



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: January 4, 2023

REPORT NO: HAR23-001

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of January 10, 2023

SUBJECT: Authorize the San Diego Housing Commission to Amend its Fiscal Year 2023 Budget in the Amount of \$11,825,000 in State of California Homekey Program Funds and to Expend the Funds to Support the Proposed Development of PATH Villas El Cerrito Phase 1

COUNCIL DISTRICT: 9

REQUESTED ACTION

Authorize the San Diego Housing Commission to amend its Fiscal Year 2023 budget in the amount of \$11,825,000 in State of California Homekey Program funds and to expend these funds to support the proposed development of PATH Villas El Cerrito Phase 1 at 5476 El Cajon Blvd., San Diego, CA 92115 in Council District 9, which will consist of 40 affordable rental housing units for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income and one unrestricted manager's unit.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Authorize the San Diego Housing Commission (Housing Commission) to amend its Fiscal Year 2023 budget in the amount of \$11,825,000 in State of California Homekey Program funds and to expend these funds to support the proposed development of PATH Villas El Cerrito Phase 1 at 5476 El Cajon Blvd., San Diego, CA 92115 in Council District 9, which will consist of 40 affordable rental housing units for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income and one unrestricted manager's unit.
- 2) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), 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 as are necessary and/or appropriate to implement these approvals. Housing Commission staff will notify the Housing Authority and City Attorney's Office about any subsequent amendments or modifications to the documents, including amendments to any documents.

PATH VILLAS EL CERRITO PHASE 1 HOMEKEY PROJECT

The State of California Department of Housing and Community Development (Department) issued a Notice of Funding Availability (NOFA) of approximately \$1.45 billion, dated September 9, 2021, and amended January 14, 2022, for the Homekey Program. The Homekey Program was designed to sustain

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and rapidly expand housing for Californians experiencing homelessness or at risk of homelessness and, thereby, are at high risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

The Housing Commission, County of San Diego and PATH Villas El Cerrito 1 LP submitted a joint application to the Department for grant funds in an amount not to exceed \$11,825,000.00 (Homekey Grant) to partially finance PATH Villas El Cerrito Phase 1. PATH Villas El Cerrito 1 LP is a partnership among People Assisting the Homeless (PATH) Ventures, Family Health Centers of San Diego, and Bold Communities. The application was accepted by the Department and recommended for award.

The development consists of 40 affordable rental housing units for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI). There will also be one manager's unit. The development includes prefabricated, container-based housing with a ground-floor health clinic operated by Family Health Centers of San Diego. It will be constructed and operated in accordance with all applicable laws, rules, regulations, and conditions of the Homekey Program, the Standard Agreement, and the Project-Based Vouchers (PBV). The Department restricts the occupancy and rents of 40 dwelling units in the development as affordable to persons with incomes at or below 30 percent of the AMI.

The Housing Commission has committed 40 PBVs, of which five are Veterans Affairs Supportive Housing (VASH) PBVs. Residents will be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness; veterans experiencing chronic homelessness; and families experiencing homelessness.

The County of San Diego has committed \$2,050,000 from the County General Fund and \$4,420,367 in No Place Like Home Funding, plus an additional \$3,536,158 in services funds to be funded from the County General Purpose Fund (GPR). PATH Villas El Cerrito 1 LP has applied for and received City of San Diego Bridge to Home funds as well as \$2,050,000 in Permanent Local Housing Allocation funds.

The development aligns with the goals of the Community Action Plan on Homelessness for the City of San Diego to increase access to permanent housing solutions for people experiencing homelessness and increase access to services for people with behavioral health needs.

AFFORDABLE HOUSING IMPACT

The Housing Commission has provided a preliminary award recommendation of 40 PBVs for PATH Villas El Cerrito Phase 1 for households experiencing homelessness with income up to 30 percent of AMI, of which five PBVs are VASH PBVs for veterans experiencing homelessness. Residents will be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness; veterans experiencing chronic homelessness; and families experiencing homelessness. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents of PATH Villas El Cerrito Phase 1's 40 voucher-assisted units.

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FISCAL CONSIDERATIONS

Homekey Program funds awarded to the Housing Commission were not included in the Housing Commission's Fiscal Year 2023 Housing Authority-approved budget. Approval of this action will increase Fiscal Year 2023 funding sources and uses available by \$11,825,000 to support the proposed new construction development of 40 affordable rental housing units for people experiencing homelessness and one manager's unit.

PREVIOUS HOUSING COMMISSION BOARD OF COMMISSIONERS ACTIONS

On April 25, 2022, the Housing Commission Board of Commissioners voted 5-0 to authorize the Housing Commission to submit a joint application with the County of San Diego to the State of California Department of Housing and Community Development (Department) Homekey Program for grant funds in an amount not to exceed \$12,000,000 in accordance with the September 9, 2021, Notice of Funding Availability for the Homekey Program. If the application were approved and upon subsequent approval of the project by the Housing Authority, the Housing Commission was further authorized to enter into a Standard Agreement with the Department in a total amount not to exceed \$12 million (Resolution No. HC-1944). This action by the Housing Authority, if taken, will constitute the subsequent approval of the project by the Housing Authority.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Areas No. 1 and No.4 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024. No.1: Increasing and Preserving Housing Solutions. No.4: Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.

EQUAL OPPORTUNITY/ CONTRACTING/EQUITY ASSURANCE

The Housing Commission and PATH Villas El Cerrito 1 LP are committed to advancing equity and inclusion throughout the development and operation of the project. PATH demonstrates a commitment to this effort by continuing to use the Global Diversity, Equity & Inclusion Benchmarks (GDEIB) assessment checklist to assess current racial equity and inclusion (REI) efforts and ensure that REI policies, initiatives and practices are intentionally imbedded in all that they do. Both the Housing Commission and PATH Villas El Cerrito 1 LP have developed a comprehensive Racial Disparity Analysis and Community Engagement plan in accordance with the Homekey Program application requirements.

KEY STAKEHOLDERS AND PROJECTED IMPACTS

Stakeholders include households experiencing homelessness, neighborhood residents, PATH Villas El Cerrito 1 LP, the City of San Diego, the County of San Diego, and the Housing Commission. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development's tenants, and create 40 new affordable rental homes for people experiencing homelessness.

ENVIRONMENTAL REVIEW

The proposed PATH Villas El Cerrito Phase 1 Development and Agreement between the San Diego Housing Commission and the State of California for Homekey Program Funds for this Project has been reviewed for consistency with the following documents:

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1. The Final Environmental Impact Report (EIR) for the College Area Community Plan (Project No. 87-0601) certified by the San Diego City Council (City Council) on May 2, 1989 (Resolution R-273372);
2. The Final EIR for the City of San Diego Climate Action Plan (CAP) (Project No. 416603/SCH No. 2015021053) certified by the City Council on January 4, 2016 (Resolution R-310176);
3. Addendum to the Final EIR for the CAP Update (Project No. 416603/SCH No. 2015021053) adopted by the City Council on August 10, 2022 (Resolution R-314298);
4. The Final Program Environmental Impact Report (PEIR) for the General Plan (Project No. 104495/SCH No. 2006091032) certified by the City Council on March 14, 2008 (Resolution R-303472); and
5. Addendum to the General Plan PEIR for the Housing Element Update 2021-2029 (SCH No. 2006091032) adopted by the City Council on June 18, 2020 (R-313099).

The Project for which this Agreement is intended will construct residences consistent with what was anticipated in the College Area Community Plan and associated Final EIR. The College Area Community Plan envisioned the area along El Cajon Boulevard as higher density residential area, and the Project will meet the Community Plan's residential objectives to encourage higher density housing along El Cajon Boulevard, and to achieve economic and physical revitalization along the north side of El Cajon Boulevard through the development of a mixture of retail, office and multifamily housing. The Project will also meet the goals and policies of the City's CAP, as analyzed in the CAP FEIR and Addendum to the CAP FEIR, as the Project will include the construction of energy and water efficient buildings in accordance with Strategy 1, and the Project's close proximity to a bus stop will promote transit use consistent with Strategy 3. The Project is located in a Transit Priority Area (TPA) and will meet the goals and policies of the General Plan Housing Element, as analyzed in the General Plan Final PEIR and Addendum to the General Plan PEIR for the Housing Element Update, by placing density and mixed use development close to transit (Policy HE-A.2), allocating for affordable residential units near transit and other amenities (Policy HE-74), and emphasizing the need for affordable housing options for seniors and people with disabilities and/or special needs near transit, healthcare services, shopping areas, and other amenities (HE-I.4). Furthermore, the City of San Diego Development Services Department made the determination that the Project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15300.1, Relation to Ministerial Projects. Section 21080 of the Public Resources Code exempts from the application of CEQA those projects over which public agencies exercise only ministerial authority. Additionally, an Environmental Assessment has been processed and approved in accordance with the requirements of the National Environmental Policy Act (NEPA). Therefore, approval of the Project and Agreement is a subsequent discretionary action consistent with the analysis in the above-mentioned environmental documents and is not a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to CEQA Statute Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action. Additionally, the Project is exempt from CEQA pursuant to Section 15300 and Public Resource Code Section 21080. Therefore, no further environmental documentation is required under CEQA.

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Respectfully submitted,



Emily S. Jacobs
Executive Vice President, Real Estate
San Diego Housing Commission

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments:

- 1) Homekey Award Letter
- 2) San Diego Housing Commission Resolution No. HC-1944

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670, 95833
P.O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



July 28, 2022

Patricia Danon, Chief Operating Officer
County of San Diego
1600 Pacific Highway
San Diego, CA 92123

Lois Starr, Chief Operating Officer
PATH Ventures
340 North Madison Avenue
Los Angeles, CA 90004

Jeff Davis, Interim President and
Chief Executive Officer
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Joel Roberts, Chief Executive Officer
PATH Ventures
340 North Madison Avenue
Los Angeles, CA 90004

Dear Jeff Davis, Patricia Danon, and Lois Starr:

**RE: Award Announcement – Homekey Program
Notice of Funding Availability, Fiscal Year 2022/2023, Round 2
San Diego Housing Commission, County of San Diego and PATH Ventures –
PATH Villas El Cerrito
Contract No. 22-HK-17487**

The California Department of Housing and Community Development (Department) is pleased to announce that the San Diego Housing Commission (Awardee) has been awarded a Homekey program, Round 2, award in the amount of \$11,825,000. This letter constitutes notice of the designation of Homekey funds for the Awardee.

Awardees will be able to draw down funds when the Standard Agreement is fully executed, and any general and special conditions have been cleared in writing.

Your Ambassador will be in communication with you to develop a Standard Agreement and confirm any documents needed to execute this contract.

Congratulations on your successful application. For further information, please contact Jason Blair, Homekey Program Manager, Program Design and Implementation Branch, at (916) 776-7671 or Jason.Blair@hcd.ca.gov

Sincerely,

A handwritten signature in blue ink that reads "Jennifer Seeger". The signature is fluid and cursive, with the first name "Jennifer" being more prominent than the last name "Seeger".

Jennifer Seeger
Deputy Director
Division of State Financial Assistance

SAN DIEGO HOUSING COMMISSION

RESOLUTION NO. HC-1944

ADOPTED ON April 25, 2022

A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING COMMISSION AUTHORIZING JOINT APPLICATION TO AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- A. The Department of Housing and Community Development ("**Department**") has issued a Notice of Funding Availability, dated September 9, 2021 (such document, and all amendments thereto, the "**NOFA**"), for the Homekey Program ("**Homekey**" or "**Program**"). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- B. The San Diego Housing Commission and The County of San Diego ("**Co-Applicant**") desires to jointly apply for Homekey grant funds with PATH Ventures. Therefore, Co-Applicant is joining PATH Ventures a California nonprofit corporation in the submittal of an application for Homekey funds ("**Application**") to the Department for review and consideration with respect to the property located at 5476 El Cajon Boulevard, San Diego, CA 92115.
- C. The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement ("**Standard Agreement**"), and all other legal requirements of the Homekey Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$12,000,000**.
- 2. If the Application is approved, then upon subsequent formal approval of the Project by the Housing Authority of the City of San Diego (the "**Housing Authority**"), Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$12,000,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the "**Homekey Documents**"). Formal approval by the Housing Authority is anticipated. In the unlikely event that the Housing Authority withholds or

materially conditions its approval, the Co-Applicant will immediately provide written notice to the Department of same.

3. Co-Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
4. Jeff Davis, Interim President and CEO of the San Diego Housing Commission, or designee, is authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

THIS ACTION WILL BECOME FINAL ON May 2, 2022, subject to the provisions of San Diego Municipal Code Section 98.0301(e)(1).

Approved as to Form:
Christensen & Spath

By: /s/ Charles B. Christensen
Charles B. Christensen, General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were adopted by the San Diego Housing Commission Board of Commissioners at its meeting on the 25th day of April, 2022.

By: [Signature]
Scott Marshall
Vice President, Communications &
Government Relations

Approved: April 25, 2022

[Signature]
Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Passed and adopted by the San Diego Housing Commission on April 25, 2022, and finalized on May 2, 2022, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:

	Yeas	Nays	Excused	Not Present
Stefanie Benvenuto	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ryan Clumpner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Melinda K. Vásquez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johanna Hester	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kellee Hubbard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Eugene "Mitch" Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Jeff Davis

Interim President & Chief Executive Officer of the
San Diego Housing Commission

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. 1944 passed and adopted by the San Diego Housing Commission on
April 25, 2022, and finalized on May 2, 2022.

By:



Scott Marshall
Secretary of the San Diego Housing Commission

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO AMEND THE SAN DIEGO HOUSING COMMISSION'S FISCAL YEAR 2023 BUDGET IN THE AMOUNT OF \$11,825,000 IN STATE OF CALIFORNIA HOMEKEY PROGRAM FUNDS AND TO EXPEND THESE FUNDS ON THE PATH VILLAS EL CERRITO PHASE 1 DEVELOPMENT AND RELATED ACTIONS.

WHEREAS, the State of California Department of Housing and Community Development (Department) issued a Notice of Funding Availability (NOFA) of approximately \$1.45 billion for the Homekey Program on September 9, 2021, and amended the NOFA on January 14, 2022; and

WHEREAS, on April 25, 2022 by Resolution HC-1944, the San Diego Housing Commission Board of Commissioners authorized the joint application for Homekey Program funds for the development of the Project and execute the Homekey Program documents if the application is approved; and

WHEREAS, the San Diego Housing Commission (Housing Commission), County of San Diego (County), and PATH Ventures submitted a joint application to the Department for grant funds in an amount not to exceed \$11,825,000 (Homekey Grant) to partially finance the PATH Villas El Cerrito Phase 1 affordable housing project (Project); and

WHEREAS, PATH Villas El Cerrito 1 L.P. (Developer), a California limited partnership formed by PATH Ventures, Family Health Centers of San Diego, and Bold Communities, will develop the Project; and

WHEREAS, the Project consists of 41 units of five levels of prefabricated container-based structures of which 40 will be studios and one- and two-bedroom permanent supportive housing units for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI), and one unit will be an unrestricted two-bedroom manager's unit located at 5476 El Cajon Boulevard, San Diego CA 92115; and

WHEREAS, on July 28, 2022, the Department issued an award letter announcing the award of the Homekey Grant on the joint application; and

WHEREAS, the County has committed an additional approximately \$6,500,000 for development of the Project; and

WHEREAS, on December 6, 2022 by Resolution R-2023-306, the Council of the City of San Diego approved a loan in the amount of \$2,050,000 of the City's Permanent Local Housing Allocation funds to Developer for the Project; and

WHEREAS, the Housing Authority now desires to accept the Homekey Program funds for the Project and authorize an amendment to the Housing Commission Fiscal Year 2023 budget in the amount of \$11,825,000 in Homekey Program funds and to expend the funds to support the development of the Project (Action); and

WHEREAS, City staff determined that the Action is consistent with the Final Environmental Impact Report (EIR) for the College Area Community Plan (Project No. 87-0601) certified by the San Diego City Council (City Council) on May 2, 1989 (Resolution R-273372); the Final EIR for the City of San Diego Climate Action Plan (CAP) (Project No.

416603/SCH No. 2015021053) certified by the City Council on January 4, 2016 (Resolution R-310176); the Addendum to the Final EIR for the CAP Update (Project No. 416603/SCH No. 2015021053) adopted by the City Council on August 10, 2022 (Resolution R-314298); the Final Program Environmental Impact Report (PEIR) for the General Plan (Project No. 104495/SCH No. 2006091032) certified by the City Council on March 14, 2008 (Resolution R-303472); and Addendum to the General Plan PEIR for the Housing Element Update 2021-2029 (SCH No. 2006091032) adopted by the City Council on June 18, 2020 (R-313099). Therefore, the Action is a subsequent discretionary action consistent with the analysis in the above-mentioned environmental documents and is not a separate project for the purposes of CEQA review pursuant to CEQA Guidelines sections 15378(c) and 15060(c)(3). Pursuant to CEQA section 21166 and CEQA Guidelines section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action; and

WHEREAS, City staff processed and approved an Environmental Assessment in accordance with the requirements of the National Environmental Policy Act (NEPA) with a Finding of No Significant Impact; and

WHEREAS, the Office of the City Attorney has drafted this resolution based on the information provided by Housing Commission staff, and verified by the Housing Commission's General Counsel, with the understanding that this information is sufficient to allow for a proper and complete analysis of this matter; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, as follows:

1. The San Diego Housing Commission is authorized to amend the Housing Commission Fiscal Year 2023 budget in the amount of \$11,825,000 in Homekey Program funds

and to accept and expend the funds to support the development of the PATH Villas El Cerrito Phase 1.

2. The Housing Commission President and Chief Executive Officer, or designee, is authorized to execute any and all documents that are necessary to implement these approvals in a form approved by the Housing Commission's General Counsel and to take such actions as are necessary, convenient, and appropriate to implement these approvals upon advice of the Housing Commission's General Council.

3. The Housing Commission staff will notify the Housing Authority and the San Diego City Attorney's Office about any subsequent amendments or modifications to the PATH Villas El Cerrito Phase 1 project, the Homekey Program Funds allocated to this project, and any other required documents, including amendments to any documents.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Hilda R. Mendoza
Deputy General Counsel

HRM:nja
12/6/22
Or. Dept: SDHC
Doc. No. 3158751