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San Diego Housing Commission (SDHC)
Residence Inn Hotel Circle & Residence Inn Kearny Mesa
Property Acquisitions
Presentation to SDHC Board of Commissioners
September 18, 2020

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Residence Inn Property Acquisitions

COVID-19 and Need for Permanent Supportive Housing

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



Residence Inn Property Acquisitions

Identifying Properties

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



Residence Inn Property Acquisitions Advantages

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

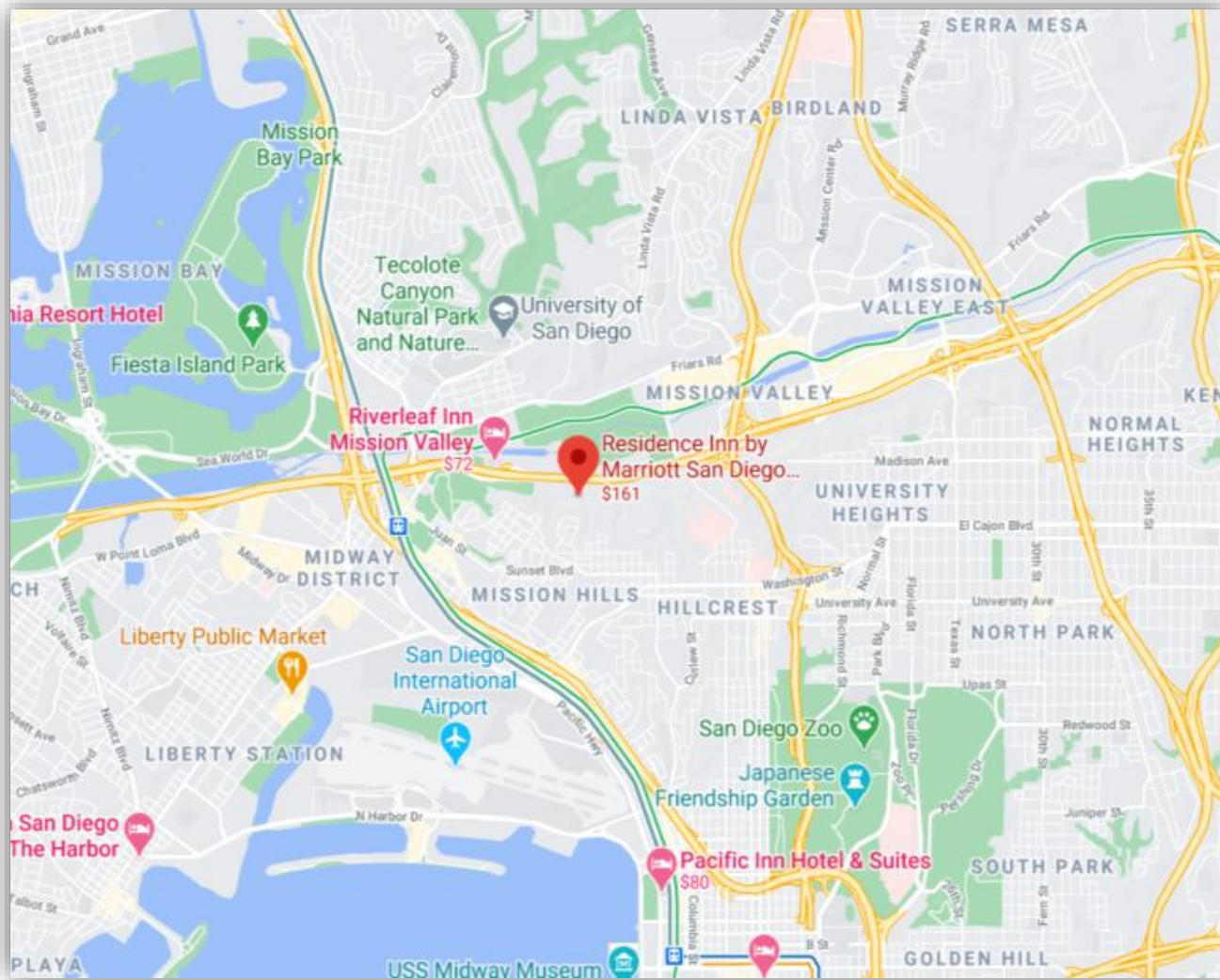




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Residence Inn Property Acquisitions

Site #1 – 1865 Hotel Circle South



Residence Inn Property Acquisitions

Hotel Circle – Property Details

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





Residence Inn Property Acquisitions

Hotel Circle – Financial Details

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





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Residence Inn Property Acquisitions Hotel Circle – Funding Sources

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

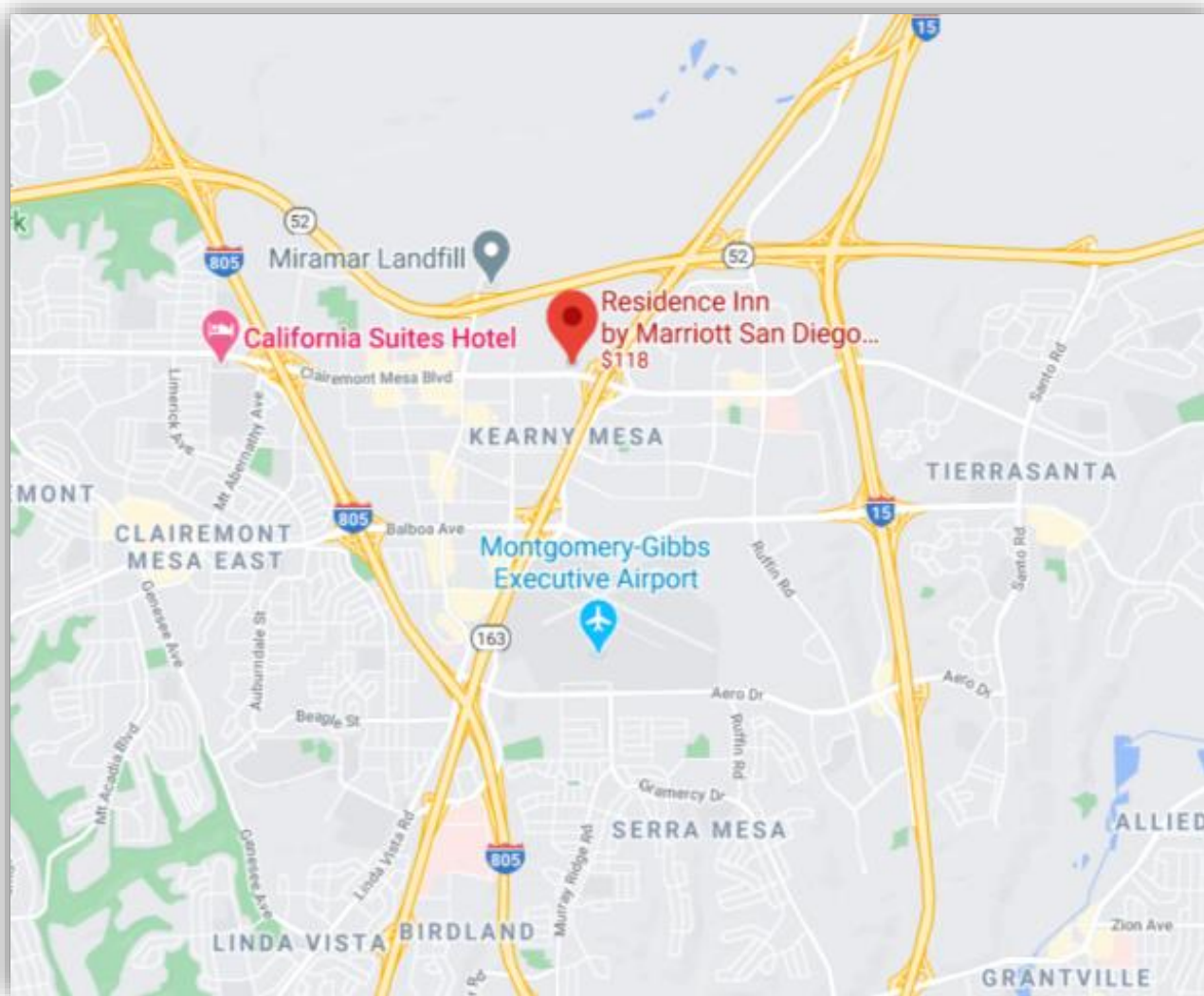




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Residence Inn Property Acquisitions

Site #2 – 5400 Kearny Mesa Road



Residence Inn Property Acquisitions

Kearny Mesa – Property Details

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



Residence Inn Property Acquisitions

Kearny Mesa – Financial Details

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



Residence Inn Property Acquisitions

Kearny Mesa – Funding Sources

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



Residence Inn Property Acquisitions Hotel Circle - Site Photos





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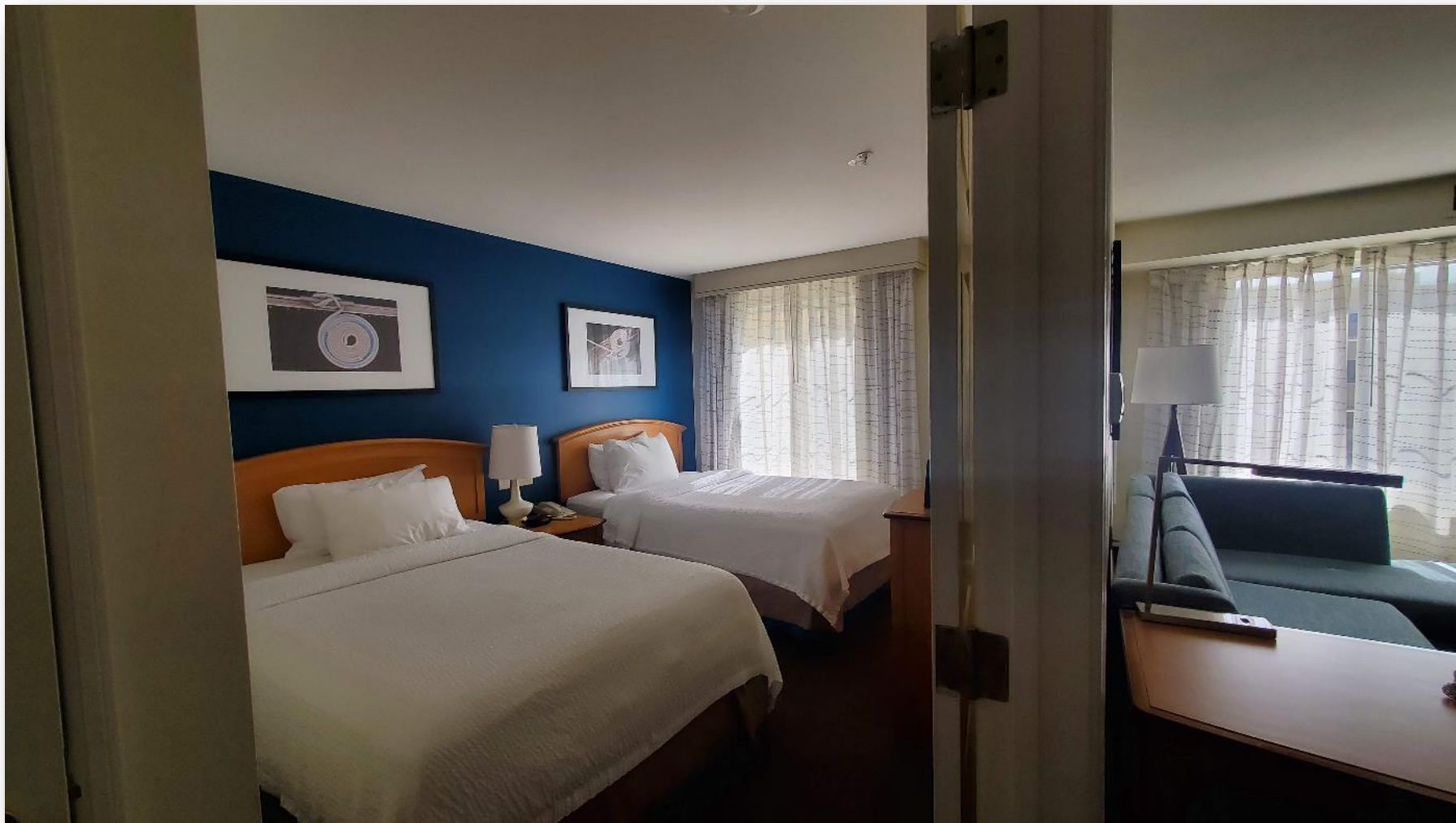
Residence Inn Property Acquisitions Hotel Circle - Site Photos





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Residence Inn Property Acquisitions Hotel Circle - Site Photos





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Residence Inn Property Acquisitions Kearny Mesa - Site Photos





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Residence Inn Property Acquisitions Kearny Mesa - Site Photos





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Residence Inn Property Acquisitions Site Photos



Residence Inn Property Acquisitions Staff Recommendations

- That SDHC recommend that the Housing Authority of the City of San Diego take the staff-recommended actions detailed in Report No. HCR20-081 to enable SDHC to acquire Residence Inn Hotel Circle and Residence Inn Kearny Mesa.



Questions & Comments

