



Estrella Del Mercado Apartments –Barrio Logan

A landmark agreement between the San Diego Housing Commission (SDHC) and the U.S. Department of Housing and Urban Development (HUD) on September 10, 2007, transferred full ownership for 1,366 Federal public housing units to SDHC.

This was the largest public housing conversion at the time.

SDHC implemented an innovative Finance Plan in 2009 that leveraged the equity from this real estate portfolio to create 810 additional affordable rental housing units in the city of San Diego through public-private partnerships and direct acquisitions.

All of these additional affordable rental housing units will remain affordable for 55 years or more.

SDHC Public Housing Conversion

- SDHC paid HUD \$1,366 – a nominal \$1 per unit – to acquire 137 properties with a combined fair market value of \$124.2 million.
- All of the properties were debt-free.
- In exchange, SDHC committed to leverage the equity in these former public housing units to create at least 350 additional affordable housing units—a number SDHC far surpassed by creating 810 additional units.
- Approvals of SDHC's application to withdraw from HUD's public housing program:
 - November 17, 2006: SDHC Board of Commissioners
 - January 30, 2007: Housing Authority of the City of San Diego
 - September 10, 2007: HUD

Federal Rental Assistance

- When the public housing units converted to SDHC ownership, residents were provided with Federal Section 8 Housing Choice Vouchers.
- They could then use the vouchers at their existing units or take them with them as rental assistance to another rental home of their choice.
- Approximately 50 percent of the residents chose to stay at their existing units, and approximately 50 percent moved to other properties, typically to be closer to family or work.

Affordable Rental Housing

- Residents of these former public housing units who used their new Section 8 Housing Choice Voucher rental assistance to move to another property created vacancies in the former public housing units.
- SDHC rented these vacant units as affordable rental housing to families with income up to 80 percent of the San Diego Area Median Income—approximately \$72,750 for a family of four.
- The vacancy rate for all SDHC-owned affordable housing rental properties is 4 percent.



Innovative Finance Plan

- SDHC's Finance Plan leveraged more than \$95 million in equity from SDHC's real estate portfolio to purchase, rehabilitate or construct new affordable housing.
- Both Fannie Mae and FHA mortgage programs were used as sources of borrowing, providing more than one option for capital under circumstances when time was of the essence.
- SDHC limited its use of equity to only 78 converted public housing properties of five units or more, a total of 1,254 units.
- SDHC limited itself to a loan-to-value ratio of 70 to 75 percent, providing additional cash flow to support the debt load going forward.
- 30-year, fixed-rate loans were used to better quantify SDHC's risk
- Reserve accounts also were established.
- Approvals of SDHC's Finance Plan:
 - September 11, 2009: SDHC Board of Commissioners
 - October 13, 2009: Housing Authority of the City of San Diego

Partnerships and Purchases



Hotel Sandford – Downtown San Diego

- HUD required SDHC to have a property ownership in the affordable housing that was created.
- SDHC chose two courses of action that would create and preserve affordable housing for families in the city of San Diego:
 1. Purchase the land and provide a loan and ground lease to the developers. After the 15-year tax credit compliance period, SDHC would have the option to buy the public-private partnership properties.
 2. Purchase property directly or in partnership with a government agency.

SDHC Partnership Investments

Partnerships	# of Units (incl. Mgr's Units)	# of Affordable Units	Type	SDHC Investment	SDHC Investment per Affordable Unit
Acquisition / Rehab					
Arbor Village Apartments	112	111	Family	\$7,980,976	\$71,901
Vista Grande Apartments	49	48	Family	\$3,851,025	\$80,230
New Construction					
Riverwalk Apartments	50	49	Family	\$4,525,391	\$92,355
Estrella del Mercado Apartments	92	91	Family	\$7,111,224	\$78,145
Mission Apartments	85	84	Family	\$6,027,000	\$71,750
Park Terramar Apartments	21	20	Family	\$2,151,699	\$107,585
Total	409	403		\$31,647,315	

SDHC Owned Investments

Property	# of Units (incl. Mgr's Units)	# of Affordable Units	Type	SDHC Investment	SDHC Investment per Affordable Unit
Acquisition / Rehab					
Hotel Sandford	130	129	Senior	\$6,460,700	\$50,083
Mariner's Village Apartments	172	171	Family	\$34,819,289	\$203,622
Courtyard Apartments*	37	37	Family	\$7,851,633	\$212,206
Park Crest Apartments	71	70	Senior	\$8,915,520	\$125,571
Total	410	407		\$58,047,142	

*No Manager's Unit

