

SDHC Housing Snapshot

- 13,340 MTW Vouchers under lease
- 106 PBV under lease
- 105 Public Housing units

San Diego Housing Commission

Proposed 2011 MTW Initiatives to Preserve and Create Affordable Housing using PBV

- Authorize PBV in SDHC Properties
- Allow Lower Rents for Non-Assisted Units in SDHC Properties

San Diego Housing Commission

Allow Lower Rents for Non-Assisted Units in SDHC Properties

- Increase number of affordable non-assisted units in San Diego
- Model for current and future SDHC properties
- Allows developments to remain solvent

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The Hotel Sandford



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Authorize PBV in SDHC Properties

- More easily allocate PBV for our own developments
- Allows SDHC to purchase and preserve floundering affordable developments

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MTW Flexibility Allows Initiatives to Work in Concert

- SDHC able to purchase current or potential affordable developments
- Project-base a percentage of units at market rents
- Lower or keep already lowered rents on remaining affordable units
- Property remains viable, affordable housing preserved

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Big Question:

- How else to use MTW and PBV to preserve affordable housing?

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HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO



Using Project-Basing to Preserve Public Housing Units And Other Affordable Housing

- I. MTW authorities used for the Dispo application**
 - a. Create separate HACSM-affiliated non-profit with the commitment of maintaining all Public Housing units at an affordable level
 - b. Convert 100% of Public Housing (PH) units to Project-Based Assistance (PBA) – does not need to be competitively bid

- II. MTW activities that ease the transition to PBA for current PH residents**
 - a. Over-housed – HACSM will accept lower HAP by modifying PBA rules for in—place residents at former PH developments
 - b. Establish flat rent or market rate policy by modifying PBA for in place residents at former PH developments – addresses potentially over-income PH households
 - c. Waive 12-month minimum stay requirement

- III. Proposed MTW initiatives to preserve affordable housing and serve more households as we move forward**
 - a. Adopt policies that may require families to stay more than 12 months before they may move with continued assistance
 - b. Continued assistance for relocating families within HACSM's time-limited assistance MTW Self-Sufficiency Program

- IV. Research and Impact Studies**
 - a. Education and outreach to PH residents
 - b. Rental impact and affordability studies

Public Housing TST Impact Study (@ conversion to Project Based Property)

Resident	Gross		Annual Adj		Flat		Current		Proposed		Tier	TR	HCV Income Limits	Elderly Disabled	# In Family	# Minors	# Eligible
	Inc	Adj	Inc	Adj	Rent	Rent	T Rent	Portion	Bdrms	Contract Rent							
1	48,196.00		48,196.00		932	932	932.00	1	1,100.00	0.00	1,100.00	0.00	168.00	0	2	0	2
2	63,313.00		62,913.00		932	932	932.00	1	1,100.00	0.00	1,100.00	0.00	168.00	1	2	0	2
3	43,515.00		43,515.00		932	932	932.00	1	1,100.00	62.00	1,038.00	62.00	106.00	0	1	0	1
4	42,186.00		42,186.00		932	932	932.00	1	1,100.00	62.00	1,038.00	62.00	106.00	0	1	0	1
5	17,126.00		16,726.00		0	389	389.00	1	1,100.00	662.00	438.00	662.00	49.00	1	2	0	2
6	17,126.00		16,726.00		0	389	389.00	1	1,100.00	662.00	438.00	662.00	49.00	1	2	0	2
7	17,126.00		16,726.00		0	389	389.00	1	1,100.00	662.00	438.00	662.00	49.00	1	2	0	2
8	1,668.00		1,268.00		0	14	14.00	1	1,100.00	1,074.00	50.00	1,050.00	36.00	1	1	0	1
9	18,108.00		17,708.00		0	407	407.00	1	1,100.00	662.00	438.00	662.00	31.00	1	2	0	2
10	26,489.00		26,489.00		0	633	633.00	1	1,100.00	437.00	663.00	437.00	30.00	0	2	0	2
11	14,919.00		14,519.00		0	334	334.00	1	1,100.00	737.00	363.00	737.00	29.00	1	1	0	1
12	18,824.00		17,832.00		0	410	410.00	1	1,100.00	662.00	438.00	662.00	28.00	1	2	0	2
13	12,624.00		12,224.00		0	270	270.00	1	1,100.00	812.00	288.00	812.00	18.00	1	1	0	1
14	6,732.00		6,252.00		0	127	127.00	1	1,100.00	962.00	138.00	962.00	11.00	0	2	1	2
15	12,588.00		12,588.00		0	279	279.00	1	1,100.00	812.00	288.00	812.00	9.00	0	1	0	1
16	10,188.00		9,788.00		0	209	209.00	1	1,100.00	887.00	213.00	887.00	4.00	1	1	0	1
17	10,200.00		9,800.00		0	209	209.00	1	1,100.00	887.00	213.00	887.00	4.00	1	1	0	1
18	13,368.00		12,968.00		0	288	288.00	1	1,100.00	812.00	288.00	812.00	0.00	1	1	0	1
19	10,383.00		9,983.00		0	214	214.00	1	1,100.00	887.00	213.00	887.00	-1.00	1	1	0	1
20	10,440.00		10,040.00		0	215	215.00	1	1,100.00	887.00	213.00	887.00	-2.00	1	1	0	1
21	10,140.00		9,740.00		0	215	215.00	1	1,100.00	887.00	213.00	887.00	-2.00	1	1	0	1
22	10,332.00		9,932.00		0	219	219.00	1	1,100.00	887.00	213.00	887.00	-6.00	1	1	0	1
23	10,380.00		9,980.00		0	221	221.00	1	1,100.00	887.00	213.00	887.00	-8.00	1	1	0	1
24	10,680.00		10,280.00		0	221	221.00	1	1,100.00	887.00	213.00	887.00	-8.00	1	1	0	1
25	10,380.00		9,980.00		0	221	221.00	1	1,100.00	887.00	213.00	887.00	-8.00	1	1	0	1
26	10,764.00		10,364.00		0	223	223.00	1	1,100.00	887.00	213.00	887.00	-10.00	1	1	0	1
27	31,756.00		31,243.00		0	752	752.00	1	1,100.00	362.00	738.00	362.00	-14.00	1	1	0	1
28	4,808.00		4,808.00		0	91	91.00	1	1,100.00	1,037.00	63.00	1,037.00	-28.00	0	1	0	1
29	6,029.00		4,937.00		0	94	94.00	1	1,100.00	1,037.00	63.00	1,037.00	-31.00	1	1	0	1
30	37,908.00		37,908.00		932	932	932.00	1	1,100.00	212.00	888.00	212.00	-44.00	0	2	0	2
31	73,923.00		73,923.00		1,177	1,177	1,177.00	2	1,400.00	0.00	1,400.00	0.00	223.00	0	2	0	2
32	63,040.00		62,560.00		1,177	1,177	1,177.00	2	1,400.00	0.00	1,400.00	0.00	223.00	0	2	1	2
33	72,304.00		71,824.00		1,177	1,177	1,177.00	2	1,400.00	0.00	1,400.00	0.00	223.00	0	4	1	4
34	97,210.00		96,250.00		1,177	1,177	1,177.00	2	1,400.00	0.00	1,400.00	0.00	223.00	0	4	2	4
35	58,243.00		58,243.00		1,177	1,177	1,177.00	2	1,400.00	23.00	1,377.00	23.00	200.00	0	3	0	3
36	68,520.00		57,160.00		1,177	1,177	1,177.00	2	1,400.00	23.00	1,377.00	23.00	200.00	0	4	2	4
37	55,120.00		55,120.00		1,177	1,177	1,177.00	2	1,400.00	98.00	1,302.00	98.00	125.00	0	2	0	2
38	49,610.00		49,130.00		1,090	1,090	1,090.00	2	1,400.00	248.00	1,152.00	248.00	62.00	0	3	1	3
39	0.00		0.00		0	14	14.00	2	1,400.00	1,400.00	50.00	1,350.00	36.00	0	4	3	4
40	3,683.00		2,723.00		0	32	32.00	2	1,400.00	1,373.00	50.00	1,350.00	18.00	0	3	2	3
41	11,502.00		11,022.00		0	240	240.00	2	1,400.00	1,148.00	252.00	1,148.00	12.00	0	2	1	2
42	18,834.00		17,394.00		0	390	390.00	2	1,400.00	998.00	402.00	998.00	12.00	0	4	4	4



Leaders in *Making a Difference.*

Process, Pitfalls and Successes of Using MTW flexibility and PBA in Housing Authority controlled properties

*Vanessa M Cooper
Director of Real Estate Services*

Housing Authority Programs and Services

- Section 8 Rental Assistance Program (1,700+ vouchers, 55,000 on waitlist)
- Affordable Housing Development Using Tax Credit Equity and Commercial Debt (1,900 units)
- Public housing (550 units)
- Property Management
- Community Services

Santa Clara County Median Income in 2010

- Hypothetical Household of Four (Median Income of \$105,500):
 - Moderate-Income: \$127,320 (up to 120% of Median)
 - Low-Income: \$84,900 (up to 80% of Median)
 - **Very Low-Income: \$53,050 (up to 50% of Median)**
 - Extremely Low Income \$31,850 (30% of Median)

Least Affordable Metropolitan Statistical Areas (MSAs)

MSA Housing Wage for Two Bedroom Rent

- **San Jose, CA \$35.02**
- San Francisco, CA \$34.13
- Stamford-Norwalk, CT \$28.71
- Oakland, CA \$27.31
- Boston, MA-NH \$27.29
- Santa Cruz-Watsonville, CA \$25.79
- Nassau-Suffolk, NY \$25.46
- Westchester County, NY \$24.88
- Orange County, CA \$23.46
- Washington, DC-MD-VA \$23.42

Statistics from National Low Income Housing Coalition (2009)

Public Housing Disposition

- Transfers public ownership to non-profit entity.
- Provides PBA vouchers that increases NOI and keeps tenant payments the same.
- Allows use of private equity and debt.
- Generates significant upfront capital to rehabilitate .
- Provides funds for resident services.

Rincon Gardens



Rincon Senior Public Housing

- 200 Unit Senior Housing
- Built in 1981
- Capital and Operating Funds Inadequate
- Serious deterioration – dry rot
- Highly inefficient energy systems
- Outdated community spaces underutilized
- Limited funds for services
- Serious aging in place issues

Substantial Rehabilitation Required



Deal points

- | | |
|---|------------------|
| • 4% Federal Low Income Housing Tax Credits @ 95c | \$13.7 |
| • Tax Exempt Bonds Construction/Perm Loans | \$17.0 |
| • Purchase Money Note | \$14.5 |
| • Operating Income | \$ 1.5 |
| • Total Project Costs | \$46.7MM* |

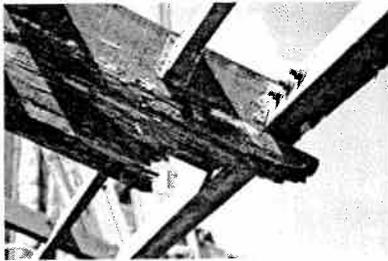
- No state tax credits or local additional funds
- Purchase money note returned to HA through cash flow from property as MTW funds.

* Approximate final number

MTW flexibility

- Allocation of PBA vouchers for public housing disposition
- Tenant based vouchers for those leaving
- Acceptance of tax credit paperwork (TIQ) for voucher eligibility
- Site based waitlist once PH/PBA list is exhausted

Structural Beam Failing



Process

- MTW, Disposition, PBA approval - September 2007
- Secure tax credits and tax exempt bonds – July 2008
- Process tenants for PBA/tenant based voucher and do HQS - Summer 2008
- Disposition to HA controlled non-profit - August 2008
- Construction started- November 2008
- Tenants moved within building, to families or to local hotel during rehab during 2009
- Recertification and new HQS as tenants moved back: 40 households filled from waitlist by December 2009
- Construction completed - December 2009
- Stabilization achieved - March 2010

Major Issues for transition: potential pitfalls

- Communication
 - Timing can be uncertain in construction/financing
 - Move coordination as units are rehabbed
 - Fear issues for tenants/staff/neighbors/advocates; multiple meetings, newsletter communications, tenant input sessions
 - LEP, aging and reasonable accommodation issues
 - Waitlist issues
 - Expectations of investor – not familiar with PBA rules
 - Coordination and communication with HUD office

Major rehab while tenants in place



More potential pitfalls

Eligibility issues

- Processing tenants for tax credit and Sec 8 eligibility
- Moving assistance for those who take the tenant based voucher
- Households who are ineligible to make a decision
- Lease/violation/rights change under tax credit and need to be explained

Administration issues

- Careful handling of requirements by public and private entities
- Clear tracking of expenses, timelines and key project events
- Compliance with dozens of laws, rules and regulations.

Potential pitfalls continue...

Internal training and communication issues

- Development staff needed to learn about PBA rules including HQS, subsidy layering etc
- Timelines for PBA and tax credits need to be closely tracked and integrated
- Voucher staff needed to understand about tax credits and uncertainty of construction and rehab work
- Need for regular communication and coordination
- Need to have board well educated on tax credit and regularly informed on progress, cost and potential problems.

Successes Expand Support for Disposition



Successes

- 200 units and community spaces fully rehabbed
- New roof
- Air-conditioning in units and common areas
- Social services (case management, ESL, computer classes, independent living skills)
- Landscaping and outdoor senior gym
- Affordability maintained for tenants
- NOI allows the property to build up reserves and pay back money purchase note
- Simplified management and regulatory regime (most of other properties are tax credits).

Additional benefits which helped leverage community support

- 400 Construction Jobs
- Material Suppliers
- Professional Services
- Development Fees for Local Government
- Investment
Community Receives
Market Returns

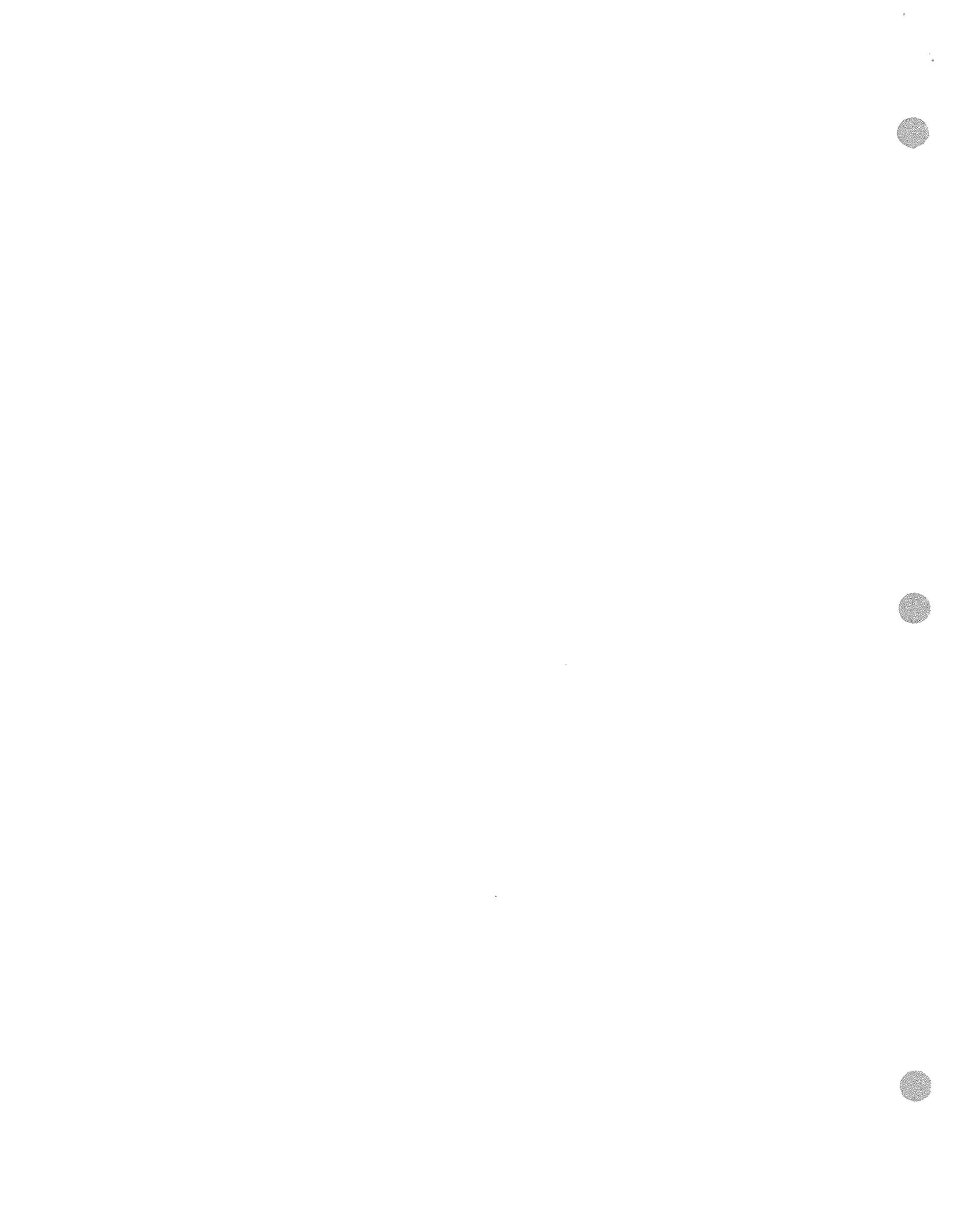


Key lessons....

- Planning is significant and ongoing but needs to be flexible
- Communication is key ...Cultural differences between Public Housing and tax credit world need reconciling
- Provides leverage for gaining support for other projects We have 9 more disposition properties scheduled for 2010 which will benefit from these lessons learned!

Community Leadership's Positive Reaction





Rincon Garden Apartments

Description

Cost of Project: \$46.7MM

Construction Contract: \$19.8MM

Rents:

200 units total including patios and balconies

190 one-bedroom units and 10 two-bedroom units

Rincon Gardens' rents are set at 50% and 60% of Area Median Income, although each of the units has project based Section 8 vouchers, so residents will pay only 30% of the income for rent.

(Note: In Santa Clara County, 1 person households at 50% income earn up to \$37,150 and 1 person households at 60% income earn up to \$44,580.)

Design and Amenities:

Rincon Gardens is a 3-story garden style apartment complex with a new exterior that includes attractive new siding, new roofing system and windows.

The two interior courtyards have attractive new landscaping that includes both new benches and active senior exercise stations for the residents.

The driveway leading to the updated lobby has been updated to provide better accessibility for buses.

Throughout the apartments, both the kitchen and bathrooms were upgraded with new countertops and cabinets, new floor coverings, new energy efficient heating and cooling, and new finishes.

Community amenities include an upgraded dining room and serving area, library, beauty salon, two multi-purpose rooms, community services room and gift shop.

Ownership: Rincon Garden Apartments is owned by a California limited partnership called Rincon Garden Associates, L.P.

Avenida Espana HDC, Inc. is the General Partner for Rincon Garden Associates, L.P. and a nonprofit affiliate of the Housing Authority of the County of Santa Clara

Funding Sources: The funding sources include:

4% Federal Low Income Housing Tax Credits \$13.7

Tax Exempt Bonds-Chase Bank Construction and Permanent Loans \$17.0

Purchase Money Note	\$14.5
Operating Income	\$ 1.5
Total Project Costs:	\$46.7 MM

The tax credit equity was provided by PNC MultiFamily Capital Institutional Fund XXXIX Limited and Columbia Housing SLP Corporation.

GREEN FEATURES:

Mitsubishi City Multi-Heating and Cooling System

Humidistat Bathroom Exhaust Fans

Vented Kitchen Hoods to Outside

Common Area Lighting has many energy saving controls

Day Light Harvesting and Motion Sensors

Countertop have recycled quartz used in manufacturing process

No VOC paints used throughout the building

Added new roof insulation with cool roof design

High efficiency HVAC for all common area hallway ventilation

New Ultra Low Flush Toilets (1.1 per flush)

New Landscape Irrigation System with State of the Art Clocks, that use local weather station information to determine the watering needs for the property.