



SAN DIEGO
HOUSING
COMMISSION

News Release

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SAN DIEGO CITY COUNCIL APPROVES SAN DIEGO HOUSING COMMISSION PARTNERSHIP PLAN TO REHABILITATE A HISTORICAL DOWNTOWN HOTEL TO CREATE PERMANENT AFFORDABLE HOUSING

The partnership between SDHC and its nonprofit affiliate, Housing Development Partners, keeps more than \$11.196 million of federal funds in the City of San Diego

SAN DIEGO, CA—The San Diego City Council, sitting as the Housing Authority of the City of San Diego, today unanimously approved a plan by the San Diego Housing Commission (SDHC) and its nonprofit affiliate, Housing Development Partners (HDP), to rehabilitate a 99-year-old historical downtown hotel to create permanent affordable housing for low-income residents such as seniors and veterans.

The partnership between SDHC and HDP keeps more than \$11.196 million in federal funds in the City of San Diego, to be used immediately to create this additional permanent affordable housing at [Hotel Churchill](#), 827 C Street, in the eastern part of downtown San Diego.

“Hotel Churchill would remain permanent affordable housing for the next 65 years under the terms of a proposed ground lease between the San Diego Housing Commission and Housing Development Partners,” SDHC President & CEO Richard C. Gentry said.

The federal funds consist of more than \$8.296 million from the “Moving to Work” (MTW) rental assistance program and \$2.9 million from the HOME Investment Partnership Program.

SDHC is one of only 39 public housing authorities in the nation (out of 3,400) to earn an MTW designation from the U.S. Department of Housing and Urban Development. MTW status gives SDHC more flexibility in how it uses these federal funds to address the City of San Diego’s unique housing needs.

Built in 1914, Hotel Churchill is a seven-story, 94-unit building along the San Diego Trolley line. On November 21, 2003, the City of San Diego Historical Resources Board designated Hotel Churchill as a local historical landmark. SDHC acquired Hotel Churchill on August 16, 2011, through a court settlement in a foreclosure proceeding. Hotel Churchill has been vacant since 2005.

There is a Single Room Occupancy (SRO) restriction recorded against Hotel Churchill, which requires that at least 57 units be maintained as SRO units for a term of at least 30 years from the completion of rehabilitation. The restriction requires the units to be affordable to households earning up to 50 percent of the San Diego area median income, which is currently \$28,250 a year for one person.

HDP will meet the 57 rent restricted housing unit requirement, and pre-design estimates indicate that the building will yield approximately 66 permanent affordable housing units. Approximately 20 percent, or 13, of these units are anticipated to be designated as permanent supportive housing, offering services to those residents. The remaining 80 percent of the units will be affordable to very low-income San Diegans.

Reconfiguring the units to expand the room space will provide a bathroom and kitchenette in each unit.

HDP is also committed to contracting for the design and rehabilitation of Hotel Churchill with local companies, and the selection of those companies will be subject to the approval of SDHC, thereby creating local jobs.

In addition to providing up to \$8,296,409 in federal MTW funds, SDHC will loan \$3.8 million toward the rehabilitation of Hotel Churchill, to be funded by federal HOME Investment Partnership funds (\$2.9 million) and local funds such as Inclusionary Affordable Housing or SRO in-lieu fees (\$900,000). HDP also intends to request \$3 million from Civic San Diego and to apply for \$1.8 million from the Mental Health Services Act program, which the County of San Diego administers.

Estimated funds of \$2.157 million from a private lender and \$47,925 in deferred developer fees would make up the remainder of the estimated total development cost of \$19.101 million for the rehabilitation of Hotel Churchill.

Residual receipts generated by the development that are allocated to the San Diego Housing Commission will be reinvested to create additional affordable housing in the City of San Diego.

HDP has estimated the completion of the development and construction process in 28 months.

On May 10, 2013, SDHC's Board of Commissioners unanimously approved the Hotel Churchill Development Plan, which also required today's action by the Housing Authority of the City of San Diego.

For more information about SDHC partnership developments, visit www.sdhc.org.

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