



SAN DIEGO
HOUSING
COMMISSION

We're About People

San Diego Housing Commission Moving to Work Grant Recommendation Quality Inn November 30, 2018

Tina Kessler
Housing Programs Manager
Real Estate Division





SDHC – Quality Inn Partnership Development Recommendations

That the San Diego Housing Commission (SDHC):

1. Approve an SDHC grant of up to \$5,602,926 to HDP Quality Inn LLC, a California limited liability company, of which Housing Development Partners (HDP), SDHC's nonprofit affiliate, is the managing member:
 - Units for homeless transitional aged youth, veterans, seniors and adults with mental disabilities
 - Will remain affordable for 55 years
2. Adjust the terms of the 65-year ground lease from SDHC to HDP Quality Inn LLC as follows:
 - Annual ground lease rents will equal the lesser of:
 - 4.5 percent of gross annual income or
 - 100 percent of cash flow



SDHC – Quality Inn Partnership Development Recommendations (Continued)

3. Authorize SDHC's Executive Vice President & Chief of Staff, or designee, to:
 - Adjust financing terms/conditions as necessary to accommodate market changes provided that the proposed \$5,602,926 maximum grant amount may not increase;
 - Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability; and
 - Take such actions to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel.



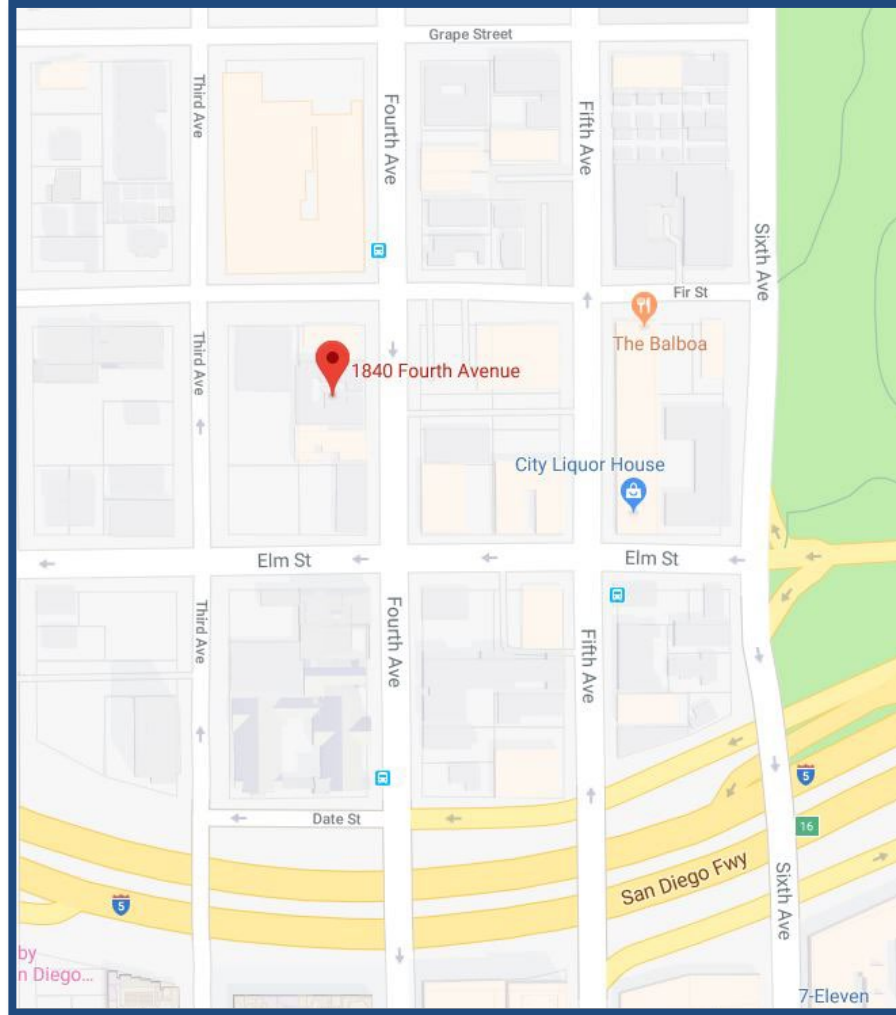


SDHC – Quality Inn Partnership Development HOUSING FIRST – SAN DIEGO

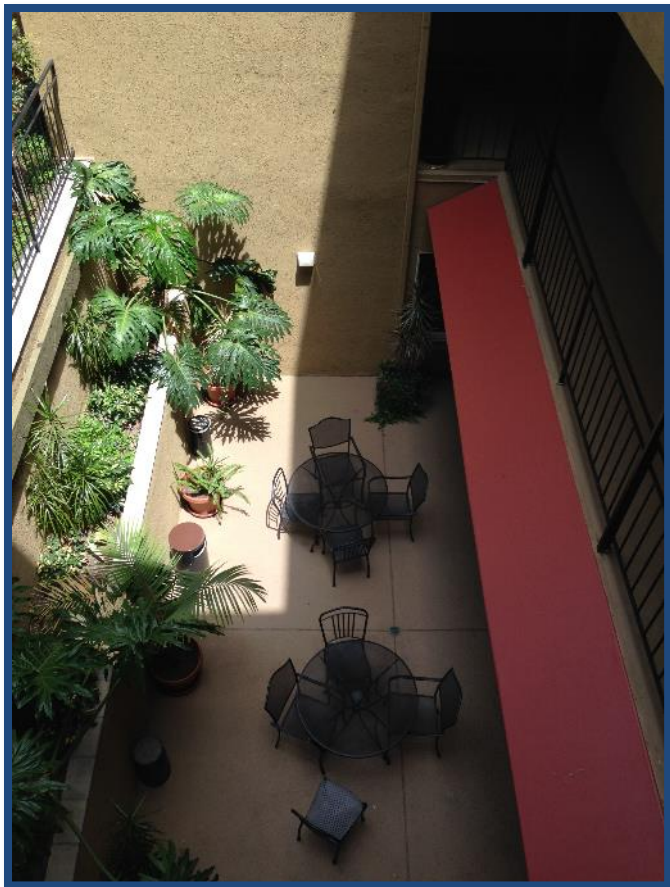
- The development is supported by **HOUSING FIRST – SAN DIEGO: 2018-2020**, SDHC’s Homelessness Action Plan
- Quality Inn will include 91 affordable units for homeless transitional aged youth, veterans, seniors, adults with mental disabilities, and one manager’s unit.
 - 49 studio units
 - 42 single room occupancy (SRO) units
 - 1 studio manager’s unit



SDHC – Quality Inn Partnership Development Location Map



SDHC – Quality Inn Partnership Development Site Photos



SDHC – Quality Inn Partnership Development Site Photos (Continued)



SDHC – Quality Inn Partnership Development Proposed Rehabilitation

- Improvements to unit interiors:
 - Replace flooring
 - Replace fixtures
 - Replace lighting
 - Upgrade HVAC
 - Add kitchenette
 - Repair window and door hardware
- Exterior building and site improvements
- Improvements to existing office area to accommodate for Service Provider onsite space





SDHC – Quality Inn Partnership Development Developer's Request

- \$5,602,926 grant from SDHC; and
- Ground lease amendment





SDHC – Quality Inn Partnership Development Development Team Summary

Role	Firm/Contract
Owner	San Diego Housing Commission
Leasehold	HDP Quality Inn, LLC
Managing Partner	HDP Quality Inn, LLC
Architect	BASIS Architecture & Consulting
Civil Engineer	Kettler Leweck Engineering
General Contractor	To be selected
Property Manager	SK Management
Relocation Consultant	To be selected
Service Provider	County of San Diego Behavioral Health Services, St. Paul's PACE, VA San Diego Healthcare System, and San Diego Youth Services
Construction & Permanent Lender	To be selected



SDHC – Quality Inn Partnership Development

Supportive Services & Resident Service Partnerships

Population to be Served	Service Provider	Total # of Units
Transitional Age Youth	Pathways	13
Transitional Age Youth & Adults with Mental Illness	Community Research Foundation	12
Seniors (age 55+)	St. Paul's PACE	31
Veterans	Veterans Administration	20
Non-VA Veterans (other than honorable discharged)	St. Paul's PACE	3
Transitional Age Youth	San Diego Youth Services / Home Start	12

Services:

- Medical support, daily living support, nutrition support, and transportation support
- Other services, as needed, will be assessed on a case-by-case basis for tenants.



SDHC – Quality Inn Partnership Development Estimated Sources & Uses of Financing

Permanent Financing Sources	Amount	Permanent Financing Uses	Amount
Permanent Loan	\$4,912,920	Construction Hard Costs	\$8,648,838
SDHC Proposed Grant	5,602,926	Developer Fee	2,000,000
Proposed MHSAs Loan	2,704,500	Soft Costs	1,989,879
Proposed Home Depot Grant	400,000	Financing Costs	652,280
		Reserves	359,348
Total	\$13,620,345	Total	\$13,620,345

- Estimated Total Development Cost Per Unit (for 92 Units) = \$148,047



SDHC – Quality Inn

Partnership Development

Affordability & Estimated Rents

Unit Type	AMI	Unit Count	Maximum Rent*
Studio Unit	60%	49	\$1,085
SRO Unit	60%	42	\$815
Manager	N/A	1	-
Total		92	

- Owner paid utilities
- 20-Year Housing Assistance Payment contract tenant rent portion will be calculated at 28.5 percent of adjusted monthly income





SDHC – Quality Inn Partnership Development Development Timeline

Milestone	Estimated Date
● SDHC proposed approval	November 30, 2018
● Rehabilitation finance closing	March 2019
● Start of construction work.....	March 2019
● Completion of construction work.....	March 2020



SDHC – Quality Inn Partnership Development

