



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: March 8, 2019

HCR19-029

SUBJECT: Relocation Assistance Program for Residents of Plaza Hotel

COUNCIL DISTRICT(S): 3

CONTACT/PHONE NUMBER: Lisa Jones/619-578-7696

REQUESTED ACTION: Approve an amendment to the Fiscal Year 2019 San Diego Housing Commission budget in the amount of \$500,000 to be allocated from real estate asset reserves to fund relocation assistance for current residents of the Plaza Hotel, a 185-unit Single-Room Occupancy (SRO) building located at 1037 4th Avenue, San Diego, that is being redeveloped by the new ownership.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The Plaza Hotel is a 185-unit Single-Room Occupancy (SRO) building located at 1037 4th Avenue in downtown San Diego.
- Applicants proposing the demolition or conversion of an SRO Hotel are required to pay relocation expenses to long-term tenants (residency of 90 days or more).
- It is anticipated that the relocation assistance that is required to be issued to the residents under the SRO ordinance regulations will be insufficient to meet the residents' need to locate and secure other comparable housing.
- To better assist the residents in identifying and securing new housing, the Housing Commission will leverage skilled staff from the Homelessness Prevention program and Landlord Engagement and Assistance Program (LEAP) teams to create a relocation assistance program specifically for the residents of the Plaza Hotel to support the residents in securing new tenancies.
- The Homelessness Prevention program team will provide financial assistance to eligible households to fill the gap between the relocation assistance provided through Plaza Hotel ownership pursuant to the City's SRO Regulations and the residents' own resources, and will also leverage housing location services provided through LEAP.
- Approving this action will authorize the Housing Commission to expend \$500,000 from Housing Commission local unrestricted Real Estate Property Reserves, which will increase the approved 2019 budget by that amount.
- The Plaza Hotel is exempt from the replacement requirements in the City's SRO regulations.



REPORT

DATE ISSUED: February 28, 2019

REPORT NO: HCR19-029

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of March 8, 2019

SUBJECT: Relocation Assistance Program for Residents of Plaza Hotel

COUNCIL DISTRICT: 3

REQUESTED ACTION

Approve an amendment to the Fiscal Year 2019 San Diego Housing Commission budget in the amount of \$500,000 to be allocated from real estate asset reserves to fund relocation assistance for current residents of the Plaza Hotel, a 185-unit Single-Room Occupancy (SRO) building located at 1037 4th Avenue, San Diego, that is being redeveloped by the new ownership.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Authorize an amendment to the Housing Commission's Fiscal Year (FY) 2019 Budget to allocate an amount not to exceed \$500,000 to fund the tenant relocation assistance program for current residents of the Plaza Hotel, a 185-unit Single-Room Occupancy (SRO) building located at 1037 4th Avenue, San Diego, that is being redeveloped by the new ownership;
- 2) Authorize the President & Chief Executive Officer (President & CEO) of the Housing Commission, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions necessary and/or appropriate to implement this approval; and
- 3) Authorize the President & CEO, or designee, to substitute funding sources for the proposed program, if necessary, without further action by the Board of Commissioners (Board) of the Housing Commission, but only if and to the extent that funds are determined to be available for such purposes.

SUMMARY

The Plaza Hotel is a 185-unit SRO located at 1037 4th Avenue in downtown San Diego. A location map is provided as Attachment 1. The new owner of the property, "1037 Fourth Avenue, LLC," (Property Owner) is planning to convert the SRO from its current residential use to a hostel-hotel concept that offers lower-cost hotel lodging. On February 1, 2019, the Property Owner issued a 60-Day Notice to Terminate Tenancy to all 185 residents of the Plaza Hotel. The Housing Commission was informed of the issuance of this notice by several residents who came to the Housing Commission, in possession of the notice, looking for replacement housing. The Property Owner, on advice of the

Housing Commission's General Counsel, agreed to rescind the 60-day notice and is now working with Housing Commission staff on the proper process for moving forward with the SRO hotel conversion.

The Property Owner's intended change in use of the Plaza Hotel is subject to the City's SRO Hotel Regulations found at Chapter 14, Article 3, Division 5 of the San Diego Municipal Code. The Housing Commission administers these regulations, which apply to any development that proposes to demolish, convert, or rehabilitate all or part of an SRO hotel to another use. The stated purpose of the SRO Hotel Regulations is to ensure retention of the existing number of SRO hotel rooms and to provide assistance to tenants of SRO hotel rooms. The regulations are intended to benefit the general public by minimizing the adverse impact on the housing supply and on displaced persons, particularly those who are very low income, elderly, or disabled, resulting from the permanent or temporary loss of SRO hotel rooms through their demolition, conversion or rehabilitation.

Applicants proposing the demolition or conversion of an SRO Hotel are required to pay relocation expenses to long-term tenants (residency of 90 days or more). In addition, the housing replacement provisions of the Regulations are required where the SRO hotel had an occupancy permit issued prior to January 1, 1990, and the owner or operator did not deliver a notice to the City opting out of the requirements before January 1, 2004. In this case, the owner of the Plaza Hotel did provide such a notice to the City, and the Plaza Hotel is exempt from the replacement requirements of the regulations.

Following rescission of the 60-day notice and a meeting with the Housing Commission, the Property Owner filed an Application for SRO Demolition, Conversion or Rehabilitation with the Housing Commission on February 25. Housing Commission staff is reviewing the application to determine the status of all residents at the property and what benefits they are entitled to receive pursuant to the Regulations.

Once staff has completed the application review, a new set of resident notices will be approved by the Housing Commission and re-issued by the Property Owner. The first will be a Relocation Assistance Notice, stating the relocation benefits the resident is entitled to receive based on length of residency (pursuant to the regulations of the SRO ordinance). Tenants who have resided in the SRO hotel for at least 90 days are considered long-term tenants and are entitled to an amount equal to two month's rent, as well as a rent-rebate payment equal to a maximum additional amount of \$210. Tenants who have resided in the SRO hotel for at least 30 days, but less than 90 days, are entitled to receive technical assistance from the Housing Commission in locating decent, safe and affordable housing opportunities. Following the issuance of the Relocation Assistance Notice, the 60-Day Notice to Terminate Tenancy will be reviewed by Housing Commission staff, and the Property Owner will be cleared to issue those notices.

PROGRAM OVERVIEW

It is anticipated that the relocation assistance that is required to be issued to the residents under the SRO ordinance regulations will be insufficient to meet the residents' need to locate and secure other comparable housing. To better assist the residents in identifying and securing new housing, the Housing Commission will leverage skilled staff from the agency's Homelessness Prevention and Landlord Engagement and Assistance programs will be leveraged to create a relocation assistance program specifically for the residents of the Plaza Hotel to support the residents in securing new tenancies.

The Homelessness Prevention program assists individuals and families in the City of San Diego who are at-risk of homelessness to locate alternate housing options to avoid homelessness. This program offers time-limited financial assistance to help households move from one unit to another unit. The Homelessness Prevention program also partners with the Housing Commission's Landlord Engagement and Assistance Program (LEAP) to provide housing location and landlord relations services to facilitate and expedite securing housing options for a vulnerable population. The relocation program will leverage best practices from the Homelessness Prevention and LEAP programs to assist the residents of the Plaza Hotel. This newly developed relocation program differs from the Homelessness Prevention program, in that the Plaza Hotel residents are not at imminent risk of homelessness but will be in receipt of 60-Day notices to vacate. In addition, the level of stabilization support needed for these residents may not mirror the needs of a household at imminent risk of homelessness. The Housing Commission staff will tailor the relocation program supports to most appropriately meet the needs of the Plaza Hotel residents, and like the Homelessness Prevention model will operate under the principle of providing the minimum assistance necessary to prevent the household from becoming homeless.

The Plaza Hotel Relocation program will provide limited financial assistance for housing relocation for up to 185 existing Plaza Hotel residents who receive 60-day notices to vacate. The program will conduct comprehensive assessments to determine the needs of each household to provide the minimum amount of financial assistance needed from the Housing Commission to relocate to another unit.

The Plaza Hotel Relocation program will provide financial assistance to eligible households to fill the gap between the relocation assistance provided through Plaza Hotel ownership pursuant to the City's SRO Regulations and the residents' own resources, and will also leverage housing location services provided through LEAP.

Services will be provided in accordance with existing best practices within Homelessness Prevention and LEAP program guidelines.

AFFORDABLE HOUSING IMPACT

The assistance provided through this relocation program will minimize the likelihood of residents becoming homeless and quickly stabilize them in new housing, thus mitigating potential impact to the City's homeless crisis response system.

FISCAL CONSIDERATIONS

Approving this action will authorize the Housing Commission to expend \$500,000 from Housing Commission local unrestricted Real Estate Property Reserves, which will increase the approved 2019 budget by that amount

ENVIRONMENTAL REVIEW

The activities described in the report are not a project as defined in California Environmental Quality Act (CEQA) Section 15378 and, therefore, are not subject to CEQA pursuant to Section 15060 (c)(3) of the State CEQA Guidelines and/or are categorically exempt under multiple separate provisions of CEQA, including Sections 15301, 15304 (e), 15311(c) which includes the placement of temporary or seasonal facilities designed for public use. Since there are no federal funds being used for this action, no National Environmental Policy Act environmental clearance is required at this time.

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Respectfully submitted,

Lisa Jones

Lisa Jones
Senior Vice President,
Homeless Housing Innovations

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachment: Plaza Hotel Location Map

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk 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 in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org

