, due to the dissolution of the former RDA, there is currently no funding available to allow the fire station project to move forward. Because the site footprint, parking access and other design issues for the affordable housing component will depend on the fire station design, the affordable housing will not be able to proceed until funding for the fire station is identified in the future. Therefore, funding for this site is not included in the Master Plan.

(4) Monarch School site (Downtown – Little Italy)

The Monarch School site was acquired in 2012 by the former RDA with Low/Mod funds for a future affordable housing project, as part of a DDA with the Monarch School project, which simultaneously purchased a former RDA-owned site in East Village for an expanded and relocated school facility. The site is approximately 15,000 square feet in size and is occupied by a 10,000 square-foot-building, which has housed the Monarch School, a K-12 school for children impacted by homelessness. The new Monarch School campus has been under construction and is expected to open in the spring of 2013.

Due to the lack of developable land and high land cost, it has been difficult to develop affordable housing in the Little Italy neighborhood. Of approximately 3,700 affordable units in downtown assisted by the former RDA, only 38 units are located in the Little Italy neighborhood. The Monarch site provides a rare opportunity to develop affordable housing in the growing Little Italy neighborhood. It is an ideal site for an affordable housing project as it lies directly across from an MTS Trolley stop (Little Italy station) and is near new parkland being created at the County Administration building and North Embarcadero Visionary Plan waterfront. The site will become available after the Monarch School relocates to its new campus in the spring of 2013. In accordance with the plan's guiding principles of providing geographic diversity and developing housing on those sites that are transit-oriented and deemed appropriate, the Master Plan proposes that an RFP be issued to solicit affordable housing development proposals for the site in Fiscal Year 2014 (FY 2014). The site is envisioned for a 100 percent affordable housing project with ground-floor commercial space, with a minimum of 15 percent of the units set aside for supportive housing.

The size of the project would be limited by the site's relatively low FAR (4.0 maximum), a height restriction due to the airport overlay zone, dimensions and proximity to the bayfront water table, and its impact on the depth of the underground parking. The site will also require a "no-build easement" with MTS for the east façade to permit windows/openings facing the railroad right of way. Based on the site limitations, it is estimated to provide approximately 50 residential units with ground-floor commercial space. With one manager's unit, 49 units are assumed to be affordable to low- and moderate-income households. Based on precedent downtown affordable housing projects financially assisted by the former RDA, the estimated per unit subsidy by the City is $150,000, with a total estimated subsidy of $7.5 million. This is a conservative estimate, and the required subsidy could be much less depending on the availability of other funding sources with which to leverage the City funds at the time of the development proposal.

(5) Hilltop and Euclid (Southeastern San Diego – Central Imperial)

This eight-parcel lot (8.5 acres), located at the northwest corner of the intersection at Hilltop Drive and Euclid Avenue, was assembled by the Former RDA with the Low/Mod Fund in 2004-05. An RFQ was issued in 2011 for a mixed-use development with an affordable housing component. Seven responses were received and the selection process was underway, but was not completed prior to the dissolution of the Former RDA.

The property is constrained by a tributary to Chollas Creek and associated wetlands and biological resources traversing the site, a nearby freeway interchange, which requires re-design, and Hilltop Drive and Euclid Avenue right-of-way. The surrounding community previously expressed a desire for commercial development and market-rate housing on the site to stimulate economic development in the area. Reflecting the community's vision, the site is proposed for a mixed-use development with commercial space, market-rate housing and affordable housing (minimum 25 percent of total residential units). Based on the zoning and site restrictions, 100 residential units are estimated to be developed on the site, of which a minimum of 25 would be affordable. Using the assumption of $80,000 per unit as the required investment from the Housing Trust Fund, the Master Plan estimates a total subsidy of $2 million for the development of this site with affordable housing. It is proposed that an RFQ/P be issued in Fiscal Years 2015-2016 (when revenues will be available from the sale of the downtown parcels) for a mixed-use, mixed-income development with an affordable housing component. The actual number of units and required subsidy will be determined after selection of a development team and negotiation of a DDA.

(6) Ouchi site (Southeastern San Diego – Central Imperial)

The former RDA acquired the approximately 50,000 square-foot lot in 2008, located mid-block on Imperial Avenue bound by S. Willie James Jones Avenue to the west, Holly Drive to the south and Euclid Avenue to the east. The acquisition was partially funded by the Low/Mod Funds. Immediately after the acquisition, the former RDA entered into an ENA with a developer. However, the ENA expired in 2008 before negotiations were complete and without entering into a formal development agreement. The site was planned for a mixed-use development with an affordable housing component in the Central Imperial Five-year Implementation Plan and Central Imperial 2007B Bond documents. Public improvements for complete street standards are underway, which would add curbs, gutters, sidewalks, utility undergrounding and street trees on Holly Drive, adjacent to the property.

The property is proposed for a mixed-income housing development (minimum 25 percent affordable). It is located within one-quarter mile from a MTS Trolley stop (Euclid station). The Imperial Avenue Corridor Master Plan recommends pedestrian-oriented uses with medium density residential developments with some ground-floor commercial spaces along the Imperial Avenue transit corridor located within one-quarter mile of the Euclid Trolley stop.

The Master Plan assumes a total of 35 residential units could be developed on the site, of which nine units are affordable (25 percent). Using the assumption of $80,000 per unit as the required gap funding for the affordable units, the Master Plan projects $720,000 in estimated investment from the Housing Asset Fund.

(7) 6395-97 Imperial (Southeastern San Diego – Central Imperial)

This 7,400 square-foot lot, located in the mid-block south of Imperial Avenue between 63rd and 65th streets, was acquired by the Former RDA in 2008 with unrestricted funds. The site was planned for a residential development with an affordable housing component in the Central Imperial Five-Year Implementation Plan. It is a narrow, shallow interior lot with only an alley access on the rear side of the property. There are two vacant structures on the site.

Based on the zoning requirements, four units are estimated to be developed on the site. It is proposed that an RFP be issued in FY 2014 to solicit proposals for a 100 percent affordable housing development with a minimum of four residential units. Using the assumption of $100,000 per unit as the required City subsidy for affordable units, the Master Plan includes $400,000 in estimated investment for four units from the Housing Asset Fund. There is a possibility for developing the site in combination with adjacent vacant and/or underutilized lots. The actual number of units and required subsidy will be determined after selection of a development team and negotiation of a DDA. Staff emphasizes that it may be challenging to attract a developer interested in developing so few units on a small lot in this area. In addition, the cost per unit could be quite high based on such a small project. Staff recommends that it continue exploration of various options related to this site and return to the City Council if a more advantageous strategy is identified.

(8) 40th and Alpha (Southeastern San Diego – Southcrest)

The 40th and Alpha site consists of two non-contiguous lots (7,000 square-foot lot and 14,000 square-foot lot), located in the block bounded by Z Street to the north, Alpha Street to the south and 40th Street to the east. It is in a single-family neighborhood, across from Southcrest Park and Cesar Chavez Elementary School. The former RDA assembled the parcels in 1999-2003, which were remnants of the abandoned Caltrans SR252 highway, using unrestricted funds. The site was planned for six affordable housing units in the Southcrest Five-Year Implementation Plan and is consistent with the current zoning. An RFP was issued in 2009 and a developer was selected. A DDA was scheduled for the City Council consideration in 2011. However, it was canceled by the developer due to AB 26 uncertainties.

The Master Plan proposes that an RFP be issued in FY 2014 to solicit 100 percent affordable housing development proposals for single family or duplex units to integrate into the existing neighborhood. Using the assumption of $80,000 per unit as the required City investment for affordable units, the Master Plan includes $480,000 in estimated subsidy for six units from the Housing Asset Fund. There is a possibility to develop the site in combination with nearby City surplus vacant lots. The actual number of units and required subsidy will be determined after selection of a development team and negotiation of a DDA. Similar to the 6395-97 Imperial, staff emphasizes that it may be challenging to attract a developer to construct so few units on these small lots. In addition, the cost per unit could be quite high on such a small project. Staff recommends that it continue exploration of various options related to this site and return to the City Council if a more advantageous strategy is identified.

(9) Hotel Churchill

Hotel Churchill is a 92-unit SRO Hotel located at 827 C Street between 9th and 10th avenues in downtown's East Village neighborhood. SDHC acquired it in 2011 through a judicial foreclosure proceeding. The seven-story structure (over a basement) is approximately 100 years old and is locally designated as a historic building by the City of San Diego. The City's SRO restrictions recorded against require that at least 57 units remain SRO units for at least 30 years from the completion of the rehabilitation. At least 57 units will be rent-restricted to people earning 50 percent of Area Median Income or less. The property has been vacant since 2005 and is in significant disrepair. It requires substantial rehabilitation to make it habitable. The building needs improvements to provide access for the disabled and abatement of hazardous materials, as well as the addition of a private bathroom and kitchenette to each unit in order to secure state and federal funding sources.

SDHC is developing a strategy to rehabilitate the property. The Master Plan reserves a development subsidy of $3 million to be funded from the Housing Asset Fund for the project's likely financing gap. Currently, it is estimated about 60 SRO units will be provided in the property with approximately 15 percent of the units set aside as supportive housing units if MHSA funding is available. The property, which is two blocks from a MTS stop (City College station), is close to a variety of services and employment opportunities for the future residents. It is ideal as a transit-oriented development or workforce housing. Staff recommends providing funding for the rehabilitation of the Hotel Churchill, which would transform a dilapidated vacant structure into a new affordable housing development serving very low-income households. The project will not only create quality affordable housing, but also contribute to the revitalization of the C Street corridor.

(10) Veterans Village Phase V (VVSD V)

Veterans Village of San Diego (VVSD) proposes to develop phase V of the Veterans Village project, a transitional housing and service facility for homeless veterans, at its North Bay campus. Phase V will add 20 beds for female veterans as well as other amenities such as a library, gym and classrooms. Residents will benefit from Veterans Village programs offering support in maintaining substance abuse recovery, mental health counseling, and job training. The total estimated development cost is $4.2 million, which is proposed to be financed with the City and SDHC subsidies, AHP and County grant. The former RDA helped finance phases I through VI with its Low/Mod Fund. Phase V will complete the VVSD's North Bay campus which will have a total of 364 transitional beds for homeless veterans. Staff recommends providing funding for the project as it will provide critical care and housing for the female homeless veterans to transition to permanent housing. The Master Plan includes $1.8 million, or $90,000 per bed, to be funded from the Housing Asset Fund for the project's likely financing gap.

(11) Citywide NOFA

In response to the guiding principles of providing for flexibility and geographic diversity, the Master Plan provides for multi-year opportunity to issue NOFAs, potentially in collaboration with the SDHC and other local funding partners, to provide gap investment financing to the most deserving and innovative projects that meet the objectives established at that time. The plan conservatively estimates that a total of $15 million may be available in Fiscal Years 2015-2016 for affordable housing projects throughout the City. CivicSD, the SDHC and the City will work collaboratively at that time to determine the objectives and selection criteria of the NOFAs based on the needs and opportunities at that time. It is likely that an emphasis will be placed on affordable housing developments with units targeted for the homeless population, and the Master Plan reflects that by assuming 40 percent of the affordable units created through the NOFAs targeted for the formerly homeless and those at risk of homelessness and 15 percent set aside as supportive housing with extensive supportive services. As noted in the previous section, it is recommended that $3.5 million of affordable housing bond proceeds generated from the former City Heights redevelopment project area, be set aside for affordable housing production in City Heights.

This NOFA could also be an opportunity to provide gap financing for additional one-stop homeless and housing centers in areas outside of downtown that are suffering from chronic homelessness. There are different ways to provide homeless housing. Supportive housing is widely recognized as the best way to house the formerly homeless and those at risk of homelessness with special needs through provision of permanent housing and intensive supportive services. However, availability of funding for supportive services is limited. The supportive housing units funded by the former RDA in recent years utilized MHSA program for operating and service funding. At a minimum, the NOFA should encourage affordable housing proposals with the supportive housing component funded by MHSA and other supportive service funding. However, it would not be possible to provide enough units for the current homeless population with the MHSA program alone. In addition, the MHSA program requires the tenants to be diagnosed with severe mental illness. A large portion of the existing homeless population does not belong to this category. Another option to house the homeless population would then be to produce extremely low-income units with minimum services for the homeless families and individuals without severe disabilities requiring extensive supportive services as provided by the MHSA program, but in need of housing to stabilize their lives. To make such units financially feasible during operation, combining the extremely low-income units with rental assistance in the form of Project-Based Section 8 vouchers or HUD-VA Supportive Housing (HUD-VASH) program would be critical. These units could be included in the new affordable housing developments, or could be provided by acquiring and converting existing unoccupied and/or underutilized apartment/motel complexes. In addition, interim/transitional housing and emergency shelters, which would provide critical steps for the street homeless population to transition to permanent housing, should be considered as a mix of housing to be funded through the NOFAs. Prior to the issuance of the NOFAs, staff will work with the SDHC, County, VA and other agencies to collaborate on the resources available for homeless housing, such as Project-Based Section 8 vouchers and supportive service funding.

Projected Affordable Housing Production

Under this Master Plan, affordable units will be produced as follows:
(1) Affordable units in mixed-use, mixed-income housing developed on the six City-owned properties to be competitively sold to for high density development (15 percent of units to be affordable) without subsidies from the Housing Asset Fund;
(2) Affordable units in affordable and mixed-income housing developed on the eight City-owned properties to be retained by the Successor Housing Entity with likely financial investments from the Housing Asset Fund; and
(3) Affordable units developed on non-City-owned properties with a financial investment from the Housing Asset Fund (through a NOFA).

Based on staff's assumptions and strategies, the Master Plan projects that approximately 1,041 new affordable units could be created City-wide, utilizing the housing assets that are available to the Successor Housing Entity during the next five years. Of the estimated 1,041, approximately 38 percent of the units, or 396 are expected to be targeted for the formerly homeless and those at risk of homelessness.

Projected Affordable Housing Production under the Master Plan

	# of Affordable Units	# of Homeless Units
Affordable units in mixed-income housing developed by market-rate developers on City-owned properties without City subsidies	285	0
Affordable units in affordable and mixed-income housing developed on City-owned properties w/ City subsidies	488	241
Affordable units in non-City owned sites w/ City subsidies (NOFA)	268	155
TOTAL	**1,041**	**396**

Proposed Schedule of Performance – The proposed schedule of the Master Plan approval process is shown below:

Actions	Target Dates
Downtown Community Planning Council (former CCAC)	March 20, 2013
CivicSD Board	March 27, 2013
Land Use and Housing Committee	March 27, 2013
City Council	April 2013

Project Benefits – The proposed Master Plan provides guidance and a detailed strategy to maximize the number of affordable housing units that can be produced with the housing assets owned by the Successor Housing Entity following the dissolution of redevelopment. The plan emphasizes the need to maximize the production of homeless housing units, which has a demonstrated chronic need and the most challenging to finance. The proposed Master Plan will enhance the lives of the San Diego residents by providing quality affordable housing units within close proximity of transit and services targeted for a variety of income levels and household types, and will continue to implement the Council-adopted Five Year Work Plan Toward the Goal of Ending Downtown Homelessness.

Environmental Impact: This activity is not a "project" for purposes of the California Environmental Quality Act (CEQA) because it does not fit within the definition of a "project" set forth in Public Resources Code Section 21065 or State CEQA Guidelines Section 15378. More specifically, the Master Plan is not a "project" under CEQA Guidelines section 15378(b)(4) because it is a summary of potential government funding that does not involve any commitment to a specific affordable housing project. Thus, this activity is not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Each potential affordable housing project identified in the Master Plan will be assessed for its environmental impact when it proceeds for approval.

CONCLUSION

The proposed Master Plan will enhance the lives of the San Diego residents by providing quality affordable housing units, as well as providing special needs housing to address chronic homelessness in the City. Staff recommends that the LU&H Committee and the City approve the proposed Master Plan and direct staff to proceed with its implementation pursuant to the consultant agreement between the City and CivicSD for services to the Successor Housing Entity.

for

Eri Kameyama
Senior Project Manager

Jeff Graham
President

Andrew T. Phillips
Chief Financial Officer & COO

Attachments:
A – Maps of Housing Asset Properties (Downtown, Southeastern San Diego)
B – List of City-Owned Properties with Existing Affordable Housing Projects
C – Fact sheets of City-Owned Properties w/o Affordability Covenants
D – Five-Year Cash Flow Projections with Estimated Affordable Housing Production

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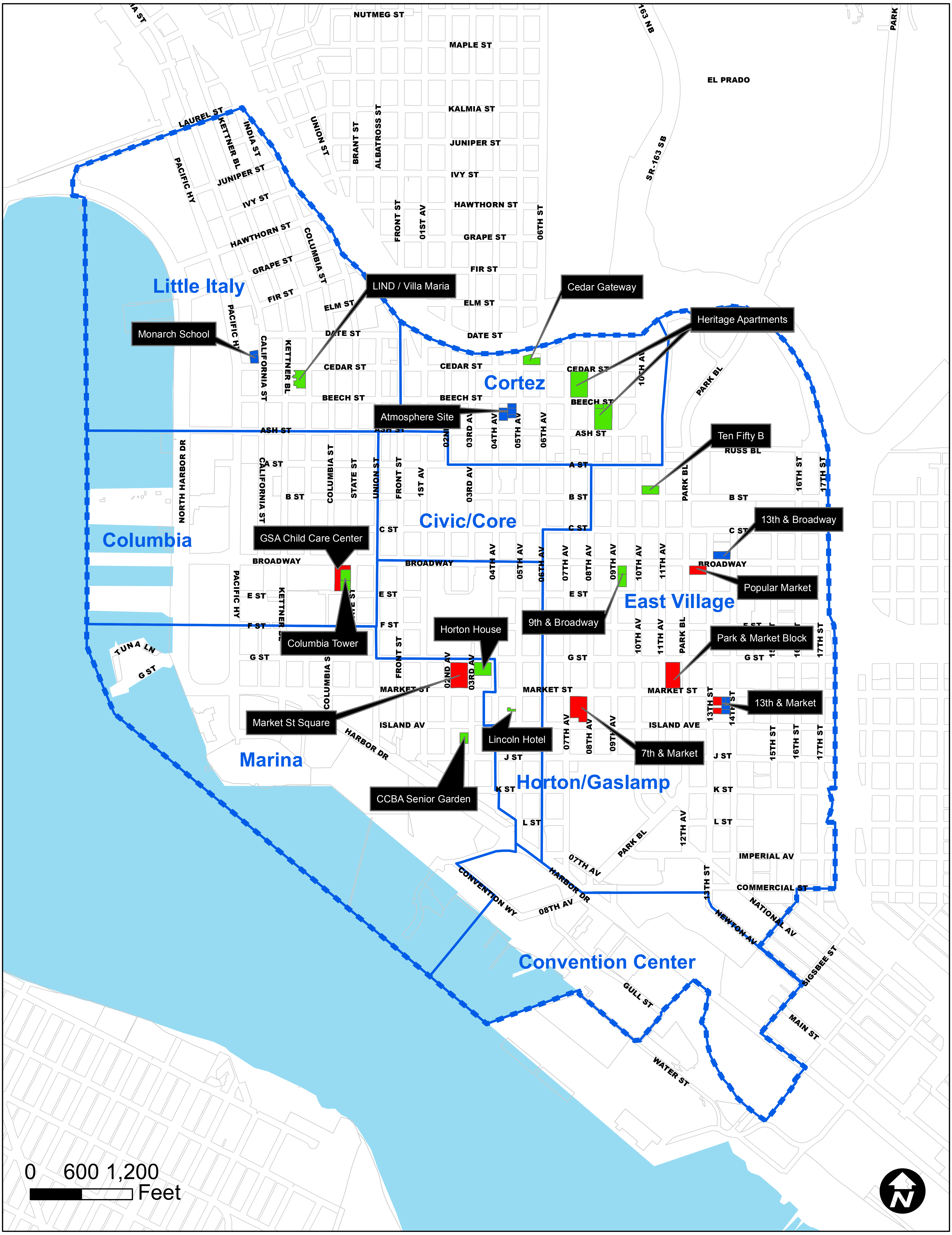


Legend

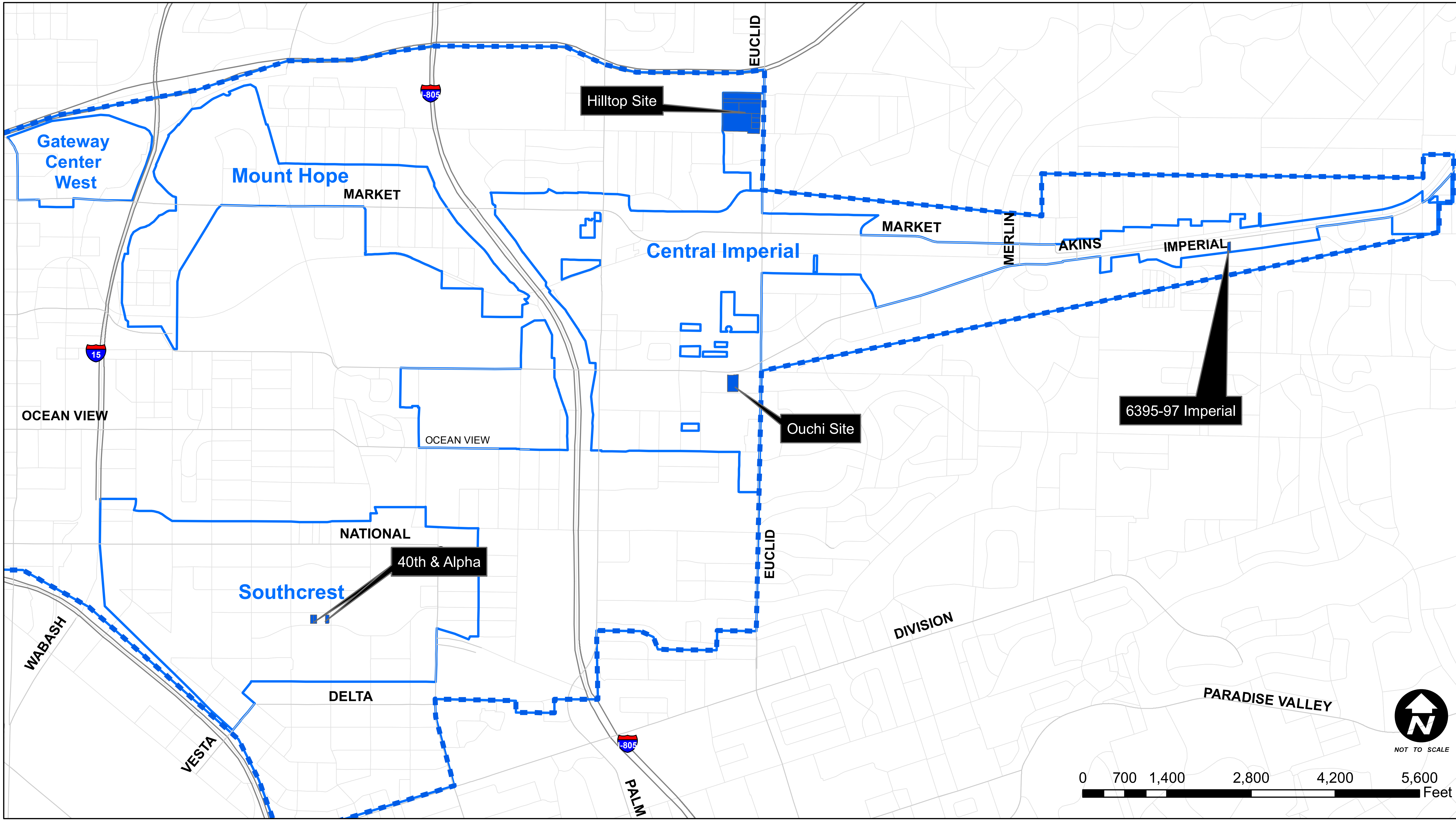
- Assets with Existing Low-Mod Income Housing
- Assets to be retained for Future Affordable Housing
- Assets to be sold for Future Mixed-use projects with Affordable Housing Component
- Neighborhood

Civic San Diego

Date: 3/5/2013

Map of Housing Assets - Downtown

ATTACHMENT A



Map of Housing Assets - Southeastern

Civic San Diego

Date: 3/5/2013

Attachment B - List of City-Owned Properties with Existing Affordable Housing Projects

Item #	Name	Former Project Area	Housing Type (Year Completion)	Units: Lot size (SF)	Units: # of Total Units	Units: # of Affordable Units	Address	APN	Ground Lease: Date	Ground Lease: Term	Affordability Covenants: Document	Affordability Covenants: Recording Date	Affordability Covenants: Expiration Date
1	9th & Broadway	Centre City (East Village)	Underconstruction w/ executed DDA and Ground Lease. Anticipated completion in spring 2015.	25,000	250	248	901 E Broadway, 917 Ninth Ave / 92101	534-331-01, 534-331-15	8/8/11	70 yrs	AARP, Amendment to AARP	8/9/2011, 6/20/2012	55 yrs from Conversion
2	CCBA Senior Housing	Centre City (Marina)	Existing affordable housing (2000)	12,578	45	45	438 Third Ave, 92101	535-074-12-00	9/29/97	55 yrs from Occupancy Date (2055)	AARP	9/30/1997	9/29/2052
3	Cedar Gateway	Centre City (Cortez)	Existing affordable housing (2012)	19,800	65	65	1612 Sixth Ave, 92101	533-382-07	3/23/10	70 yrs	AARP	3/25/2010	55 yrs from Release of Construction Covenants
4	Columbia Tower	Centre City (Columbia)	Existing affordable housing (1984)	29,516	150	148	904 State St., 92101	533-538-03,04	7/13/82	7/13/2037	Lease Agreement	8/25/82	7/31/2037
5	Heritage Apartments	Centre City (Cortez)	Existing mixed-income housing (2002)	121,951	230	38	750 Beech St, 855 Beech St, 1471 Eighth Ave, 92101	534-013-31,534-041-01,06	6/9/99	55 yrs from Occupancy Date (2057)	AARP	6/9/1999	6/9/2054
6	Horton House	Centre City (Marina)	Existing affordable housing (1979)	30,424	153	150	333 G Street, 92101	535-096-16	3/4/80	3/31/2030	Ground Lease	3/4/1980	3/31/2030
7	Lincoln Hotel	Centre City (Gaslamp)	Existing affordable housing (SRO) (1995)	3,224	40	40	536 Fifth Ave, 92101	535-082-12	12/1/96	7/21/2051	AARP	11/20/1996	7/22/2051
8	Ten Fifty B	Centre City (East Village)	Existing affordable housing (2010)	21,800	229	226	1050 B St, 92101	534-064-10, 11, 12, 13	8/15/11	8/15/2076	AARP	1/20/2009	8/15/2066
9	Villa Maria (LIND A-1)	Centre City (Little Italy)	Existing affordable housing (1999)	26,851	37	36	1536 India St, 92101	533-327-21	5/4/98	55 yrs from Occupancy Date (2054)	AARP	5/13/1998, 8/31/2001	5/4/2053

PROPERTIES TO BE SOLD FOR FUTURE MIXED-INCOME DEVELOPMENTS:

- Market Street Square
- 7th & Market
- Park & Market
- GSA
- Popular Market

Market Street Square

606 Third Ave., 92101
Downtown (Marina)

Site Summary

Property Plan: Sale of land to ground lessee and termination of ground lease w/ affordable housing requirement.
APN: 535-064-16 (previously 535-064-02)
Lot Size: 59,050 SF
Acquisition Dates: Not available
Acquisition Costs: Not available
Funding Source: Not available
Existing Use(s): 192-unit rental housing with ground floor commercial space
Zoning: Marina PDO – 80% Residential, 20% Non-Residential
Density/FAR: Base FAR 3.5, Max FAR 4.0
Proposed Uses: N/A. Existing housing
% Affordable/AMI: 40 units/ low-income
Supportive Housing: None
Estimated Subsidy: None. Sales proceeds will be deposited to Housing Asset Fund.

Site Descriptions

Background: Market Street Square is an existing 192-unit residential complex with ground-floor commercial spaces (10,000 square feet) constructed in 1987. Former RDA provided a development subsidy and entered into a 55-year ground lease. The ground lease restricted 40 of the 192 units (20 % of total units) as affordable units to very-low and low-income households for 20 years, which had expired as of December 2011. The ground lease will not expire until 2040. The ground lessee expressed desire to negotiate sale of the land and termination of the ground lease with the City. The ground lessee agreed to keep 40 units affordable in the existing housing, and even if the site is redeveloped in the future, to set aside 40 units as affordable units through long-term affordability restrictions. An appraisal is currently being prepared to determine the value of the property. Sales proceeds from this property will be deposited into the Housing Asset Fund.

Environmental Issues: N/A

Relocation Issues: N/A

Proposed Plan

It is proposed that the City negotiate with the ground lessee (owner of the existing Market Street Square rental housing) to sell the land and terminate the ground lease with a requirement to set aside 40 units as affordable housing. The sales proceeds would be deposited to the Housing Asset Fund for future affordable housing needs.

7th and Market

517 7th Ave., 510 & 534 8th Ave., 745 Market St., 92101
Downtown (East Village)

Site Summary

Property Plan: For sale w/affordable housing requirement
APN: 535-112-01,02,03,05,06,07,08,09,10 & 11
Lot Size: 55,157 SF
Acquisition Dates: 6/22/2001 and 10/20/2005
Acquisition Costs: $5,439,902
Funding Source: Non-Low/Mod Funds
Existing Use(s): Surface parking lot
Zoning: Employment/Residential Mixed-Use
Density/FAR: Base FAR 6.0, Max FAR 8.0
Proposed Uses: Mixed-use development with affordable housing component
% Affordable/AMI: 15%/ low- to moderate-income
Supportive Housing: None
Estimated Subsidy: None. Sales proceeds will be deposited to Housing Asset Fund.

Site Descriptions

Background: Former RDA assembled 10 parcels with non-Low/Mod Funds for purpose of constructing a public parking garage with ground floor retail. Due to the site's location adjacent to the Gaslamp entertainment district and the growing Ballpark district, former RDA staff issued RFQ/P in May 2006 for a mixed-use development opportunity that recommended interested parties to submit proposals that included public parking, housing with affordable component, ground floor commercial, cultural, hotel and other complementary uses. DDA for selected development proposal was negotiated and readied for CCDC Board approval, but ultimately negotiations with developer were terminated in 2007.

Environmental Issues: Previous environmental studies indicated that the site's soil and ground water is impacted with petroleum hydrocarbons from historic gas station operations on the site and the soil is impacted with elevated levels of lead. In 2010, remediation activities were completed on portion of the site using Orphan Site Clean-up Fund Program. Additional remediation work would be required for the remainder of the site prior to future redevelopment of the site. ROPS III (196&216) includes a total of $2.16M available for future remediation work on the site.

Relocation Issues: Current lease with the parking lot operator is on month-to-month basis. No relocation issue.

Proposed Plan

The site is proposed to be sold to a private developer for a future mixed-use development with affordable housing component. Sales proceeds from the site will be deposited to the Housing Asset Fund for future affordable housing needs.

It is proposed that a joint RFP for the 7th & Market and Park & Market sites be issued in FY 2014 to solicit proposals from developers nation-wide for mixed-use developments on both sites, with 15% affordable housing requirement.

Park and Market

1101 &1129 G St., 631 & 645 11th Ave., 92101
Downtown (East Village)

Site Summary

Property Plan: For sale w/affordable housing requirement
APN: 535-134-14 (previously 535-134-01 thru 08)
Lot Size: 52,030 SF
Acquisition Dates: 2003 - 2006
Acquisition Costs: $5,610,000
Funding Source: Non-Low/Mod Funds
Existing Use(s): Surface parking lot and a vacant historic building
Zoning: Employment/Residential Mixed-Use
Density/FAR: Base FAR 6.0, Max FAR 10.0
Proposed Uses: Mixed-use development with affordable housing component
% Affordable/AMI: 15%/ low- to moderate-income
Supportive Housing: None
Estimated Subsidy: None. Sales proceeds will be deposited to Housing Asset Fund.

Site Descriptions

Background: Former RDA assembled the full-block site with Low/Mod Funds, but the funds were later reimbursed with non-Low/Mod Funds due to the 5-year rule under CRL. A historic building (Remmen Building, 5,000 SF) is located along the northern boundary of the site. There is 28-foot wide public right of way along Park Blvd. for Park to Bay Link.

Environmental Issues: Former RDA completed a significant remediation work for the entire block in 2004. The County Department of Environmental Health confirmed the closure of the remedial action by a letter dated February 23, 2004. Approximately 500 tons of contaminated soil (impacted by lead and petroleum hydrocarbon) was excavated and removed from the site. However, some of the environmental regulations may have changed since the remediation work was completed in 2004, and depending on the scope of the future development, further remediation actions may be needed.

Relocation Issues: Current lease with the parking lot operator is on month-to-month basis. No relocation issue for the tenant. The existing historic building needs to be incorporated into the new development or relocated off-site.

Proposed Plan

The site is proposed to be sold to a private developer for a future mixed-use development with affordable housing component. Sales proceeds from the site will be deposited to the Housing Asset Fund for future affordable housing needs.

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GSA Child Care Center Site

475 W. Broadway, 92101
Downtown (Columbia)

Site Summary

Property Plan: For sale w/affordable housing requirement
APN: 533-538-12 (Previously 533-538-05)
Lot Size: 26,905 SF
Acquisition Dates: 3/17/1981
Acquisition Costs: $163,000 as part of a larger site
Funding Source: Not available
Existing Use(s): Child Day Care Center
Zoning: Core
Density/FAR: Base FAR 9.0, Max FAR 14.0
Proposed Uses: Mixed-use development with affordable housing component
% Affordable/AMI: 15%/ low- to moderate-income
Supportive Housing: None
Estimated Subsidy: None. Sales proceeds will be deposited to Housing Asset Fund.

Site Descriptions

Background: Former RDA acquired the site as part of the 4.8-acre land acquisition in the Columbia Redevelopment Project in the late 1970s/early 1980s. The existing lease is with the federal government, General Service Administration (GSA), for a 3-year period expiring on February 11, 2015. The lease allows for the use of the property as a day care facility primarily for pre-school dependents of federal employees. The adjacent Columbia Tower site (30,000 SF) was also acquired by former RDA as part of the same land acquisition, and leased to the owner of the Columbia Tower, which operates a 150-unit affordable senior housing on the site, until 2037. The ground lease provides that former RDA may terminate the lease for the existing surface parking lot area (15,000 SF) if permanent replacement parking is provided.

Environmental Issues: No known environmental issues on the site. Environmental investigation should be conducted prior to redevelopment of the site.

Relocation Issues: Current lease with GSA will expire on February 11, 2015. No relocation issue.

Proposed Plan

The site is proposed to be sold to a private developer for a future mixed-use development with affordable housing component. Sales proceeds from the site will be deposited to the Housing Asset Fund for future affordable housing needs.

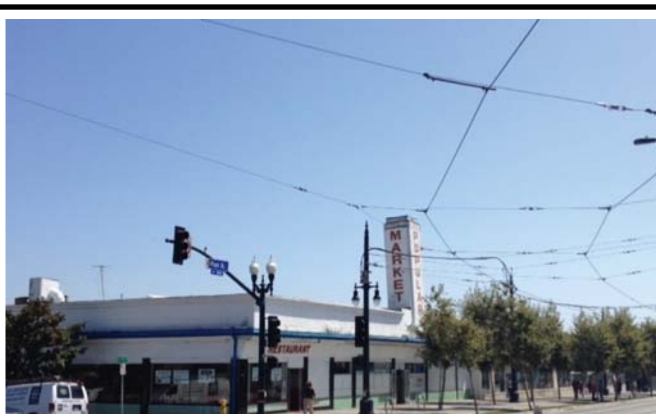
Upon expiration of the existing GSA lease in 2015, the site will become available for redevelopment. It is proposed that RFP be issued for the site for a mixed-use development requiring a minimum of 15% affordable units. The site could be developed together with the adjacent 15,000 SF site currently used as the surface parking lot for Columbia Tower (50 parking stalls) if the new development incorporates the Columbia Tower parking into a subterranean garage serving both the new development and Columbia Tower.

Popular Market

951 Park Blvd., 945-954 Broadway, 999 Broadway, 92101
Downtown (East Village)

Site Summary

Property Plan: For sale w/affordable housing requirement
APN: 534-341-10
Lot Size: 19,924 SF
Acquisition Dates: 6/27/2001
Acquisition Costs: $1,100,000
Funding Source: Non-Low/Mod Funds
Existing Use(s): A structure leased to a commercial tenant (Popular Market) and surface lot leased to Salvation Army.
Zoning: Neighborhood Mixed-Use Center
Density/FAR: Base FAR 10.0, Max FAR 10.0
Proposed Uses: Mixed-use development with affordable housing component
% Affordable/AMI: 15%/ low- to moderate-income
Supportive Housing: None
Estimated Subsidy: None. Sales proceeds will be deposited to Housing Asset Fund.



Site Descriptions

Background: Former RDA originally acquired the site with Low/Mod Funds, but the funds were reversed with non-Low/Mod Funds in 2007 due to the 5-year rule under CRL. Earthquake fault exists on northeast corner of the site. The site is adjacent to the City College Trolley Stop.

There is a building (10,000 SF) on the site, which is currently used as a store and restaurant, known as Popular Market. The rear surface lot is leased to Salvation Army.

Environmental Issues: No known environmental issues on the site. Environmental investigation should be conducted prior to redevelopment of the site.

Relocation Issues: Current lease with the Popular Market tenant and Salvation Army (for the rear surface lot) are on month-to-month basis. No relocation issue.

Proposed Plan

The site is proposed to be sold to a private developer for a future mixed-use development with affordable housing component. Sales proceeds from the site will be deposited to the Housing Asset Fund for future affordable housing needs.

It is proposed that RFP be issued for a mixed-use development with a requirement to include a minimum of 15% affordable housing.

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Environmental Issues: Former RDA completed a significant remediation work for the entire block in 2004. The County Department of Environmental Health confirmed the closure of the remedial action by a letter dated February 23, 2004. Approximately 500 tons of contaminated soil (impacted by lead and petroleum hydrocarbon) was excavated and removed from the site. However, some of the environmental regulations may have changed since the remediation work was completed in 2004, and depending on the scope of the future development, further remediation actions may be needed.

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Environmental Issues: No known environmental issues on the site. Environmental investigation should be conducted prior to redevelopment of the site.

Relocation Issues: Current lease with GSA will expire on February 11, 2015. No relocation issue.

Proposed Plan

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Upon expiration of the existing GSA lease in 2015, the site will become available for redevelopment. It is proposed that RFP be issued for the site for a mixed-use development requiring a minimum of 15% affordable units. The site could be developed together with the adjacent 15,000 SF site currently used as the surface parking lot for Columbia Tower (50 parking stalls) if the new development incorporates the Columbia Tower parking into a subterranean garage serving both the new development and Columbia Tower.

Popular Market

951 Park Blvd., 945-954 Broadway, 999 Broadway, 92101
Downtown (East Village)

Site Summary

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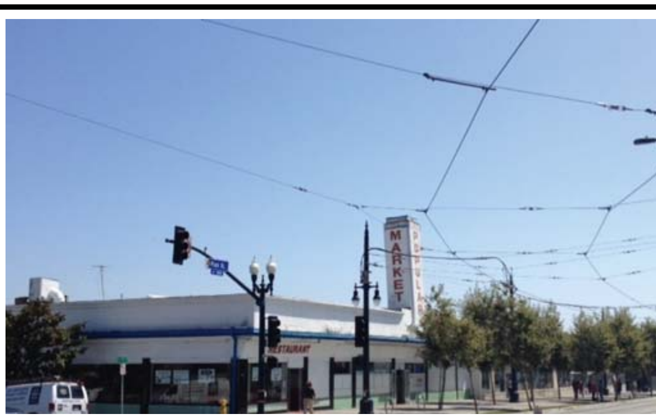
Funding Source: Non-Low/Mod Funds
Existing Use(s): A structure leased to a commercial tenant (Popular Market) and surface lot leased to Salvation Army.
Zoning: Neighborhood Mixed-Use Center
Density/FAR: Base FAR 10.0, Max FAR 10.0
Proposed Uses: Mixed-use development with affordable housing component
% Affordable/AMI: 15%/ low- to moderate-income
Supportive Housing: None
Estimated Subsidy: None. Sales proceeds will be deposited to Housing Asset Fund.



Site Descriptions

Background: Former RDA originally acquired the site with Low/Mod Funds, but the funds were reversed with non-Low/Mod Funds in 2007 due to the 5-year rule under CRL. Earthquake fault exists on northeast corner of the site. The site is adjacent to the City College Trolley Stop.

There is a building (10,000 SF) on the site, which is currently used as a store and restaurant, known as Popular Market. The rear surface lot is leased to Salvation Army.

Environmental Issues: No known environmental issues on the site. Environmental investigation should be conducted prior to redevelopment of the site.

Relocation Issues: Current lease with the Popular Market tenant and Salvation Army (for the rear surface lot) are on month-to-month basis. No relocation issue.

Proposed Plan

The site is proposed to be sold to a private developer for a future mixed-use development with affordable housing component. Sales proceeds from the site will be deposited to the Housing Asset Fund for future affordable housing needs.

It is proposed that RFP be issued for a mixed-use development with a requirement to include a minimum of 15% affordable housing.

PROPERTIES TO BE RETAINED FOR FUTURE AFFORDABLE HOUSING DEVELOPMENTS:

- Fourth and Beech
- 13th & Market
- Monarch School
- 13th & Broadway
- Hilltop & Euclid
- Ouchi Site
- 6395-97 Imperial
- 40th & Alpha

ATTACHMENT C

Fourth and Beech (Former Atmosphere Site)

1453-1456 Fourth Ave., 1434, 1492-1494 Fifth Ave., 92101
Downtown (Cortez)

Site Summary

Property Plan: Retained by City for future affordable housing development
APN: 533-451-02,10,11,12,16
Lot Size: 32,500 SF
Acquisition Dates: 8/25/2010, 3/14/2011
Acquisition Costs: $7,379,055
Funding Source: Centre City Low/Mod Funds
Existing Use(s): Vacant lot + 2 one-story buildings (5,000 SF & 4,167 SF) leased to two commercial tenants
Zoning: Neighborhood Mixed-Use Center
Density/FAR: Base FAR 8.0, Max FAR 10.0
Proposed Uses: Low-mod housing (12 story, 205 units) w/ ground floor commercial
% Affordable/AMI: 100%, 30-60% AMI
Type/Affordability: Family/Special Needs
Supportive Housing: 41 units (20%)
Estimated Subsidy: $12M ($59K/unit)

Site Descriptions

Background: Former RDA assembled the five parcels using the Low/Mod funds for a future affordable housing project. The site lies directly to the east of a future park site (St. Joseph's park). In 2010, ENA was executed with Wakeland Housing, which acquired three of the five parcels from a private owner and sold them to former RDA with an intention to enter into a DDA and Ground Lease with former RDA to develop an affordable housing project. Negotiations on the DDA/Ground Lease terms were suspended in August 2011 pursuant to the CA Supreme Court order in regards to AB26/27. ENA had expired in October 2011. The project was fully designed and was reviewed by former CCDC Board's Real Estate Committee. The proposed Atmosphere project consists of 205 residential units with 203 affordable units (of which 41 are supportive housing units) and ground floor retail space in a 12-story building.

Environmental Issues:
APNs 533-451-02,11&16 – The site was once excavated to the depth of up to 22 feet by former owner for a proposed development and was abandoned during excavation. Prior to acquisition by former RDA, the site was filled and compacted by the seller, using clean soils. Phase I (2009) did not identify any environmental issues.
APNs 533-451-10&12 – There are two existing structures occupied by tenants. No environmental studies have been completed to date.

Relocation Issues: The existing leases with the 2 commercial tenants could be terminated with 30-day notices.

Proposed Plan

Revised project proforma shows strong leveraging with other funding sources, including both 4% and 9% Tax Credits, MHSA, Prop 1C funding and PB Section 8 vouchers. Wakeland successfully reduced required local subsidy from $30M to $12M. It is recommended that the City enter into a DDA with Wakeland Housing for the proposed development. To apply for the last round of Prop1C NOFA (to be issued in April 2013), DDA and Ground Lease need to be executed by May 2013.

13th & Market

1301, 1317, 1325 & 1343-45 Market St., 529 & 533 13th St., 528-542 14th St., 92101
Downtown (East Village)

Site Summary

Property Plan: 50% of the site to be retained by City for future affordable housing development, 50% of the site for sale w/ affordable housing requirement

APN: 535-152-01, 02,04,05,09,10,11,12

Lot Size: 37,000 SF (40,000 SF w/ one additional parcel to be acquired)

Acquisition Dates: 1/7/2000 – 6/25/2012

Acquisition Costs: $9,550,543

Funding Source: Centre City Low/Mod Funds & Non-Low/Mod Funds

Existing Use(s): Vacant lot and existing structures, partially leased to commercial tenants

Zoning: Neighborhood Mixed-Use Center

Density/FAR: Base FAR 6.0, Max FAR 10.0

Proposed Uses: Low-mod housing & GF commercial on half of the site (“Hotel Metro Replacement”); market-rate housing and commercial on the other half of the site

% Affordable/AMI: Minimum 193 units for Hotel Metro Replacement site/ extremely to very low Income; 15% affordable for the other half of the site

Type: Special Needs for Hotel Metro Replacement

Supportive Housing: 15% for Hotel Metro Replacement.

Estimated Subsidy: $17M ($89k/unit for 193 units in Hotel Metro Replacement project)

Site Descriptions

Background: Former RDA acquired 8 parcels with Low/Mod Funds from 2000-2012 to assemble a 40,000 SF site consisting of 9 parcels. Acquisition of one last parcel is remaining. Acq. costs for 3 of 8 parcels were reimbursed with non-Low/Mod Funds due to the 5-year rule under CRL. The site had been considered as a replacement site for the 193 units at Hotel Metro, a dilapidated SRO Hotel in East Village. Former RDA agreed to negotiate an option agreement with SDHC (land owner of current Hotel Metro site) to purchase the land, and planned to start negotiations with San Diego SRO (ground lessee & owner of building -Alpha Project) to develop replacement housing at the 13th & Market site. All 193 units will be be targeted for the formerly homeless and other special needs population at risk of homelessness.

Environmental Issues: Previous environmental studies indicated that the property is likely impacted with environmental contaminants including elevated levels of lead and petroleum. Further investigation is needed at the time of redevelopment of the site. ROPS III (213,214,215) includes cash deposits in the total amount of $214,389, which were received as environmental credits from former owners, available for future remediation costs.

Relocation Issues: Former RDA paid relocation benefits in 2005 to one of the tenants that is operating a halfway house. However, the tenant has not relocated and has not paid rents to the City since 2010, and is currently in default. The remaining parcel to be acquired includes rental housing. Upon acquisition of that parcel, relocation benefits may be required.

Proposed Plan

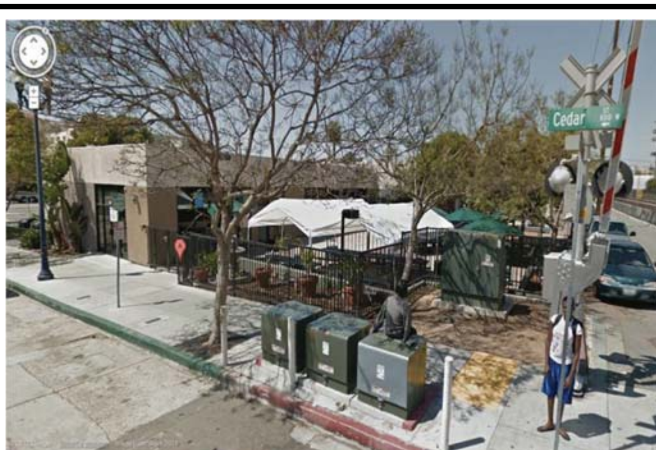
It is proposed that negotiation with Housing Commission on an option agreement to acquire the Hotel Metro site be resumed, and that a DDA be negotiated with San Diego SRO, the owner of the existing Hotel Metro improvements. The replacement project would only require half of the 40,000 SF site. The other half is proposed to be sold to a private developer through RFP/Q to develop a mixed-use project with affordable units (15% requirement).

Monarch School Site

808 W. Cedar St., 92101
Downtown (Little Italy)

Site Summary

Property Plan: Retained by City for future affordable housing development
APN: 533-311-07 & 08
Lot Size: 14,801 SF
Acquisition Dates: 5/8/2012
Acquisition Costs: $2,049,153
Funding Source: Centre City Low/Mod Funds
Existing Use(s): Monarch School for disadvantaged children (in 10,000 SF building)
Zoning: Employment/Residential Mixed-Use
Density/FAR: Base FAR 4.0, Max FAR 4.0 with height restriction
Proposed Uses: Low-mod housing w/ ground floor commercial
% Affordable/AMI: 100%, low-income
Type/Affordability: Family/Special Needs
Supportive Housing: 15% of affordable units
Estimated Subsidy: $7.5M ($150K/unit)



Site Descriptions

Background: The Monarch site was acquired by former RDA with Low/Mod funds for a future affordable housing project in 2012, as part of a DDA with the Monarch School Project, which simultaneously purchased a former RDA-owned site in East Village for an expanded and relocated school facility. The site is approximately 15,000 square feet in size and has a 10,000 square-foot-building, which has been occupied by the Monarch School, a K-12 school for children impacted by homelessness. The new Monarch School campus has been under construction and is expected to open in the spring of 2013. The Monarch site provides a rare opportunity to develop affordable housing in the growing Little Italy neighborhood. It is an ideal site for an affordable housing project as it lies directly across from a MTS Trolley stop (Little Italy station) and is near new parkland being created at the County Administration building and North Embarcadero Visionary Plan waterfront. The site will become available after the Monarch School relocates to its new campus in the spring of 2013.

Environmental Issues: Phase I (2011) and Phase II (2006) identified elevated lead concentrations in the top 5 feet, hazardous waste concentrations of lead in the top 3 feet and petroleum hydrocarbons from 2 borings. The previous and current uses at adjacent properties may have impacted the environmental integrity of the site. A consultant estimated the remediation costs to be approximately $700,000 (as of Jan. 2011). ROPS III (185) includes $700,000 for future remediation of the site, which is funded by OSCA grant funds.

Relocation Issues: None.

Proposed Plan

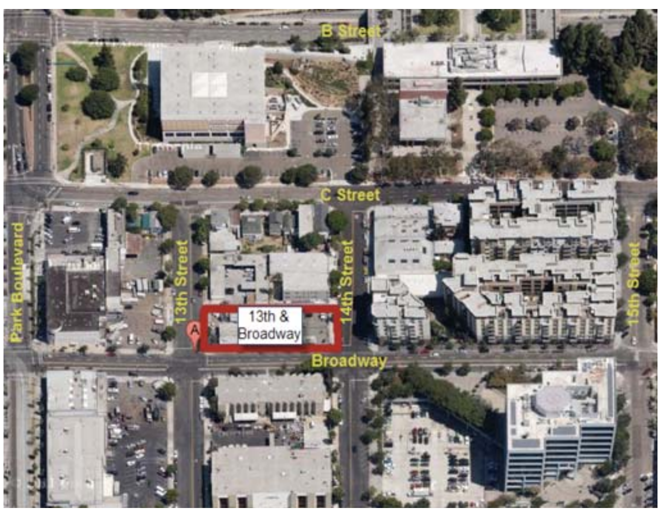
Due to the site and zoning restrictions (lower FAR, height restriction, dimension, proximity to the bayfront water table), the site is estimated to have approximately 50 units. It is proposed that an RFP be issued in FY 2014 for a 100% affordable housing project with ground-floor commercial space, with 15 % of the units set aside for supportive housing.

13th & Broadway

1320 Broadway, 92101
Downtown (East Village)

Site Summary

Property Plan: Retained by City for future affordable housing and fire station development
APN: 534-205-08
Lot Size: 19,001 SF
Acquisition Dates: 10/24/2006
Acquisition Costs: $6,380,000
Funding Source: Centre City Low/Mod Funds & Non-Low/Mod Funds
Existing Use(s): Vacant lot
Zoning: Neighborhood Mixed-Use Center
Density/FAR: Base FAR 10.0, Max FAR 10.0
Proposed Uses: Low-mod housing & East Village Fire Station
% Affordable/AMI: 100% affordable for the housing component
Type: TBD
Supportive Housing: TBD
Estimated Subsidy: TBD



Site Descriptions

Background: Former RDA acquired the 19,000 square-foot-lot using partially Low/Mod funds for a future mixed-use project with affordable housing and East Village fire station. Development costs of the fire station were planned to be funded by the tax increments generated from the Centre City Project Area. However, due to the dissolution of former RDA, there is currently no funding available to allow the fire station project to move forward. Because the site footprint, parking access and other design issues for the affordable housing component will depend on the fire station design, the affordable housing will not be able to proceed until funding for the fire station is identified in the future.

Environmental Issues: Phase II (2005) did not identify any significant environmental issues. Relatively low concentrations of petroleum hydrocarbons in soil were detected, which need to be transported and disposed of with professional oversight. Some lead was detected in the soil, which does not exceed the Federal hazardous waste limit, but may exceed the California hazardous waste limit. Therefore, prior to transport and disposal, the excavated soil must be tested for compliance with the California hazardous waste limit. There is a possibility that an undocumented UST and/or associated piping is present under the sidewalk along the eastern boundary. ROPS III (212) includes cash deposit in the amount of $250,000, which was received as environmental credit from former owner, available for future remediation costs.

Relocation Issues: Current lease with Salvation Army is on month-to-month basis. No relocation issue.

Proposed Plan

RFP for the affordable housing component will not be issued until the fire station funding is identified, which is not expected within the next 5 years. Therefore, no funding is included in the Master Plan.

Hilltop and Euclid

922,932,942,1034,1036,1038 and 1040 Euclid Ave., 92114 & 5012-5012 ½ Hilltop Dr.,92102
Southeastern San Diego (Central Imperial)

Site Summary

Property Type: Retained by City for future mixed-use development w/ affordable housing component
APN: 542-480-03, 09, 10, 12, 14, 16, 18, 20
Lot Size: 372,081 SF
Acquisition Dates: 9/1/2004 -11/22/2005
Acquisition Costs: $4,143,635
Funding Source: Centre City Low/Mod Funds
Existing Use(s): Vacant lot
Zoning: Residential attached and detached single family, RX-1-2 and RT-1-4
Density/FAR: RX-1-2 -1 du/3,000 sf lot and 21/du/ac, Max FAR .80; RT-1-4 -1 du/2,200 sf lot and 29 du/ac, Max FAR 1.50
Proposed Uses: Low-mod housing & market-rate housing, commercial
% Affordable/AMI: Min. 25%, TBD
Type: TBD
Supportive Housing: TBD

Site Descriptions

Background: The eight-parcel lot (8.5 acres), located at the northwest corner of the intersection at Hilltop Drive and Euclid Avenue, was assembled by former RDA with the Low/Mod Funds from 2004 to 2005. RFQ was issued in 2011 for a mixed-use development with an affordable housing component. Seven responses were received and the selection process was underway, which ended following the dissolution of Former RDA.

The Central Imperial 5-year Implementation Plan identified this site for affordable housing. The site is constrained by a tributary to Chollas Creek and associated wetlands and biological resources traversing the site, and a nearby freeway interchange needing re-design, and Hilltop Drive and Euclid Avenue right of way. The Euclid Avenue corridor needs a new unique street classification.

Environmental Issues: Phase I concluded no adverse environmental conditions nor evidence of significant use, storage of disposal of hazardous materials or wastes on the site. An active gas station (1026 Euclid Ave.) is located across Euclid Avenue, northeast of the site. According to Department of Environmental Health in 2009, four LUST cases are associated with 1026 Euclid, three now closed, and the fourth received a pass result. Development will require Army Corps and Fish&Game Permits. This site is included in the Central Imperial 2009 Program EIR and identifying mitigation measures for potential impacts.

Relocation Issues: The site is vacant. No relocation issues.

Proposed Plan

Based on the zoning and site restrictions, 100 residential units are estimated to be developed on the site, of which a minimum of 25% (25 units) would be affordable. It is proposed that RFQ/P be issued in FY 2015-2016 for a mixed-use development with affordable housing component. The actual number of units will be determined after selection of a development team and negotiation of a DDA.

Ouchi Site

5003 Imperial and 5030 Holly Dr., 92113
Southeastern San Diego (Central Imperial)

Site Summary

APN: 548-242-30
Lot Size: 50,529 SF
Acquisition Dates: 3/24/2008
Acquisition Costs: $2,100,000
Funding Source: Central Imperial 2007 Bonds: $690,000 - SEDC Low/Mod Bond Funds, $1,410,000 – SEDC Non-Low/Mod Bond Funds
Existing Use(s): Vacant lot + 2 vacant existing structures
Zoning: RM-2-6, Residential with some commercial allowed
Density/FAR: RM-2-6 allows 1 du/1,250 sf lot and 35 du/ac, Max FAR 1.5, max units 40.
Proposed Uses: Mixed-income housing
% Affordable/AMI: Min. 25%, TBD
Type: TBD
Supportive Housing: TBD
Estimated Subsidy: $720k (80k/unit) for 9 units

Site Descriptions

Background: The former RDA acquired the site in 2008, partially funded by the Low/Mod Funds. Prior to the acquisition, the former RDA had entered into an ENA with a developer, and continued negotiation for a DDA after the Agency acquisition of the Site. However, the ENA expired in 2008 without entering into a formal development agreement. The site was planned for a mixed-use development with an affordable housing component in the Central Imperial Five-year Implementation Plan and Central Imperial 2007B Bond documents. Public improvements for complete street standards are underway, which would add curbs, gutters, sidewalks, utility undergrounding and street trees on Holly Drive, adjacent to the property.

Environmental Issues: Phase I (2008) concluded there is low likelihood that any recognized environmental conditions are present at the site. The existing vacant buildings were surveyed in 2008 and identified asbestos and lead based paint removal and/or containment remediation measures that will need to be implemented prior to demolition. ROPS III (227) includes $600,000 for demolition and remediation costs. The site is included in 2009 Program EIR.
Relocation Issues: No relocation issues, site and buildings are vacant.

Proposed Plan

The site is proposed for mixed-income housing (minimum 25% affordable). It is located within 1/4 mile from Euclid Trolley stop. The Imperial Avenue Corridor Master Plan recommends pedestrian-oriented uses with medium density residential developments with some ground-floor commercial spaces along the Imperial Ave. transit corridor located within 1/4 mile of the Euclid Trolley stop. A total of 35 residential units are estimated to be developed on the site, of which 9 units are affordable. The actual number of units will be determined after selection of a development team and negotiation of a DDA.

6395-97 Imperial

6395 & 6397 Imperial Ave., 92114
Southeastern San Diego (Central Imperial)

Site Summary

Property Plan: Retained by City for future affordable housing development
APN: 549-140-16
Lot Size: 7,431 SF
Acquisition Dates: 8/19/2008
Acquisition Costs: $565,000
Funding Source: SEDC Non-Low/Mod Funds
Existing Use(s): Vacant lot + 2 vacant existing structures
Zoning: Residential with some commercial RM-2-4
Density/FAR: 1 du/1,750 sf lot and 25/du/ac, max 3.4 units
Proposed Uses: Low-mod housing
% Affordable/AMI: 100%, TBD
Type: TBD
Supportive Housing: TBD
Estimated Subsidy: $400k (100k/unit) for 4 units

Site Descriptions

Background: The 7,400 square-foot-lot, located in the mid-block south of Imperial Avenue between 63rd and 65th streets, was acquired by former RDA in 2008 with non-Low/Mod Funds. The site was identified in the Imperial Avenue Corridor Master Plan for mixed-use commercial and housing, as well as in the Central Imperial Five Year Implementation Plan for residential development with affordable housing. Site is a narrow, shallow, interior lot with alley access on a commercial corridor. Former RDA entered into ENA with a developer for a mixed-use development with mixed-income housing. However, ENA expired in 2006 without entering into DDA.

Environmental Issues:
Phase I (2008) concluded that with the possible exception of burn ash and/or metal bearing fill material, there is a low likelihood that a recognized environmental conditions are present at the site as a result of the current or historical Site land use or from a known and reported off- site source.

Due to the age of the structures, hazardous building materials surveys should be performed to identify any needed remediation measures before demolition of existing aging structures. Site was included in the Central Imperial 2009 Program EIR .

Relocation Issues: The site is vacant. No relocation issues.

Proposed Plan

Based on the zoning requirements, four units are estimated to be developed on the site. It is proposed that RFP be issued in FY14 to solicit proposals for a 100% affordable housing development with a minimum of four residential units. There is a possibility for developing the site in combination with adjacent vacant and/or underutilized lots. The actual number of units will be determined after selection of a development team and negotiation of a DDA.

40th & Alpha

3947 & 3961 Z St., and NW Corner of 40th & Alpha, 92113
Southeastern San Diego (Southcrest)

Site Summary

APN: 551-231-04, 05 & 35
Lot Size: 21,000 SF
Acquisition Dates: 8/11/99, 2/4/00, 3/7/03
Acquisition Costs: $206,435
Funding Source: SEDC Non-Low/Mod Funds
Existing Use(s): Vacant land
Zoning: Residential multi-family SESDPD MF-2500
Density/FAR: 1 du/2,500 sf lot and 17.42/du/ac, Max FAR 1.0, max units 6.8
Proposed Uses: Low-mod housing
% Affordable/AMI: 100%, TBD
Type: TBD
Supportive Housing: TBD
Estimated Subsidy: $480k (80k/unit) for 6 units

Site Descriptions

Background The 40th and Alpha site consists of three non-contiguous lots (one 7,000 square-foot lot and two lots totaling 14,000 square-feet), located in the block bounded by Z Street to the north, Alpha Street to the south and 40th Street to the east. It is in a single-family neighborhood, across from Southcrest Park and Cesar Chavez Elementary School. The Former RDA assembled the parcels, which included remnants of the abandoned Caltrans SR252 highway, from 1999 to 2003 using non-Low/Mod Funds. The site was planned for six affordable housing units in the Southcrest Five-Year Implementation Plan.

RFP was issued in 2009 and a developer was selected. DDA was scheduled for Council consideration in 2011, but was canceled by the developer due to AB 26 uncertainties

Environmental Issues:
No environmental issues. The site is proximate to the Las Chollas Creek.

Relocation Issues:
The site is vacant. No relocation issues.

Proposed Plan

Based on the zoning requirements, six units are estimated to be developed on the site. It is proposed that an RFP be issued in FY14 to solicit 100 % affordable housing development proposals in small lot single family or duplex units to integrate into the existing neighborhood. There is a possibility to develop the site in combination with nearby City surplus vacant lots. The actual number of units will be determined after selection of a development team and negotiation of a DDA.

Attachment D:
City of San Diego Housing Asset Fund Cash-Flow Projection FY 2013-FY 2017

REVENUES

Low Mod Bond Proceeds by Project Areas	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
North Park	$ 2,579,855					$ 2,579,855
Southeastern San Diego	$ 1,407,175					$ 1,407,175
North Bay	$ 1,846,453					$ 1,846,453
City Heights	$ 3,541,503					$ 3,541,503
Centre City	$ 16,559,849					$ 16,559,849
Horton Plaza	$ 276,817					$ 276,817
NTC	$ 2,959,466					$ 2,959,466
Crossroads	$ 3,700,000					$ 3,700,000
Subtotal - Low Mod Bond Proceeds	**$ 32,871,119**					**$ 32,871,119**

Loan/Lease Payments/Program Income	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
Loan Repayments/Ground Lease Payments	$ 449,770	$ 492,401	$ 535,032	$ 620,294	$ 748,187	$ 2,845,684
Rental/Other Income	$ 1,437,032	$ 958,794	$ 269,010	$ 30,000	$ 30,000	$ 2,724,836
Property Management Cost	$ (45,000)	$ (45,000)	$ (45,000)	$ (45,000)	$ (45,000)	**$ (225,000)**
Reserve	$ (188,680)	$ (154,061)	$ (119,168)	$ (85,313)	$ (98,102)	**$ (645,324)**
Cost Savings	$ 850,000	$ -	$ -	$ -	$ -	$ 850,000
Subtotal - Loan/Lease Pmts/Program Income	**$ 2,503,122**	**$ 1,252,134**	**$ 639,874**	**$ 519,981**	**$ 635,085**	**$ 5,550,196**

Projected Land Disposition Proceeds	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL	Estimated New Housing Units Total units	Aff Units	% Affordable	Assumptions
1.Market St. Square		$ 6,000,000				$ 6,000,000	192	40	21%	Existing rental housing. 40 units were restricted under SA Ground Lease until 2011.
2.7th&Market		$ 8,273,550				$ 8,273,550	542	82	15%	# of units was calculated based on the estimated buildable SF of the site
3.Park&Market		$ 6,503,750				$ 6,503,750	512	77	15%	# of units was calculated based on the estimated buildable SF of the site
4.GSA Child Care Center Site				$ 3,363,125		$ 3,363,125	-	29	-	Only a portion of the site (5,000 SF) to house a stand-alone affordable housing project
5.Popular Market			$ 1,593,920			$ 1,593,920	195	30	15%	# of units was calculated based on the estimated buildable SF of the site
6. 13th&Market (Market-rate portion - 20,000 SF)[1]		$ 700,000				$ 700,000	180	27	15%	# of units was calculated based on the estimated buildable SF of the site
7. Existing Hotel Metro site (if SA buy it from SDHC)[2]					$ 1,122,968	$ 1,122,968	-	-	-	City to enter into Option Agmt w/ SDHC, Replace existing Hotel Metro units at 13th&Market site
Subtotal - Projected Land Disposition Proceeds	**$ -**	**$ 21,477,300**	**$ 1,593,920**	**$ 3,363,125**	**$ 1,122,968**	**$ 27,557,313**		**285**		
Civic SD Fees (4% of gross sales price)		**$ 859,092**	**$ 63,756.80**	**$ 134,525**	**$ 44,918.72**	**$ 1,102,293**				
Net Sales Proceeds		**$ 20,618,208**	**$ 1,530,163**	**$ 3,228,600**	**$ 1,078,049**	**$ 26,455,020**				

[1] After deducting $800,000 for acquisition of the one remaining parcel

[2] *The estimated sales proceeds less estimated demolition costs ($250,000) and purchase price from SDHC ($627,032)*

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
TOTAL FUNDS AVAILABLE	**$ 35,374,241**	**$ 21,870,342**	**$ 2,170,037**	**$ 3,748,581**	**$ 1,713,134**	**$ 64,876,335**

EXPENDITURES

Admin/Operating Costs	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total	
Housing and Homeless Administration	$ 275,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000	**$ 2,475,000**	
Legal/Consultant Costs (DDA/OPA)		$ 200,000	$ 200,000	$ 200,000	-	**$ 600,000**	
Homeless Consultants		$ 100,000	$ 100,000	$ 100,000		**$ 300,000**	
TOTAL - Admin. Costs	**$ 275,000**	**$ 850,000**	**$ 850,000**	**$ 850,000**	**$ 550,000**	**$ 3,375,000**	5.20%
Available Funds for New Development	***$ 35,099,241***	***$ 21,020,342***	***$ 1,320,037***	***$ 2,898,581***	***$ 1,163,134***	**$ 61,501,335**	

									Homeless Housing			
Proposed Expenditures for New Projects	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total	Total Units	Total Aff. Units	Homeless/ At risk Units	Supp. Hsg. Units	% Supp. Hsg	Assumptions
1.Atmosphere	$ 12,207,069					$ 12,207,069	205	202	41	41	20%	Based on the current proforma w/Infill Fund only (no TOD) w/5% contingency
2.13th&Market (Affordable component-Hotel Metro)		$ 17,160,000				$ 17,160,000	195	193	193	29	15%	Assuming $80,000/unit for 195 units w/10% contingency
3. Hilltop & Euclid				$ 2,000,000		$ 2,000,000	100	25	0	0	0%	Assuming $80,000/unit for 25 units, 25% Affordable
4. Ouchi Site		$ 720,000				$ 720,000	35	9	0	0	0%	Assuming $80,000/unit for 9 units, 25% affordable
5. 6395-97 Imperial		$ 400,000				$ 400,000	4	4	0	0	0%	Assuming $100,000/unit for 4 units, 100% affordable
6. 40th & Alpha		$ 480,000				$ 480,000	6	6	0	0	0%	Assuming $80,000/unit for 6 units, 100% affordable
7. Monarch Site (on Cedar)		$ 7,500,000				$ 7,500,000	50	49	7	7	15%	Assuming $150,000/unit for 50 units, 100% affordable
8. Churchill		$ 3,000,000				$ 3,000,000	60	60	60	9	15%	Estimate by SDHC
9. Veterans Village Phase V		$ 1,800,000				$ 1,800,000	20	20	20	0	0%	20 transitional housing beds for homeless veterans
10. NOFA for City-wide Projects w/ Homeless Housing			$ 8,000,000	$ 7,071,132		$ 15,071,132	188	188	75	28	15%	Estimated subsidy per unit - $80,000 per unit, Estimate 40% homeless units
Set aside for City Heights (City Heights Bond Proceeds)			*$ 3,541,503*									
11. 13th&Broadway (w/EV Fire Station)						$ -						Not feasible until $ for Fire Station is secured. Not likely to proceed within 5 years
TOTAL - New Projects	**$ 12,207,069**	**$ 31,060,000**	**$ 8,000,000**	**$ 9,071,132**	**$ -**	**$ 60,338,201**	**863**	**756**	**396**	**115**		
CUMULATIVE BALANCE	**$ 22,892,172**	**$ 12,852,514**	**$ 6,172,551**	**$ -**	**$ 1,163,134**							

TOTAL AFFORDABLE UNITS 1,041