



SAN DIEGO
HOUSING
COMMISSION



REPORT REVISED ON 7/9/10

LAND USE & HOUSING REPORT

DATE ISSUED: July 7, 2010

REPORT NO: LUH 10-008

ATTENTION: Chair and Members of the Land Use & Housing Committee
For the Agenda of July 14, 2010

SUBJECT: Homeless Service Center and Housing Facility

COUNCIL DISTRICT: 2

REQUESTED ACTIONS:

- That the Land Use and Housing Committee (LU&H) forward to the San Diego City Council ("City Council") a recommendation that the City Council authorize staff to negotiate with the Redevelopment Agency of the City of San Diego ("Agency") the disposition of the City-owned World Trade Center building ("Property") to the Agency for the purpose of facilitating the development of a homeless service and housing center ("Facility").
- That the LU&H forward to the City Council a recommendation that the City Council request that the Agency enter into exclusive negotiations with the PATH/Affirmed team ("Developer") for development and operations of the Facility on the Property.
- That the LU&H forward to the City Council a recommendation that the City Council authorize staff to negotiate with the Agency the disposition of the City-owned parking structure ("Parking Structure") located adjacent to the Property to the Agency for the purposes of redevelopment.
- That the LU&H forward to the City Council a recommendation that the City Council request the Agency to enter into negotiations with the City for the acquisition of the Property and the Parking Structure for the purposes of facilitating the development of the Facility and redevelopment.

STAFF RECOMMENDATION: Approve requested actions.

SUMMARY: Following a directive from the Land Use & Housing Committee to conduct public outreach and return to Council within ninety days of its meeting on April 21, 2010, the Developer completed extensive community outreach in the downtown region of San Diego. Presentations outlining the plan to develop a homeless service center and housing facility ("Facility") were conducted for an array of service providers, residents, stakeholder committees, and downtown businesses (Attachment 2).

As part of the information-gathering process, on May 17th, the PATH Street Outreach Team with assistance from the San Diego Police Department Homeless Outreach Team (HOT) Team and ALPHA Project completed a count of the homeless population present in the geographic area bordered by I-5 to the north, 11th Street to the east, E Street to the south, and Union Street to the west. This includes the area immediately surrounding the Property. A total of 246 people were counted during the first day.

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On May 18th, the combined teams conducted surveys of a sample of the homeless population at designated hotspots within the area: around the San Diego library at E Street and 8th Avenue and around the intersection of Front and Ash Streets. The survey contained questions that capture key demographic information for this community. The 38 detailed demographic surveys provided a picture of the population in the immediate area (Attachment 4). The homeless population surveyed in downtown San Diego is a chronically homeless, aging population with clear ties to the area. A large percentage of the population has access to an income source; those who are making \$750 to \$1000 per month would be good candidates for a program linking people to subsidized housing. Additionally, most of the veterans surveyed appear to qualify for the Veterans Affairs Supportive Housing (VASH) program.

The community outreach meetings conducted subsequent to the homeless surveys were an opportunity for the general public and the Developer to exchange information. A list of public comments and concerns raised at the meetings is provided as Attachment 3. Through these conversations, the Developer agreed that this project would not immediately replace activities at the Neil Good Day Center and the Veterans tent (both of which serve functions different from what will be offered at the Facility); thus, operating funds for these activities will not be assumed to be available for the new site. Other concerns from the public that will be addressed in the design phase of the project include safety, privacy, and building access.

It is a primary goal of the Developer for the Facility to be an asset to the neighborhood and a replicable model for other communities in the San Diego region. Following the PATH model in Los Angeles, a neighborhood advisory board is proposed to be formed and meet on a monthly basis to address neighborhood concerns.

As envisioned at this time, the Agency and the Developer would be parties to an Exclusive Negotiation Agreement (ENA); the ENA would have a term of eighteen months. Proposed objectives of the ENA would include: continuation of the rehabilitation scope of work and costs; identification of funding sources for site acquisition, capital improvements and annual operating expenses; operating conditions of a Conditional Use Permit (CUP); refinement of operating program and commitments from service providers; and determination of the property's future ownership structure.

Under the terms of the ENA, obligations of CCDC, on behalf of the Agency, would include at a minimum: negotiating site control with the City (lease or purchase); obtaining site control; assisting with identifying and securing necessary funding sources; conducting a structural assessment of the World Trade Center building to determine seismic code compliance; negotiating a Disposition and Development Agreement (DDA) with the Developer; drafting the DDA and related agreements; and exploring possible methods to fund pre-development costs.

Obligations of the Developer would include at a minimum: proceeding with design process for rehabilitation; creating a neighborhood advisory committee; identifying and securing additional funding sources for capital improvements and operations; building relationships with local service providers and potential funding or in-kind services; refining capital improvement costs and annual operating expenses; working with Agency financial advisor to develop a pro forma and negotiate terms of the DDA.

Concurrently, CCDC and City staff will develop a recommended long-term ownership structure for the property. It is contemplated that the Agency would acquire the adjacent parking structure from the City

using either parking revenue bond proceeds or unrestricted tax increment for future rehabilitation or redevelopment.

Entitlements

The proposed facility will require various discretionary land use approvals under the Centre City Planned District Ordinance (PDO). A conditional use permit (CUP) will be required for the onsite provision of social services, transitional housing, and Living Units (permanent supportive housing units). It is contemplated that the CUP would contain conditions under which the property would be required to operate such as those regulating onsite security, prevention of queuing and loitering, background checks of residents, rules of resident and patient conduct and hours of operations (similar to the conditions imposed on the CUP of the San Diego Rescue Mission located on Elm Street). In addition, a CUP would be required to allow for the non-employment uses of the facility to exceed 50% of the gross floor area within the Employment Required overlay district, which may be allowed under the Centre City PDO as the WTC building is a designated historical resource.

The Centre City PDO limits the size of Living Units to an average of 300 square feet, with any individual unit not exceeding 400 square feet. As a result of the existing floor plan layout, large windows and historical resource designation of the WTC building, the Developer contemplates that the resulting floor plan layout of the Living Units will result in units ranging in size from 285 to 430 square feet. The Developer will pursue a planned development permit (PDP) to allow for this increased size of the Living Units, while ensuring that the larger units do not provide for greater occupancy than normally permitted under the Centre City PDO (two adults).

The facility is currently not envisioned to provide any dedicated exclusive parking, as the employees will either utilize nearby public parking structures or alternative modes of transportation such as transit. Under the Centre City PDO, existing commercial buildings converted to other commercial uses are not required to meet new parking requirements (prior to 2006, commercial uses did not have parking requirements), and new commercial office buildings under 50,000 square feet in size are exempted from providing parking (the proposed non-residential uses total approximately 44,000 square feet). Parking may be required for the conversion of commercial buildings to residential uses, but under the Centre City PDO parking is not required for Living Units when the rents are restricted to 40% AMI or below (as the proposed units will be), and parking for transitional housing is established through the CUP process and may be waived due to fact that the very low-income residents typically do not own vehicles.

Property Due Diligence

To ensure the safety of the building's future residents and workers and to improve the reliability of the project budget, CCDC staff and the Developer will conduct further due diligence on the building during the ENA period including destructive testing to determine the extent of seismic retrofit required, if any, pursuant to current building codes and the proposed uses, testing for hazardous materials and life safety code compliance. This additional due diligence is expected to take eight to ten weeks to complete.

Schedule

The primary non-local funding source for the site acquisition and capital improvements is Nine Percent (9%) Low-Income Housing Tax Credits (LIHTC). The next available application deadlines are in March and July 2011. Both 2011 application rounds are expected to be highly competitive, but the March round is believed to provide a better chance of award. Local funding commitment is required

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prior to the application deadline to receive the maximum points in the scoring. The following are some of the tasks required to be completed before the Developer can submit a LIHTC application.

- Negotiation of site control between the City and the Agency
- Completion of property due diligence, including structural, soils and geologic
- Negotiation of CUP conditions
- Environmental review (CEQA)
- Negotiation of DDA terms and drafting of DDA, including related documents
- Identification of all necessary funding sources for acquisition, capital improvements and operations
- Refinement of operating program and commitment of service providers
- Entitlement processing and approvals (CCDC, HRB, Planning Commission, City Council)
- DDA approvals (CCDC, CCAC, Agency)
- Refinement of rehabilitation scope of work, budget and interior space plan

Upon approval of the ENA by the Agency, staff will work with the Developer to complete all tasks necessary to return to the Agency with a negotiated DDA, to the City Council with requested entitlements, and to the Housing Authority with recommendations for local contributions to the financing plan in early 2011. The Developer would compete for nine percent tax credit financing in 2011; all local funding commitments will be contingent on the project obtaining commitments for all the funding needed to acquire and improve the site and for operating the approved program.

Beyond the original proposed financing plan, the Developer and staff will explore a wide range of possibilities, including Housing Commission-funded project-based vouchers for rent subsidies and opportunities that may emerge from the national Plan to End Chronic Homelessness, which was announced at the end of June with two priorities: 1) end chronic homelessness; and 2) prevent and end homelessness for veterans. The project is well suited to address both of these national goals and to compete for any federal grant or loan financing that may become available in support of the goals.

FISCAL CONSIDERATIONS: Fiscal impacts will be determined as City, CCDC and Housing Commission staff work with the Developer to prepare final budgets for acquisition, development and operations.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: On April 21, 2010 the Land Use & Housing Committee requested the PATH/Affirmed team conduct additional public outreach and return to the Land Use & Housing Committee in 90 days.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Outreach efforts will continue through every phase of development and become an ongoing effort by the Developer to engage the public and ensure good relations with neighboring property owners, tenants and residents. A neighborhood covenant will be completed; a draft version is provided as Attachment 5.

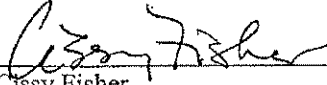
KEY STAKEHOLDERS AND PROJECTED IMPACTS: City of San Diego, healthcare agencies, social service agencies, educational institutions, civic organizations and residents of the downtown area, local businesses, chronically homeless individuals and individuals with chronic conditions that prevent them from generating adequate income to pay for their housing, and faith-based agencies that provide services to homeless individuals and families will have a direct interest in this project.

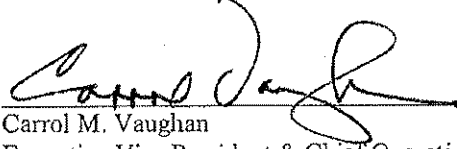
ENVIRONMENTAL REVIEW: At this time, there is no "project" under the definition set forth in CEQA Guidelines Section 15378 that would require environmental review. However, if the City Council directs staff to enter into an ENA with the Connections Housing team, then any proposed project or agreement resulting from the negotiations would be reviewed for consistency with the Final Environmental Impact Report (FEIR) prepared for the Downtown Community Plan and the appropriate additional environmental documents would be prepared for consideration by the decision-making bodies. Therefore, pursuant to CEQA Guidelines Section 15060(c) (3), this activity is not subject to CEQA.


Processing under the National Environmental Policy Act (NEPA) is not required at this time as no federal funds are implicated in the action to enter into an agreement with Connections Housing for the proposed homeless service center and housing facility. Any proposed project resulting from the agreement will be reviewed under NEPA if federal funds constitute part of the financing.

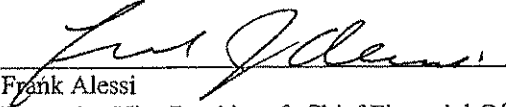
Respectfully submitted,

Approved by,


Cissy Fisher
Vice President, Special Housing Initiatives
San Diego Housing Commission


Carrol M. Vaughan
Executive Vice President & Chief Operating Officer
San Diego Housing Commission


Jeff Graham
Vice President, Redevelopment
CCDC


Frank Alessi
Executive Vice President & Chief Financial Officer
CCDC

Attachments:

1. LU&H Report 10-006
2. Outreach Summary/Calendar
3. Community Comments/Responses
4. Street Survey Results
5. Draft Neighborhood Covenant

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.



SAN DIEGO
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LAND USE & HOUSING REPORT

REPORT NO. LUH 10-006

DATE ISSUED: April 14, 2010

ATTENTION: Land Use & Housing Committee, Meeting of April 21, 2010

ORIGINATING DEPT.: San Diego Housing Commission

SUBJECT: Homeless Service Center and Housing Facility

COUNCIL DISTRICT: 2

REFERENCE: None

STAFF CONTACTS: Cissy Fisher, Vice President, Special Housing Initiatives,
San Diego Housing Commission
619-578-7585

REQUESTED ACTION: That the Land Use & Housing Committee (LU&H) forward to the City Council this recommendation to direct staff of the San Diego Housing Commission (the "Commission") and staff of the Centre City Development Corporation (CCDC) to enter into exclusive negotiations with the PATH/Affirmed team, as the preferred developer/operator, for the proposed acquisition and rehabilitation of the City of San Diego ("City")-owned World Trade Center (WTC) building for a homeless service center and housing facility.

STAFF RECOMMENDATION: Approve requested Action

SUMMARY: Following a comprehensive evaluation of the two viable proposals received in response to a Request for Proposals (RFP) issued in 2009 for the construction of a homeless service center and housing facility, the selection committee recommends that the City Council select the PATH/Affirmed team and program as the most responsive to the RFP objectives and the WTC building as the site most suitable, both financially and functionally, for the facility. The selection committee bases its recommendation on the PATH/Affirmed team's proven successful approach to providing services and permanent supportive housing, the integration of a federally qualified, high-quality medical service provider, the project's lower costs and amount of local funding required, the reliability of other proposed funding sources, the adaptive reuse of an existing available historic building, and the shorter schedule in which the center can begin operations.

FISCAL CONSIDERATIONS: Sale of the WTC will generate \$10 million in revenues for the City that could either be used to augment the General Fund if the property is leased or could be spent on capital improvements if the property is sold. Under the current proposal, there is no net impact to federal Community Development Block Grant (CDBG) and Emergency Shelter Grant (ESG) programs. The City

expends approximately \$780,000 in federal entitlement funding to operate two temporary emergency winter shelter programs and \$460,000 for operation of the Neil Good Day Center. One of the goals of the Homeless Service Center is to provide an alternative to the temporary winter shelter tents and the Day Center Facility. The City funds currently used by these activities are proposed to be used as annual operating support for the one-stop center to leverage private and other public funding to significantly increase current service and client capacity. The proposal will need local funding for both development and ongoing operating costs. The proposing team will ask the Commission for a development loan of approximately \$2 million and a pledge of rental subsidies for up to 75 units.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: The selection committee formed to evaluate the RFP responses included representatives from: City of San Diego; CCDC; Commission; Corporation for Supportive Housing; East Village Community Action Network; County of San Diego Health and Human Services; United Way; Downtown Residents Group; and San Diego Downtown Partnership.

KEY STAKEHOLDERS AND PROJECT IMPACTS: City of San Diego, healthcare agencies, social service agencies, educational institutions, civic organizations and faith-based agencies that provide services to homeless individuals and families will have a direct interest in this project. The change in use of the site from office to mixed-use will increase foot traffic in the area and provide clinical medical offices that could be accessed by nearby residents. [Note: PATH provides security and diligent oversight of outside activity at its sites to minimize impact on the surrounding community. Additionally, PATH will outreach to and prioritize accommodations to street homeless in the immediate vicinity.]

PROPOSED DEVELOPMENT TEAMS

ROLE	FIRM/CONTACT	OWNERSHIP
Project Lead	People Assisting the Homeless (PATH) Joel John Roberts	Nonprofit Corporation
Developer	Affirmed Housing Group James Silverwood	James Silverwood Privately Owned
Service Provider Partner	Family Health Centers of San Diego Fran Butler Cohen	Nonprofit Corporation

ROLE	FIRM/CONTACT	OWNERSHIP
Project Lead	Father Joe's Villages (FJV) Mathew Packard 619-446-2126	Nonprofit corporation
Development Consultant	Chelsea Investment Corporation	James Schmid Privately Owned
Service Provider Partner	St. Vincent de Paul Village	Nonprofit corporation

BACKGROUND:

According to the annual Point in Time Count conducted by the San Diego Regional Task Force on the Homeless on January 29, 2009, an estimated 4,338 individuals were found to be temporarily or chronically homeless in the City of San Diego with only roughly 2,359 year-round shelter beds. Roughly 800 of the homeless persons surveyed were found in the downtown zip code (92101) and a quarter of those surveyed were veterans. A majority suffered from mental illness, substance abuse, a physical or medical disability or a combination of the above.

Beginning in January 2008, the City Council's LU&H Committee convened a Permanent Homeless Facility Task Force. The purpose of the task force was to develop recommendations for: 1) identifying and evaluating possible sites for a permanent emergency shelter; 2) developing a list of the essential elements of a shelter; and 3) providing a draft Request for Proposals and/or Qualifications (RFP/Q) for the site. The task force met four times from 2008-2009 and consisted of members of the LU&H Committee as well as the Mayor's Office, United Way of San Diego ("United Way"), CCDC, Commission, and two community representatives.

Through research of best practice models and input from the community, the task force determined that the housing first/housing plus model should be utilized and the goal of the RFP/Scope of Services would be to propose a strategy to best address a variety of needs, based on practices of other jurisdictions and on ideas specific to San Diego, making optimum use of the limited resources available. The City Council approved the draft Scope of Services and designated the Commission to take the lead on issuing the RFP with the support of CCDC and the City.

On December 2, 2008, the City Council approved a draft RFP for site development and operation of a service center and housing for homeless and extremely low income persons (Attachment One). The Commission, collaborating with CCDC and City staff, issued the RFP on April 3, 2009 with a closing date of June 2, 2009. The intent of the RFP was to address homelessness by providing housing coupled with supportive services and consistency with the Housing First/Housing Plus Model as outlined in the 10-Year Plan to End Chronic Homelessness in the San Diego Region (PTECH). The scope was intended to encourage innovative ideas for a new level of response to the need for housing and services and migrate

away from the traditional open-bay shelter approach. The RFP did not specify a minimum or maximum number of beds but sought to allow for the eventual closure of the City's temporary winter shelter. However, the RFP did indicate that local funds in the amount of \$10 million had been committed from the City of San Diego Redevelopment Agency's ("Agency") Centre City Redevelopment Project Area for site acquisition, development and/or rehabilitation costs.

Respondents were asked to submit proposals for any or all of three categories: 1) a "one-stop" service center and/or emergency housing to be located downtown; 2) affiliated permanent supportive housing units; or 3) a feasible site or building under direct ownership of the responding entity upon which a "one-stop" service center, emergency housing and/or permanent supportive housing units could be constructed.

DISCUSSION:

In response to the RFP, three qualified proposals were received by the submittal deadline; one of these, a for-sale building, was subsequently deemed too small for the envisioned activities.

The selection committee voted (seven in favor, one abstention, one absent) to recommend the response received by a team consisting of Affirmed Housing Group ("Affirmed"), a local San Diego affordable/supportive housing developer and People Assisting the Homeless (PATH), a Los Angeles-based homeless service provider and Family Health Center of San Diego (Attachment Two). PATH is a California-based 501(c)(3) not-for-profit corporation organized in 1984 to meet the needs of homeless and at-risk homeless individuals. The organization's only board member is PATH Partners. PATH Partners helps communities design and deliver systems to address homelessness. In Los Angeles, PATH operates a "one-stop" homeless services center and outreach function as well as developing and operating affordable housing for homeless through its affiliate, PATH Ventures. For this project, PATH will operate the interim housing and service center, and provide residential service coordination.

The original submittal proposed a newly constructed one-stop homeless center including interim beds, permanent supportive housing units, a federally qualified medical clinic open to the public, and a full multi-service center including case management and support assistance. The proposal did not identify a site on which the project would be constructed.

As envisioned, PATH would provide management coordination of the daily operations of the one-stop center and will cultivate additional partnerships appropriate for the center's mission. ALPHA Project and Veterans Village of San Diego are members of the proposal team that will focus on offering services and managing the housing components. Affirmed Housing will manage the building rehabilitation process and the permanent supportive housing (with assistance from other partners). A major feature of the proposal is that Downtown Family Health Center (FHCS) will provide the medical clinic and services.

The second response was submitted by a team comprised of Father Joe's Villages (FJV), a local San Diego homeless center operator and service provider and Chelsea Investment Corporation ("Chelsea"), a local San Diego affordable/supportive housing developer. The team proposed new construction of a one-stop homeless center on a site located in the East Village District currently owned by FJV at 1402 Commercial Street, adjacent to the existing FJV complex. FJV would coordinate and provide services within the proposed one-stop multi-service center.

The two original proposals were reviewed and evaluated by the selection committee; each team was interviewed to clarify specific aspects of each team's proposal and understanding of the proposed capital and operating funding sources. Both teams were considered financially and organizationally capable of implementing the proposed project. However, following the interviews, the committee deemed both proposals financially infeasible as a result of a combination of high site acquisition and development costs and uncertain or unlikely availability of proposed public and private funding sources. The committee collectively agreed that recommending a project, regardless of its commendable programs and qualities, is ineffective if not financially feasible. As a result, the selection committee asked each of the two teams to submit modified proposals by November 13, 2009, which considered adaptive reuse of an existing building or buildings located downtown that could be rehabilitated, meet the teams' program needs and potentially require a lesser subsidy than new construction. The teams were permitted to identify up to two existing buildings that could accomplish their program and the RFP objectives.

The PATH/Affirmed team submitted the same concept proposal with an identified adaptive re-use site: the existing City-owned World Trade Center (WTC) building, located at 1250 Sixth Avenue in the Civic/Core district. The proposal satisfied the team's program requirements and potentially required less capital costs than new construction (Attachment Three).

The SVDP/Chelsea team declined to submit a new proposal. Rather the team disagreed with the selection committee's concern that several of the proposed funding sources were unlikely or unavailable and indicated that new funding sources may need to be substituted in the future as conditions change. The team also re-emphasized its belief that the creation of a minimum of 350 shelter beds is critical to mitigating the homeless crisis.

The selection committee reviewed and evaluated both final proposals based on evaluation criteria. Details of the committee's analysis are provided in Attachment Four.

PROJECT DESCRIPTION

The following is a summary of the two teams' proposals. [Note: the term "interim housing" as proposed in the PATH project means a flexible type of housing that can be used as emergency or transitional in nature, depending on the needs of the client.]

	<i>Committee Recommendation PATH/Affirmed</i>	<i>FJV/Chelsea</i>
Site Area	15,000 SF	47,758 SF
Maximum Floor Area Ratio (FAR) Permitted	10.0	3.0
Minimum FAR Required	6.0	2.0
Proposed FAR	8.53	2.53
FAR Bonuses Proposed	N/A	None.
Stories	14 stories	5 stories

Residential				
Supportive Units – Studios	75 units	47,000 SF	70 units	42,960
Interim Housing	150 beds	25,000 SF	SF	
Emergency Housing	0 beds	0 SF	80 beds	21,480
Total Residential	225 beds	72,000 SF	SF	
			<u>350 beds</u>	<u>22,366</u>
			SF	
			500 beds	86,806
			SF	
Average Affordability	33% AMI		30% AMI	
Non-Residential				
Medical Clinic		13,600 SF		0
Multi-service Center		17,300 SF	SF	
Admin Offices, Storage, Training		<u>13,400</u> SF		33,459
Total Non-Residential		44,300 SF	SF	
				<u>0</u>
			SF	
				33,459
			SF	
Projected Rental Rates				
Supportive Units - Studios	\$876/mo. (w/ vouchers)		\$887/mo. (w/ vouchers)	
Interim Housing	\$0		\$0	
Number of Units Demolished	None.		None.	
Inclusionary Housing Ordinance Compliance/				
Number of Affordable Units	225 beds		500 beds	
Parking				
Required	0 spaces		51	
Proposed	0 spaces		132 spaces	
Assessor's Parcel Nos.				
World Trade Center: 534-055-0100,				
534-055-0200, 534-055-0400				
14th & Commercial: 535-614-1100				

Evaluation of the World Trade Center – The selection committee retained the services of Heritage Architecture and Planning (“Heritage”), a local firm specializing in historic designation and rehabilitation, and specialist sub-consultants to evaluate the structural integrity, mechanical systems, historical aspects and adaptive reuse potential for the City-owned structure as the homeless service center and housing facility. Heritage was provided with the PATH/Affirmed team’s proposed floor plans, building uses, services and residential capacities. The Heritage report concluded that the building, constructed in 1928 and originally known as the San Diego Athletic Club, is suitable for the proposed uses with certain

structural, code, accessibility and interior improvements required. The building is a historic resource listed on the City's Historic Register and was acquired by the City in 2004. The adjacent parking structured was added in 1969 and is not a listed historic resource. The building's design is primarily Art Deco with Gothic Revival details and is a rare example of the "New York Skyscraper" influence in San Diego. The building's interior finishes were significantly altered during the conversion of the building from athletic club to office space to the point where the original character of the interior is no longer evident and cannot be defined.

The majority of the historic detailing and cast-stone ornamentation on the building's exterior are still extant. Most of the roofing is in poor condition, beyond its life expectancy and in need of replacement. The building gravity load system appears adequate for the proposed combined office and residential uses. A determination of the extent, if any, seismic upgrades may be required can be made through a review of the original building drawings, if they can be located, or destructive testing of the roof-to-wall anchorage. The estimated cost of such testing is \$30,000.

The general condition of the existing mechanic equipment is good; however, some modifications are recommended to reduce energy consumption and to accommodate the proposed interior layout. The equipment capacity appears sufficient for the proposed uses. The installation of reverse chilled water and heating hot water loops at each floor is recommended to minimize the size of ductwork, maximize ceiling heights and allow many more temperature zones.

The existing water service to the building is adequate to support the proposed uses. New distribution piping and fixtures will be required on all floors and a new domestic water heating system will be required to support the residential use. Additional bathrooms with accessibility and showers will be required on each floor. The waste and drainage systems appear to be adequate.

Existing electrical loads should be adequate to serve the residential uses however new panel boards will likely be required in the basement and sub-basement, although there is more than adequate capacity.

Modernization of the two main elevators and modifications to the existing fire sprinkler and alarm system are required to accommodate the proposed interior layout.

Heritage prepared an opinion of probable costs for the required and recommended exterior and interior improvements to the building totaling approximately \$18 million of direct costs, roughly \$3.4 million less than the PATH/Affirmed team's estimate. Potential additional costs for seismic updates, if deemed required, cannot be accurately determined until a retrofit plan is prepared. The cost estimates prepared by both the PATH/Affirmed team and Heritage are reflected below in this report.

The Downtown PDO exempts living units (for incomes at or below 40% AMI) and transitional housing from parking requirements. The one-stop multi-service center and offices are also exempt from parking requirements as the WTC is an existing building. Employees of the project requiring parking could secure monthly parking passes from a number of nearby public parking facilities or the adjacent City-owned structure.

Housing Impact – The proposals have the potential to create between 225 and 500 new shelter or interim housing beds and permanent supportive studio housing units. No housing units are proposed to be lost in either proposal.

Project Budget and Financing – Each team submitted detailed construction and rehabilitation cost estimates in their proposals. The PATH/Affirmed team rehabilitation cost estimate was reviewed by Heritage and adjusted as deemed appropriate and reflected in the table below. The FJV/Chelsea team's cost estimate for new construction was reviewed by KMA and considered the shell construction costs to be less than comparable recently built projects of Type-III Modified construction. Absent a project design, further evaluation of the team's estimated costs is not practical.

The following is a summary of the two teams' proposed acquisition and development budgets and funding sources.

Estimated Capital Costs and Funding Sources			
	Committee Recommendation PATH/Affirmed		FJV/Chelsea
	<i>Team's Cost Estimate</i>	<i>Heritage Cost Estimate</i>	<i>Team's Cost Estimate</i>
Costs:			
Direct Costs	\$21,494,000	\$17,992,000	\$27,796,000
Indirect Costs	4,348,000	4,348,000	5,335,000
Financing Costs	1,597,000	1,597,000	2,856,000
Site Acquisition	7,000,000 ⁽¹⁾	7,000,000 ⁽¹⁾	7,300,000
Total Costs	\$34,439,000	\$30,937,000	\$43,287,000
Funding Sources:			
Market Value of Tax Credits	\$13,959,000	\$13,959,000	\$16,032,000
VA Grant	1,500,000	1,500,000	0
Parking Infill Grant – Prop 1C *	0	0	2,800,000
HUD – SHP Grant	0	0	400,000
Multifamily Housing Program *	0	0	5,240,000
Affordable Housing Program	0	0	1,500,000
Emergency Housing Assistance *	0	0	1,000,000
Mental Health Services Act *	0	0	1,309,000
Deferred Developer Overhead Fee	157,000	157,000	0
Developer Land Note	0	0	1,300,000
Total Sources	\$15,616,000	\$15,616,000	\$31,581,000

Local Funding Gap:	\$18,824,000	\$15,322,000	\$11,706,000
Housing Commission ⁽²⁾	2,000,000	2,000,000	2,000,000
Agency Low/Mod Funds ⁽³⁾	10,000,000	10,000,000	9,706,000
Agency HH&S Funds ⁽⁴⁾	3,000,000	3,000,000	0
Unfunded Gap	\$3,824,000	\$322,000	\$0
* Sources KMA deemed unavailable or highly competitive	\$0	\$0	\$10,349,000
Revised Local Funding Gap:	\$18,824,000	\$15,322,000	\$22,055,000

⁽¹⁾ Estimated allocation of \$10 million acquisition cost for building only, without parking

⁽²⁾ Commission staff opinion of potential funding availability; subject to approval

⁽³⁾ CCDC commitment in FY 2010 Low/Mod Housing budget

⁽⁴⁾ CCDC staff opinion of potential funding availability from HH&S Program; subject to approval

As reflected in the table above, the committee and KMA considered several of the capital funding sources proposed by the FJV/Chelsea team to be either unavailable currently or in the near future or to be highly competitive with the prospect of requiring multiple applications rounds over two or more years with no certainty of success. Therefore, an adjustment was made for those funding sources considered unreliable resulting in a greater local funding gap requirement in the FJV/Chelsea submittal than that proposed.

The committee also evaluated the long term financial viability of each proposal's operations and management. The following tables summarize the estimated annual operating cash flows of each team's proposal. While the PATH/Affirmed program is relatively self-sustaining with relatively dependable funding sources, the FJV/Chelsea proposal relies heavily on the leveraging of existing SVDP staff and resources and raising large amounts annually from private donations.

Annual Operating Revenue and Expenses	<i>Committee Recommendation</i> PATH/Affirmed
Permanent and Interim Housing Revenue:	
Rent (including vouchers)	\$788,400
In Kind (Corporations, Faith and Community Groups)	\$655,200
Single Adult – Winter Shelter Funds	\$350,000
Veterans– Winter Shelter Funds	\$216,000
Other (Donations and Small Grants)	\$294,430
Total Housing Revenue	\$2,304,030
Housing Expenses	\$1,964,530
Net Operating Income from Interim and Permanent Housing	\$339,500
Service Center and Medical Clinic Revenue:	
Family Health Centers of San Diego (County/Federal Grants,	\$2,048,413

MediCal)	
In Kind (Corporations, Faith and Community Groups)	\$468,000
Veterans Village San Diego	\$24,000
City and Government Grants (CDBG, ESG, EFSP, HUD, VA, HOPWA)	\$400,000
Other (Donations and Small Grants)	\$223,915
Total Service Center and Medical Clinic Revenue	\$3,164,328
Service Center and Medical Clinic Operating Expenses	\$3,164,328
Net Operating Income from Service Center and Medical Clinic	\$0

Annual Operating Revenue and Expenses	FJV/Chelsea
Short Term and Permanent Housing Revenue:	
Rent (including vouchers)	\$714,332
St. Vincent's Leverage (existing staff and resources)	\$629,000
HUD SHP/MHSA Subsidy ⁽¹⁾	\$170,000
Fundraising Required ⁽²⁾	\$712,668
Total Housing Revenue	\$2,226,000
Housing Expenses	\$2,226,000
Net Operating Income from Short Term and Permanent Housing	\$0
Resource Center, Day Center and Emergency Shelter Revenue:	
Commission Funds ⁽³⁾	\$500,000
Existing Neil Good Day Center Funds	\$464,000
St. Vincent's Leverage (existing staff and resources)	1,178,000
Existing Local Winter Shelter Funds	\$680,000
Fundraising Required ⁽²⁾	2,207,000
Total Resource Center, Day Center and Shelter Revenue	\$5,030,000
Resource Center, Day Center and Emergency Shelter Expenses	\$5,030,000
Net Operating Income from Resource Center, Day Center and Shelter	\$0

⁽¹⁾ The selection committee and KMA consider SHP/MHSA subsidies unavailable.

⁽²⁾ The selection committee is concerned that the proposal relies on FJV's ability to raise nearly \$3 million annually in private funds to continue operations of the housing, shelter and resource center. The program is also heavily dependent upon the leveraging of existing SVDP resources and staff, potentially resulting in a need to raise additional private or public funds to continue operations at the proposed level.

⁽³⁾ Project Based Vouchers will subsidize the operating costs of the service center and housing; the applicant's projection is higher than what will be realized by these vouchers.

Disposition of Property – None proposed.

Participation by Agency –CCDC has committed \$10 million of the Agency’s FY ’10 Low/Mod Housing Funds for the site acquisition and construction/rehabilitation of the residential portions of the proposed project. CCDC also potentially has roughly \$3 million available in its Health and Human Services Loan Program for use toward the construction/rehabilitation of the one-stop service portions of the project.

Participation by the Commission – While the Commission does not presently have funds committed toward any of the site acquisition or capital improvement portions of this project, the Commission is pledging roughly 75 of its housing vouchers toward the permanent supportive units to assist with the center’s operations. At this time, Commission staff believes it may be possible to identify up to \$2 million of Commission funds to apply toward the project’s capital improvements. However, it should be noted that both proposals include assumptions that current City and Commission funding of the temporary winter shelter and day center program would be available for this project, which is not a certainty at this time.

Proposed Schedule of Performance – The project’s possible schedule is dependent upon the timing of local funding commitments in order to apply for Low-Income Housing Tax Credits and other public funds during their respective application periods. The next application of 9% tax credits is due on July 7, 2010. It is not likely that an agreement can be negotiated and executed and designs sufficiently developed in time to meet the July deadline. The next possible round will be in the spring of 2011. The following reflects the two teams’ proposed implementation schedules, adjusted for the likely timing of Agency and Commission funding approvals.

	<i>Committee Recommendation</i>	
	PATH/Affirmed	FJV/Chelsea
RFP Award	June 2010	June 2010
ENA to begin negotiations	July 2010	July 2010
Execute agreements	October 2010	October 2010
Applications to alternative funding sources	October 2010 – April 2011	October 2010 – April 2011
Initiate schematic design / design development	October 2010	October 2010
LIHTC Award (if successful)	June 2011	June 2011
Submit Construction Drawings	August 2011	August 2011
Building Permits	October 2011	January 2012
Construction Start	November 2011	February 2012
Certificate of Occupancy	November 2012	February 2013-August 2013 ⁽¹⁾
Operations Begin	December 2012	March 2013-Sept. 2013 ⁽¹⁾

⁽¹⁾ While the FJV/Chelsea team’s proposal assumes a 12-month construction period, KMA’s construction subconsultant believes the proposed project’s site work and construction schedule is more realistically 18 months, possibly longer.

Project Benefits – The selection committee has identified numerous benefits of the PATH/Affirmed team proposal, its recommended team and project. Those benefits can be summarized as follows:

- *Housing and Services* – The PATH/Affirmed team’s proposal will provide quality and dignified housing for approximately 225 homeless individuals (150 interim beds plus 75 permanent supportive units) and critically needed medical and supportive services for thousands of very low-income and homeless individuals and families.
- *Cost and Schedule* – The PATH/Affirmed team’s proposed adaptive reuse of an existing available building results in reduced overall development costs and delivers a project ready for operations and occupancy nine months or more sooner than new construction.
- *Funding Availability* – The PATH/Affirmed team’s proposed project relies on funding sources, which are considered available and likely to be awarded by the selection committee and KMA. The proposal results in the lowest local financing gap and can likely be filled using Agency and Commission funds. The local gap has the potential of being further reduced if additional non-local funding sources are secured during the negotiation and design process.
- *Long Term Financial Sustainability* – The PATH/Affirmed team’s submittal proposes an operating model which is more financially sustainable for the long term and does not rely on unidentified or uncertain funding sources or private fundraising.
- *Housing First Model* – The PATH approach to providing supportive services and emphasis on permanent supportive housing is more closely aligned with the RFP’s objective of using the Housing First Model.
- *Environmental Sustainability* – The PATH/Affirmed team’s proposal to reuse an existing building is more environmentally sustainable than new construction, uses fewer natural resources, provides an opportunity for the recycling of materials, and retrofits an outdated facility with new energy and water saving systems.
- *Cash Flow to the City* – The sale or lease of the WTC building will result in much needed revenue to the City for City operations or infrastructure upgrades and relieves the City of the financial burden of the building’s ongoing operating and maintenance costs.
- *Historic Preservation* – The adaptive reuse of the WTC building, renovated in compliance with the Department of the Interior guidelines, will improve and preserve a locally-designated historic resource.

Parking Structure – The selection committee acknowledges that the City may prefer to sell the WTC building in combination with the adjacent parking structure and not retain ownership of the parking. If this is the case, the committee suggests the Agency consider acquiring the parking structure from the City using unrestricted tax increment funds for renovation or redevelopment. The Heritage study concluded that the ceilings of the parking structure are likely to contain asbestos and will require costly remediation prior to conducting any major maintenance or renovation of the facility. Further studies may be conducted to evaluate whether renovation or redevelopment is the best alternative. The parking structure does utilize the elevators of the WTC for vertical access so joint accessibility in its current configuration is required.

Other Considerations – The selection committee suggests the City consider either a sale of the WTC with payments scheduled over a period of two or more years, or a lease with an option to buy to maximize the amount of local funds available for the building's rehabilitation.

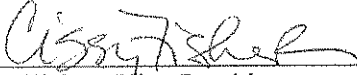
The selection committee also took into consideration the current lawsuit against the City of San Diego in regard to the lack of shelter beds available downtown. Although the addition of a large number of shelter beds was proposed as a solution to the lawsuit, cities across the nation have found that a more effective approach is to increase the inventory of supportive housing rather than to increase shelter beds. The PATH/Affirmed proposal is based on the success of PATH and others that used this approach. Currently, Downtown has approximately 260 supportive units with 88 in development and 103 additional units pending approvals and funding.

Environmental Impact – At this time, there is no “project” under the definition set forth in CEQA Guidelines Section 15378 that would require environmental review. However, if the City Council chooses to enter into an ENA with the PATH/Affirmed team, then any proposed project or agreement resulting from the negotiations would be reviewed for consistency with the Final Environmental Impact Report (FEIR) prepared for the Downtown Community Plan and the appropriate additional environmental documents would be prepared for consideration by the decision-making bodies. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), this activity is not subject to CEQA.

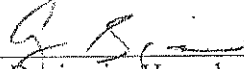
Processing under the National Environmental Policy Act (NEPA) is not required at this time as no federal funds are implicated in the action to enter into an agreement with PATH/Affirmed for the proposed homeless service center and housing facility. Any proposed project resulting from the agreement will be reviewed under NEPA if federal funds constitute part of the financing.

CONCLUSION: Staff wishes to thank the citizen volunteers of the one-stop center selection committee for their diligent service to the City on this project. The committee is pleased to recommend the PATH/Affirmed proposal for the City's first one-stop center for homeless services and housing.

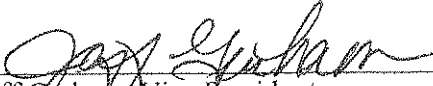
Respectfully submitted,



Cissy Fisher, Vice President
Special Housing Initiatives
San Diego Housing Commission



Amy Benjamin, Homeless Coordinator
City of San Diego



Jeff Graham, Vice President
Redevelopment
CCDC

- Attachments:
1. RFP
 2. Original PATH/Affirmed proposal
 3. Supplemental PATH/Affirmed proposal
 4. Proposal Evaluation Table
 5. KMA Financial Analysis of PATH/Affirmed proposal



Community Outreach Update

June 28, 2010

At the April 21, 2010 Land Use and Housing Sub-Committee, Connections Housing (PATH, Family Health Centers of San Diego, and Affirmed Housing) was asked to accomplish three tasks in 60 days: (1) perform community outreach, (2) link the development to a region-wide plan, and (3) show that the development is part of the solution to the city's homeless lawsuit.

Below is an update:

Community Outreach

- 15 **public community meetings** with business groups, neighborhood associations, and public forums. Numerous small group and one-on-one meetings.
- Sent an **outreach mailer** to 2,000 residents and businesses within ¼ mile of the facility.
- Over 75 people attended an **open house** at the facility.
- Created an informational **website** (www.sdconnections.org), and an email response system for people with questions.
- Offered a **tour** to the Los Angeles PATH Mall.
- Met with **public agencies**: SD Police Chief (coordinate SDPD HOT team with the center), SD EMS Medical Director (coordinate homeless "frequent flyers" with the center), County departments, and Housing Commission.
- Created a draft **Neighborhood Covenant** (Conditional Use Permit) using the SD Rescue Mission as a model. Also, set up guidelines for a Neighborhood Advisory Board.
- Performed a **Neighborhood Homeless Survey** of the blocks surrounding the facility – with the assistance of the SD HOT Teams, Alpha Project.

Regional Plan

- Connections Housing fits into the **San Diego Ten Year Plan to End Homelessness**
- Created a **replicable local neighborhood model** where the center becomes a solution to reducing street homelessness within the surrounding area, and other SD neighborhoods in the region want to do the same.
- Met with, or scheduled to meet with, **San Diego regional planning groups**, including the San Diego Regional Task Force on Homelessness, SD United Way, and the SD Regional Continuum of Care.
- **Adjusted design and program to coordinate with other downtown services.** Recommended that the Neil Good Day Center and the Veterans Winter Beds continue to operate the first few years of opening WTC.
- **Recruited other San Diego homeless service partners:** Alpha Project (interim housing), Legal Aid Foundation of SD (public benefits and legal assistance), Workforce Partnership (employment), SDPD Homeless Outreach Teams (street outreach), and Downtown Interfaith Group (food, volunteers).

Details – Community Outreach

PUBLIC AND LARGE GROUP PRESENTATIONS

- 5/4 ◦Homeless Services Providers – Father Joe’s, VVSD, Alpha Project, Catholic Charities, Interfaith Shelter, Regional Continuum of Care, United Way
- Center City Advisory Committee Social Issues Committee
- 5/11 ◦Chamber of Commerce Land Use and Housing Committee
- 5/12 ◦Chamber of Commerce Healthcare Committee
- 5/17 ◦BOMA/NAIOP
- 5/19 ◦Center City Advisory Committee
- 5/20 ◦Downtown Partnership Homeless Task Force
- East Village Community Action Network
- 5/25 ◦Regional Continuum of Care Consortium
- 5/26 ◦Downtown Partnership Homeless Forum
- Gaslamp Quarter Association Board of Directors
- 6/3 ◦Mental Health Housing Council
- East Village Association Board of Directors
- 6/8 ◦Little Italy Association Board of Directors
- 6/9 ◦Downtown Residents Group
- 6/14 ◦Downtown Church and Ministry Fellowship
- 6/15 ◦Chamber of Commerce Public Policy Committee
- 6/16 ◦Center City Advisory Committee
- 6/23 ◦Community Planners Committee
- 6/27 ◦National Alliance on Mental Illness San Diego

PRIVATE AND ONE-ON-ONE MEETINGS

- 5/3 ◦Workforce Partnership
- 5/10 ◦Key leaders of Downtown Partnership hosted by Rob Lankford
- San Diego Fire/Rescue and Emergency Medical Services, hosted by Jim Dunford

- Cox Communications
- 5/17 ◦County of San Diego Health and Human Services and Supervisor Ron Roberts' office
- Chief Bill Lansdowne
- 5/18 ◦Greg Knoll, Legal Aid
- Alpha Project
- 5/24 ◦Bridgepoint Education
- Kiddie Hall Childcare Center
- 6/4 ◦San Diego Symphony
- 6/8 ◦Jason Hughes, Irving Hughes
- 6/21 ◦Clay King, Chief, Social Work Service, VA
- 6/26 ◦San Diego Rescue Mission

UPCOMING MEETINGS

- Westfield/Horton Plaza
- Chamber of Commerce Board of Directors
- Gaslamp Quarter Association Retail and Hospitality Committees
- Cortez Hill residents
- Little Italy Residents
- Navajo Planning Group
- San Diego Human Relations Commission

OTHER MEETINGS REQUESTED

- Rotary 33: Declined. No room on schedule
- Cortez Neighbors Group: No initial concerns, didn't want presentation, offer left open if needed in the future
- Ecumenical Council: No response
- Downtown Lions Club: No response
- Economic Develop Corporation: Declined, not a long term economic issue
- Downtown Soundbites: Declined. No room on schedule.
- Downtown Breakfast Rotary: Declined. No room on schedule

OTHER ACTIVITIES

- 5/11 Letter to every resident, tenant, and property owner within ¼ mile radius of World Trade Center – 2200 count – providing details of proposed facility, contact information, and invitation to Open House
- 5/10 Website www.sdconnections.org goes live. Includes a "Contact Us" email. We received 5 emails at that address – 3 offering support, 1 from a homeless person seeking services, 1 requesting a presentation to the Navajo Planning Committee and 1 nearby resident wanting information about how the facility would impact the neighborhood. We have also received several endorsement forms through the website.
- 5/17 and 5/18 PATH Outreach Team, Alpha Outreach Team, and SDPD HOT Team (Homeless Outreach) conduct street count and interview representative sample of homeless people in Core Downtown area.

5/24 World Trade Center Open House and Tours. 75 attendees.

6/4 Offered a transportation provided tour of PATHMall in Los Angeles. Cancelled due to lack of participation. Several groups and individuals have visited the PATHMall on their own, including the Los Angeles regional staff of the corporation that owns the childcare center across the street from the World Trade Center, Dr. Jim Dunford and several people from City of San Diego Emergency Medical Services, a City Council staff member, a Housing Commission staff member, and a representative of the Center for Justice and Social Compassion.

MATERIALS DISTRIBUTED AND AVAILABLE THROUGH WEBSITE

- Connections Housing Fact Sheet
- Connections Housing Frequently Asked Questions
- Draft Neighborhood Covenant
- Draft Neighborhood Advisory Board Overview
- Core Area Homeless Count Map
- Core Area Homeless Count Interview Results
- San Diego Union Tribune* Op-Ed: Housing is Good Medicine
- San Diego Business Journal* Op-Ed: The Business of Homeless Services Has Changed
- General background material on PATH, Family Health Centers of San Diego, Affirmed Housing
- News articles regarding PATH projects and permanent supportive housing
- Letters of support for PATH from Southern California business leaders
- ABC World News Tonight video clip profiling PATHMall

Outreach Summary

Community Comments and Questions

What was the selection process?

This process started with the initial open meetings of the City Council, Housing Commission, and CCDC to discuss the issue. A Request for Proposals (RFP) was then publicly issued in 2009. It is normal for the selection process following an RFP to be private; however, once the selection committee made its recommendation, the process became public once again. In April 2010, the selection committee's recommendation was discussed at a meeting of the City Council's Land Use and Housing Committee. At that meeting, staff was directed to conduct a 60-90 day public outreach period, which is currently underway. Connections Housing's outreach plan includes numerous meetings and presentations, a mailing to the neighbors of the proposed site, a website where people can contact the development team, and an open house on May 24. The full City Council is expected to make a decision on the proposal sometime this summer and will hear more public input prior to that decision.

How does this model address PTECH recommendations?

The Plan to End Chronic Homelessness Report (PTECH, released in September 2006) recommends addressing the issue of chronic homelessness with outreach and engagement, triage of the neediest and most vulnerable, and offering them permanent supportive housing. Connections Housing is proposing to survey the chronic homeless in the midtown area, engage with them, and offer them housing and services at the World Trade Center (WTC) site. PTECH also recommends regional Access and Intervention Centers throughout the County which offer the homeless services and resources. Connections Housing is proposing a site in downtown San Diego where chronic homelessness is evident and additional services and housing are needed. PTECH emphasizes expanding the current system already in place. The Community Connections proposal is not a standalone large scale solution, but an addition to some of the current homeless resources and systems currently operating in the downtown area.

What will happen to the existing homeless facilities such as the Winter & Veterans Shelters and the Neil Good Day Center?

Connections Housing will not eliminate the need for other homeless services throughout the City. Most importantly, we must continue to increase the stock of permanent supportive housing units (apartments linked to services) available, as that is the best and most permanent solution for chronic homelessness. In addition, there will always be a need for services for people who are episodically homeless due to a job loss, illness, or other unanticipated setback, and some traditional shelter space will still be needed. We recommend that the temporary Veterans Winter Tent remain in operation while resources are sought for a permanent, year-round solution to replace its 150 beds. We also recommend that Neil Good Day Center remain open for now, phasing out as more people are placed in permanent housing and the need for a

place to go during the day diminishes. Connections Housing will replace the downtown Winter Shelter Tent.

Why is the number of beds proposed lower than the number of shelter beds at the Winter Shelter program?

The number of beds proposed is doable in terms of minimal neighborhood impact and operating costs. The center will provide 150 beds and 73 units year-round, which is a significant improvement over the 220 beds historically provided for 16 weeks a year in the winter shelter tent. The Connections Housing proposal offers a long term solution to vulnerable people rather than temporary relief from the cold.

Will this facility result in a lifting of the settlement agreement that prohibits illegal lodging citations for people sleeping on the street at night?

The sponsors of this project have no direct connection with the litigation. However, similar litigation in Los Angeles was settled relying exclusively on permanent supportive housing units (studio apartments linked to social services) and not on shelter beds. In San Diego, over 500 permanent supportive units, including 73 in the WTC project, are expected to become available in the next few years. While the lawsuit's outcome is not known at this time, it is clear that the only viable way to get the settlement agreement lifted is to generate housing alternatives for homeless people. This project is part of that solution.

What will happen to the historical façade of the building? Will this use require a re-zone?

The historic façade will be repaired and upgraded as part of the renovation plan. The current zoning allows the proposed use with a Conditional Use Permit (CUP). Originally designed and permitted as the San Diego Athletic Club, the property was home to a restaurant, health and recreation amenities, and hotel/residential units. While the property is within the Employment Overlay Zone, CCDC has a historic ordinance that exempts historic buildings from the effects of the overlay. As a condition of the CUP, there will be a Good Neighbor Covenant which will be legally enforceable.

What will be the hours of operation of the proposed center and how will that impact neighborhood businesses?

Residents of the interim and permanent housing may be on site at any time. The one stop service center and the medical clinic will be open a minimum of 40 hours a week, during regular business hours, but specific hours of operation will not be set until there is a finalized financial agreement. Extended evening and weekend hours will also be considered, based upon funding and client needs. The facility will improve the neighborhood for businesses by bringing many of the 250-300 homeless people who live on the streets in the immediate vicinity off the streets and inside Connections Housing for housing and services.

Will children and others in the neighborhood be safe?

PATH is an experienced operator with a tested safety protocol. In Los Angeles, PATH Mall is located within .4 miles of ten schools and the Gramercy Housing Group (a PATH project) has its own childcare center with approximately forty children. In addition, PATH's Hollywood Interim Housing facility (65 beds) has operated across the street from a daycare center for about six years without incident

Activities in the building will include a full service medical clinic that is open to families and singles; all of the twenty-nine sites currently operated in San Diego County by Family Health Centers have strong safety records. The new facility will increase neighborhood safety by: maintaining 24 hour/7 day a week security in the residence sections of the building and a standard security protocol in the medical clinic and service center during hours of operation; 24 hour phone line for general concerns; a Loitering Prohibition Plan; a Neighborhood Covenant and Advisory Board, which will conduct regularly scheduled meetings to discuss problems and solutions; an Outreach Team that will identify and evaluate homeless persons sleeping in the area to offer them appropriate housing and supportive services; and security features such as fences and privacy windows (frosted). Residents who live on site will not be required to leave the premises during the day.

Is this facility displacing current tenants or taking up office space we will need for the future?

The World Trade Center is owned by the City of San Diego which tried to sell it for several years. The current tenants are on month-to-month leases and are aware of the possibility of a sale of the building. In addition, there is an abundance of vacant retail/office space in the downtown area.

Does this facility serve all of Downtown?

Connections Housing Downtown will focus on the estimated three hundred homeless people who live in the immediate vicinity plus homeless people from other parts of downtown who have been identified as being the most vulnerable for dying on the streets. As a major step forward from the winter tent program, Connections Housing will offer engagement, assessment, supportive services and long-term housing onsite as well as placement at other appropriate locations for a permanent solution to living – and dying - on the street. In other parts of the country, this approach has led to a reduction in chronic homelessness and significant cost reductions for public services without pushing homeless people from one neighborhood to another.

Explain how or if CCDC/SDHC can invest in HHS private programs regionally?

CCDC affordable housing guidelines require 15% of the units in any Agency-funded affordable housing development to be supportive units. Twenty percent of CCDC's annual gross tax increment is set aside for affordable housing construction and preservation. CCDC also has approximately \$4 million budgeted in its Health and Human Services Program for capital improvements to expand or improve downtown service providers' facilities. Agency funds cannot be used for operations or maintenance. CCDC funded projects must benefit the downtown area.

The Housing Commission can only expend funds within the City of San Diego; however investment in both private and not-for-profit entities is permitted.

What are the cost/benefits of the proposed project?

There are currently too many variables outstanding to allow for a precise economic analysis, but following are some cost data which demonstrate that permanent supportive housing with on-site services will not only improve quality of life for the people affected, but will also save significant tax dollars in the long run.

The City of San Diego currently budgets about \$2 million per year on direct services for homeless people. About half a million of that is for the temporary winter emergency shelter. This only represents the tip of the iceberg of what is spent on addressing homelessness downtown and does not include the cost of emergency medical treatment or law enforcement.

Many homeless people are caught in a revolving door of street to emergency room to hospital to jail and back to the street. Often, expensive ambulances or squad cars are the means of transportation for homeless people in crisis. Homeless people suffer serious illness and injury three to six times as often as those who have homes and are less likely to have a regular primary care physician. As a result, even routine health conditions end up becoming more serious and costly, especially since the emergency room is often the place where their health problems are treated. A San Diego study of 15 homeless people showed that they were responsible for \$1.5 million in treatment costs at two regional medical centers in one year – nearly \$100,000 per person.

A unit of permanent supportive housing costs approximately \$10,000 per year to operate. The cost of supportive services associated with that unit can vary widely, but \$5,000 - \$10,000 per year is a fair and conservative estimate. Even taking into account the initial investment to build or develop these housing units, the savings to taxpayers in the long run is significant.

Many other cities have experienced dramatic savings using the same approach proposed for Connections Housing. For example, supportive housing in Portland resulted in health care savings of 59 %, mental health care savings of 41%, emergency room care savings of 62% and ambulance and police service savings of 66%. Even if the City were not to save one dollar, ending a person's homelessness improves the quality of individual lives, as well as the quality of the surrounding neighborhood, in ways that are beyond pricing.

PATH Street Outreach Downtown San Diego Homeless Assessment

Introduction

After familiarizing itself with downtown San Diego with guidance from both the San Diego Police Department Homeless Outreach Team and the ALPHA Project Outreach Team, the PATH Street Outreach Team crafted a comprehensive two-day plan for completing a homeless assessment of a part of downtown San Diego, bordered by I-5 to the north, 11th street to the east, E street to the south, and Union street to the west. One week prior to conducting the assessment, the PATH Outreach Team assessed the area through a meeting with ALPHA Project Outreach staff and by conducting a daytime windshield count to gain a better perspective of the area. During the two mornings of the actual effort, the HOT officers provided much insight as to which areas should be covered. The Outreach Team also utilized its prior knowledge and experience of assessing homeless communities in order to identify potential hotspots in the area. After much evaluation, the counting area was divided into three zones, with separate teams assigned to each zone to ensure that the entire area would be fully and accurately counted.

Method

On the morning of May 17th, the PATH Street Outreach Team and SDPD HOT Team counted the entire homeless population present in the designated area. All those completing the assessment divided into three teams, with each team assigned its own sector of the area, to complete a simple numerical count of all homeless persons present between 5:00am and 6:00am. A total of 246 people were counted during the first day.

On the morning of May 18th, the combined teams conducted surveys of a sample of the homeless population at designated hotspots within the area: around the San Diego library at E St and 8th Ave and around the intersection of Front and Ash. They were deployed at 5:00am to conduct surveys in the field until 7:30am. The survey instrument used was the PATH Downtown San Diego Assessment Survey, compiled by Rudy Salinas, Alex Cornell and Stephanie Pashby. The survey contains 36 questions that capture key demographic information for this community. \$5.00 Gift cards for Subway were given as an incentive for those willing to complete a survey. Forty-three total homeless persons were approached about completing the survey. The group completed 38, with 5 of those approached refusing to participate.

Findings

Demographic Information

The majority (76%) of population surveyed was Caucasian (N=29) while 16% were African American (N=6). The average age of the population was 43. Ages of the participants ranged from 18-66, with a majority (32%) under age 31 (N=12). The second most common age group was 51-60 years old, with 29% of the population falling in this range (N=11). 53% of the population was male (N=20). The remainder of the population was female, with the exception of one transgendered survey participant.

Information Regarding Homelessness

The average (mean) length of homelessness was 3.85 years, with the median length being 3 years. A majority (34%) of the population reported being homeless for 1-2 years. An additional 34% reported being homeless for 3-5 years. Survey participants who reported being homeless for

less than 1 year represented 16% of the population (N=6), while 5% (N=2) reported being homeless for more than 15 years. The average length of time those interviewed had lived in San Diegos was 19 years. Combined with the average length of homelessness of 3.85 years, this means that folks had been living in this area for quite some time before becoming homeless.

When asked about the conditions that led to their becoming homeless, 42% of those surveyed said that losing their job (N=16) was a factor. The second most common response was the loss of housing, with 39% of those surveyed (N=15) citing this factor. Respondents who claimed substance abuse habits contributed to their becoming homeless represented 11% of the population (N=4). A total of 13% of those surveyed answered that the death of a family member (N=1), a divorce or separation (N=2), or a mental health condition (N=2) contributed to their becoming homeless.

When asked where they slept last night, all but one person surveyed answered downtown San Diego (97%, N=37). A total of 92% (N=35) reported that downtown San Diego is where they normally sleep. Less than half (45%) stated that they are originally from San Diego. Additionally, 50% reported that they have been homeless in cities other than San Diego. Finally, 32% of those surveyed have family members living in the San Diego area (N=12).

Health and Lifestyle Habits

About one quarter of the population (26%) answered that they consume alcohol (N=10). About one quarter (24%) reported using cannabis (N=9). Drug use among the remaining population was evenly distributed between cocaine/crack, heroin, crystal meth, prescription drugs, and street drugs, with users of each representing 3% of the total population (N=1 for each). A majority of the population surveyed (61%) has been in jail (N=23), and 16% has been in prison (N=6). The average number of days respondents spent in jail was 70 days, while the average amount of time spent in prison was 8 years. Finally, 16% of the population went through foster care (N=6).

Veterans

Of the population surveyed, 21% were veterans of the military (N=8), with most having served in the Navy, (N=5). Others served in the Army (N=3), and one person served in both the Army and the Air Force. Most veterans surveyed are honorably discharged (N=6), but only two respondents were linked to the services of the Veterans Administration.

Health, Insurance, and Income

Of the population surveyed, 66% answered that they had a serious health condition (N=25). Nearly half (45%) have no health insurance (N=17). University hospitals were the most common provider that the population accesses when they aren't feeling well, with 29% of the population accessing services there (N=11). Other popular healthcare providers were the Family Health Center (26% of respondents; N=10) and the Logan Clinic (16% of respondents; N=6). Additionally, 18% stated that they access other healthcare providers, and 16% answered that they do not access any healthcare providers when they aren't feeling well.

Fourteen survey respondents reported that they had been the victim of a violent attack since becoming homeless. Of the population surveyed, 13 people had been to the ER in the past 3 months, for a total of 36 instances among all 13. A total of 13 people had been hospitalized as an inpatient in the past year, and those 13 spent a total of 239 days in the hospital.

Using United Way's cost analysis, the total cost of Healthcare for the homeless in Downtown San Diego from 2009-2010 was \$ 552,690.00. 45% of the population surveyed has no health insurance. Most of the insured population uses MediCal as their insurance provider (26%) and County Medical Services (16%). Half of the population surveyed is also dealing with mental health issues (50%).

As a primary income source, 32% of the population receives SSI, while 24% receive food stamps. A large part of the population is also panhandling (21%). While a majority of the population makes between \$0-100 (46%), 24% of the population (N=9) makes between \$750-1000 a month. Many people utilize the Social Security Administration (N= 10) and St. Vincent De Paul (N=16).

Implications

The homeless population surveyed in Downtown San Diego is a chronically homeless aging population with clear ties to the area. Several people who were surveyed have family that still are living in the area or have themselves lived in the community for many years. Many people living in the community do not make enough money to support themselves and are in need of either work or affordable housing. A large percentage of the population has access to an income source that would allow them to live in subsidized housing; those who are making between \$750-\$1000 (N=9) would be good candidates for a program linking people to subsidized housing. Additionally, resources are also available to house homeless veterans. Most of the veterans that were surveyed qualify for the VASH program, because they have been honorably discharged. Although a few people surveyed are newly homeless, the chronically homeless population surveyed has many special needs. Mental and physical healthcare services need to be made more accessible to the general public. Likewise, there is a need for the chronically homeless to be linked with services that will give them a different option than going to the emergency room or the hospital.



Neighborhood Covenant

We, the agencies operating **Connections Housing/Downtown San Diego** at 1250 Sixth Avenue, San Diego, CA 92101, will work with the community to enhance the quality of life for the surrounding neighborhood. The long-term goal of Connections Housing is to reduce and end homelessness within the immediate vicinity.

Our operations and policies will include the following:

Operations

- 75 Permanent Supportive Housing apartment units for adult men and women
- 150 interim housing beds for adult men and women
- One-Stop Service Center providing employment, legal assistance, case management, veterans services, substance abuse treatment, and housing placement.
- Health clinic providing comprehensive primary healthcare including physical, mental health, and health education services.

Program Policies

Outdoor Lines – There will be no lines outside of the building. All program participants will wait inside of the center.

Food – Food will be only offered to residents of Connections Housing, and to program participants who are inside of the building. Other than meals for residents and program participants, there will be no public feeding programs inside or outside of the building.

Security – Connections Housing will provide four full-time security guards. Two guards during business hours (9 am to 5 pm), one guard during early evening (5 pm to 9 pm), and one guard during overnight (9 pm to 5 am). Center staff will also be trained to assist security staff when needed. The center will coordinate with the San Diego Police Department on all security issues.

Loitering – Connections Housing will encourage a “no loitering” policy surrounding the building. This includes street outreach and/or security staff encouraging people to participate in the programs in the building or referring them to services in other parts of the city.

Trash – Staff will work with the Clean & Safe program to ensure the vicinity around the building is trash-free.

Graffiti – Staff will work with the city to ensure the vicinity around the building is graffiti-free. Staff will institute a graffiti-free policy for the building. Any graffiti on the building will be painted over within 4 hours.

Parking – There is enough parking in the garage for staff, residents, and visitors. There will be no impact on the neighborhood.

Response Team – Connections Housing will have a street outreach response team, and an email/telephone response system for surrounding neighbors. The team will respond to issues regarding homelessness in the neighborhood.

Neighborhood Advisory Board – This board will consist of staff, neighborhood business owners, and residential representatives to provide input on the impact of operations and policies to the neighborhood.

Neighborhood Meetings – Quarterly meetings for all neighbors to discuss the impact of operations and policies to the neighborhood.