



COUNTY OF SAN DIEGO

AGENDA ITEM

HOUSING AUTHORITY

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: November 5, 2025

HA01

TO: Housing Authority of the County of San Diego Board of Commissioners

SUBJECT

NOTICED PUBLIC HEARING – ADOPT A RESOLUTION APPROVING THE FINANCIAL REPOSITIONING OF PUBLIC HOUSING UNITS THROUGH THE HUD RENTAL ASSISTANCE DEMONSTRATION/SECTION 18 SMALL PUBLIC HOUSING AUTHORITY BLEND CONVERSION; AUTHORIZE THE APPLICATION FOR THE FINANCIAL REPOSITIONING, THE TRANSITION OF THE PUBLIC HOUSING PROGRAM TO A PROJECT-BASED FUNDING PLATFORM, THE FORMATION OF ONE OR MORE SEPARATE LEGAL ENTITIES, THE DECLARATION OF SURPLUS LAND AND ISSUANCE OF REQUEST FOR PROPOSALS TO PARTNER WITH AN AFFORDABLE HOUSING DEVELOPER; FIND THAT THESE ARE NOT PROJECTS DEFINED IN THE STATE CEQA GUIDELINES (DISTRICTS: ALL)

OVERVIEW

The Housing Authority of the County of San Diego (County Housing Authority) currently owns and operates 121 Public Housing rental units at four developments (Properties) located in the City of Chula Vista. These Properties are operated under the United States Department of Housing and Urban Development (HUD) Public Housing Program. To allow housing authorities access to additional funding sources to meet the growing operating and capital needs of local Public Housing sites, HUD provides several strategies for housing authorities to financially reposition, or convert, the Public Housing subsidy into other HUD platforms. The County Housing Authority is seeking to convert the Properties to project-based vouchers through the Rental Assistance Demonstration/Section 18 Small Public Housing Authority Blend (RAD/ Section 18 Small PHA Blend) process.

After a RAD/Section 18 Small PHA Blend conversion, HUD will continue to provide rental assistance through a Section 8 Project-Based Voucher Housing Assistance Payment contract, ensuring the property remains permanently affordable. This ensures the residents continue to pay an affordable rent and benefit from the same rights and protections experienced under the Public Housing program. Financially repositioning through this process will allow the County Housing Authority to preserve affordable housing units, address rehabilitation and physical needs, and allow for a ground lease to a qualified affordable housing developer to further improve and preserve these affordable housing opportunities well into the future.

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Today's action requests the Housing Authority Board of Commissioners (Board) adopt a resolution authorizing an application to financially reposition the Public Housing Properties through the RAD/Section 18 Small PHA Blend and authorize the Executive Director of the County Housing Authority, or designee, to execute all related forms, certifications, and legal documents related to the conversion of the Public Housing program. Today's action also authorizes the Executive Director of the County Housing Authority, or designee, to form a separate legal entity for the purpose of transferring ownership of the Properties. Additionally, today's action requests the Board to authorize a Request for Proposal (RFP) for the selection of a qualified affordable housing development partner to manage the Properties after they have converted from Public Housing to a project-based voucher (PBV) development.

Today's action supports the County of San Diego (County) vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. In addition, this item supports the County Framework for Ending Homelessness and the Housing Blueprint as the programs administered by the County Housing Authority provide affordable housing opportunities for approximately 11,500 low-income households.

RECOMMENDATION(S)

EXECUTIVE DIRECTOR/HEALTH AND HUMAN SERVICES AGENCY DIRECTOR

1. Find, in accordance with Section 15060(c)(3) of the California Environmental Quality Act (CEQA) Guidelines that the adoption of a Resolution to approve Housing Authority of the County of San Diego (County Housing Authority) Rental Assistance Demonstration/ Section 18 Small Public Housing Authority Blend (RAD/Section 18 Small PHA Blend) Conversion of Public Housing and to authorize the Executive Director of the County Housing Authority, or designee, to execute all required certifications for submittal to the United States Department of Housing and Urban Development, the declaration of Public Housing Properties as exempt surplus land, and the issuance of a Request for Proposals are administrative in nature, and; therefore, are not projects as defined in the state CEQA Guidelines Section 15378.
2. Authorize the Executive Director, or designee, of the County Housing Authority to submit an application for the financial repositioning of the Public Housing Properties through RAD/Section 18 Small PHA Blend and authorize the County Housing Authority Executive Director, or designee, to execute all related HUD forms, certifications, and legal documents.

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3. Authorize the Executive Director, or designee, of the County Housing Authority to transition to a project-based voucher building and execute all related documents, and upon successful conversion completion, close out the current Public Housing program.
4. Adopt a resolution entitled A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN DIEGO AUTHORIZING APPLICATION FOR, AND RECEIPT OF, RENTAL ASSISTANCE DEMONSTRATION/SECTION 18 SMALL PUBLIC HOUSING AUTHORITY BLEND (RAD/ SECTION 18 SMALL PHA BLEND) CONVERSION
5. Authorize the Executive Director, or designee of the County Housing Authority to enter into, execute, and deliver, on behalf of the County Housing Authority, any and all filings, agreements, documents and instruments required or deemed necessary or appropriate to establish one or more separate legal entities for the purpose of transferring ownership of the public housing properties and to take all actions necessary and/or appropriate to implement the same.
6. Declare pursuant to Government Code Section 54221(b) that the Properties located at 778 Dorothy Street, 584 L Street, 1678 Melrose Avenue, 434 F Street, in the City of Chula Vista, are exempt surplus land under Government Code Section 54221(f)(1)(F), because they will be transferred for renovation or redevelopment of affordable housing in accordance with the requirements of those Sections.
7. Authorize the Director, Department of General Services, in consultation with the Executive Director, or designee, of the County Housing Authority to issue a Request for Proposals for potential ground lease and renovations of the Properties, to evaluate the proposals, select proposals for negotiation, and to negotiate with the selected proposers the terms of a Disposition and Development Agreement and/or one or more ground lease(s) for the Properties, as applicable.
8. Hold public hearing to receive public comments on the County Housing Authority's plan to financially reposition the Public Housing program through the RAD/Section 18 Small PHA Blend.

EQUITY IMPACT STATEMENT

The Housing Authority of the County of San Diego (County Housing Authority) administers various rental assistance programs funded by the United States Department of Housing and Urban Development intended to assist very low-income households to afford decent, safe, and sanitary housing in the private market. This includes 121 Public Housing rental units at four developments located in the City of Chula Vista. As mandated by federal regulations, at least 75 percent of rental assistance applicants must qualify as an extremely low-income family earning 30 percent of the

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area median income (AMI) or less, and the remaining applicants must not exceed the low-income threshold of 50 percent of the AMI or less.

To ensure equitable access, the County Housing Authority gives priority to applicants who have one or more of the following members in the household: working applicant, elderly person, disabled person, dependent children, homeless applicant, veteran, or surviving spouse of veteran. The participant distribution, as of July 2025, is noted below. Due to the overlapping categories, the total does not equal 100%.

- 44% are elderly and/or disabled single tenants
- 10% are single parents with children in the household
- 29% have children in the household
- 67% have a head or spouse who is either elderly and/or disabled

The County Housing Authority incorporates the “voice of the customer” in policy and budget development through consultation with the Housing Authority Resident Advisory Board. This is accomplished by regularly meeting with the residents living in the Housing Authority Properties, through the inclusion of tenant commissioners on the Housing Authority Board of Commissioners, and by public engagement in the development of the County housing authority policies, programs, operations, and strategies to meet local housing needs and goals.

SUSTAINABILITY IMPACT STATEMENT

Today’s proposed action will advance the County of San Diego (County) Sustainability Goals #1, #2, and #4 by engaging the community in meaningful ways, providing just and equitable access to County services, and protecting the health and well-being of residents.

Sustainability Goals #1 and #3 are accomplished by engaging the public and assisted residents in the policy planning process to create intentional collaborative community engagement opportunities that strengthen healthy, safe, and thriving communities. Sustainability Goal #2 is accomplished by bringing a lived experience lens to the governing body of the County Housing Authority, through the tenant commissioners, when approving program activities such as the Public Housing Agency plan, the annual budget requests for funding, changes in program administration, and implementation of housing programs.

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FISCAL IMPACT

Recommendations 1-6

Funds for this request are included in the Fiscal Year (FY) 2025-27 Operational Plan for the Health and Human Services Agency. If approved, this request will result in one-time estimated costs and revenue of \$872,000 in FY 2025-26, \$579,000 in FY 2026-27, and \$1,150,000 in FY 2027-28, for an estimated total cost of \$2,600,000 from FY 2025-26 through FY 2027-28. This includes entity formation costs, environmental review costs, administrative costs, and consultant services. The funding source is existing one-time General Purpose Revenue available for Public Housing Capital Needs. There will be no change in net General Fund costs and no additional staff years.

The Housing Authority of the County of San Diego (County Housing Authority) receives capital funds and operating subsidies, rental assistance, and other income totaling approximately \$1.7 million in annual revenue currently for the Public Housing program. The preliminary analysis shows that the Rental Assistance Demonstration /Section 18 Small Public Housing Authority Blend (RAD/Section 18 Small PHA Blend) would generate approximately \$4.0 million in rental income annually, in addition to over \$0.2 million in administrative fees revenue, further leveraging additional funding sources, such as Housing Assistance Payments (HAP). Based on this preliminary rent analysis, RAD/Section 18 Small PHA Blend is significantly more advantageous financially to the County Housing Authority than the Public Housing program and would therefore benefit the current and future residents. Funds for subsequent years will be incorporated into the future County Housing Authority budget to support future Public Housing Capital Needs.

Recommendation 7

Funds for this request are included in the FY 2025-27 Operational Plan for the Health and Human Services Agency. If approved, this request will result in one-time costs and revenue of approximately \$250,000 in FY 2025-26 for Department of General Services staff and consultant costs related to issuance of the RFP, selection of the developer, negotiation of the terms of the DDA, if applicable, and ground lease. The funding source is the existing one-time General Purpose Revenue available for Public Housing Capital Needs. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

This item was reviewed at the Resident Advisory Board meeting on January 16, 2025 and May 13, 2025 and they support the proposed plan.

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BACKGROUND

The Housing Authority of the County of San Diego (County Housing Authority) currently owns and operates 121 rental units at four developments located in the City of Chula Vista. These developments (collectively referred to as “Properties”) are operated under the United States Department of Housing and Urban Development (HUD) Public Housing Program:

- Dorothy Street Manor, 778 Dorothy Street, Chula Vista, CA 91911
- L Street Manor Apartments, 584 L Street, Chula Vista, CA 91911
- Melrose Manor Apartments, 1678 Melrose Avenue, Chula Vista, CA 91911
- Town Center Manor, 434 F Street, Chula Vista, CA 91910.

Dorothy Street Manor, L Street Manor, and Melrose Manor are made up of two- and three-bedroom units for families (62 units total). Town Center Manor provides 58 one-bedroom units and one two-bedroom unit for elderly and/or disabled households. The Properties were built between 1984-1992 and will continue to require upgrades to major systems and other capital improvements to preserve them as affordable rental housing. On-going costs for utilities, operating, and maintenance for the Properties continue to increase.

To address the chronic underfunding that limits the federal Public Housing Program’s ability to meet the operational and capital needs of local Public Housing sites, HUD encourages housing authorities to convert Public Housing units to other HUD-supported programs. Transitioning from the Public Housing Capital Fund and Operating Fund to a Section 8 funding stream provides a more stable and long-term source of funding for these properties. Financial repositioning allows the County Housing Authority to preserve affordable housing units, address capital improvement and rehabilitation needs, offer additional housing opportunities to the residents, and enter into a ground lease with a qualified affordable housing developer. Such actions help ensure the long-term sustainability and enhancement of affordable housing opportunities in the community.

On March 13, 2024 (HA01), the County Housing Authority Board of Commissioners (Board) approved the exploration of HUD approved options to financially reposition the public housing portfolio. On March 12, 2025 (HA01), the Board authorized the submittal of the Five-Year Plan and Annual Agency Plan which subsequently notified HUD of the intent to apply for repositioning through the Rental Assistance Demonstration/Section 18 Small Public Housing Authority Blend (RAD/ Section 18 Small PHA Blend) option. Prior to obtaining Board approval, in January 2025, County Housing Authority staff met with the Resident Advisory Board, which consists of Section 8 Housing Choice Voucher and/or Public Housing participants, and the Public Housing residents

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to share information and obtain feedback on the proposed plan. Both groups were in support of the project.

Recommendations 1, 2, 3 and 4: Financial Repositioning

Currently, the Properties receive revenue through three main sources: 1) tenant rent, 2) an annual operating subsidy, and 3) an annual capital grant. Tenants can choose to pay a “flat rent” or 30% of their adjusted income as rent (currently, all households have chosen to pay 30% of their income). The annual operating subsidy and capital grant provided by HUD are based on calculations that do not provide adequate funding to provide for the on-going or major maintenance needs of the Properties.

The County Housing Authority consulted with the HUD field office and HUD repositioning technical consultants to determine the best option for conversion. Based on an assessment of the conversion options and requirements, the size and status of the Properties, and analysis of the local housing stock and market factors, the County Housing Authority can maximize revenues received from HUD through the RAD/Section 18 Small PHA Blend conversion. This allows greater flexibility and improved housing quality for residents.

After the Properties are converted, tenants will continue to pay affordable rent, capped at 30% of their adjusted income and the new rent schedule will allow the County Housing Authority to receive funding from HUD based on market rents in the area and adjusted annually. The conversion process is estimated to increase revenue from HUD by 147%, which will allow the County Housing Authority to cover increases in on-going costs and build adequate reserves to address major improvements like roof replacements, parking lot paving, and other critical systems upgrades.

The County Housing Authority has retained a RAD consultant with vast experience in HUD repositioning methodologies for guidance and technical assistance through the conversion process, which is estimated to take 18 months to complete. The role of the consultant is to provide guidance on real estate tax requirements, perform a market study analysis, conduct capital and physical needs assessments, prepare the financing plans, and make policy recommendations. Additionally, the consultant will prepare an as-needed relocation plan and participate in resident engagement activities.

The capital and physical needs assessments will be used to identify any critical or immediate repairs that must be completed within a two-year period following conversion. If the repairs require any tenants to be temporarily relocated, the consultant will engage with impacted residents and

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ensure all Uniform Relocation Act requirements are adhered to. Staff will return to the Board after completing the assessments and environmental review to determine if the work is exempt from the California Environmental Quality Act (CEQA) or will not have a significant impact on the environment.

Upon HUD approval and completion of the RAD/Section 18 Small PHA Blend conversion process, the County Housing Authority's Public Housing units will be converted to project-based vouchers, assistance attached to specific units. During and post-conversion, all current residents will have the right to remain in their units and continue to pay the same affordable rent based on their income. As a project-based voucher development, residents will then be eligible to request a tenant-based Housing Choice Voucher, a voucher attached to the resident, one-year after conversion completion and contingent upon funding, potentially expanding opportunities for new households at the Properties.

Upon conversion, the County Housing Authority Public Housing waitlist will convert to a project-based voucher waitlist. All applicants on the current Public Housing waiting list would retain their status and would not have to reapply for a new waiting list. Public notice and outreach will occur to inform all applicants and the public of the change in the type of waiting list.

Today's action requests the Board authorize the County Housing Authority to submit an application to HUD for the RAD/Section 18 Small PHA Blend conversion process and, subject to HUD approval, transition the County Housing Authority Public Housing Program to a project-based funding platform.

Recommendation 5: Formation of a Separate Legal Entity

As part of the conversion process, the ownership of the 121 units will need to be transferred to one or more separate legal entities (SLEs). Since the County Housing Authority will receive the Housing Assistance Payment funding and administrative fees from HUD to administer the project-based voucher payments, a SLE is required to receive the contract payments and rental revenue. While the primary and immediate function for the SLE will be ownership and property management of low-income housing, the County Housing Authority will also benefit by maintaining control of the separate entity, limiting liability, and remaining eligible for property and income tax exemptions. Typically, housing authorities will create a single member limited liability company (LLC) or a 501(c)(3) nonprofit public benefit corporation when repositioning to project-based vouchers. Both options will be tax-exempt and result in limited liability.

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An LLC will provide long-term asset management and stability as the LLC would hold and manage the Properties and contract to receive project-based vouchers. Although the liability protection afforded to the County Housing Authority by an LLC is essentially the same as that provided by a 501(c)(3) nonprofit corporation, there are some major advantages of LLC formation over 501(c)(3) nonprofit formation. These include a shorter timeframe to form the LLC, streamlined reporting and compliance requirements, and flexibility in the management and organization structure.

Today's action requests the Board authorize the formation process of an LLC as the SLE and approve the transfer of the Properties to the SLE contingent upon HUD approval of the RAD/Section 18 Small PHA Blend application.

Recommendations 6 and 7: Developer Procurement

Once repositioning is complete, the County Housing Authority will seek a partnership with an affordable housing developer in order to leverage other funding to bring in revenue for renovations, services, and to ensure units remain safe and stable homes for low-income families and seniors.

The California Department of Housing and Community Development has concluded that the transfer of Properties to one or more limited liability companies wholly owned and controlled by the County Housing Authority is not a disposition of surplus land and therefore is not subject to the Surplus Land Act. However, upon issuing a Request for Proposal (RFP) to engage an affordable housing developer the Surplus Land Act will apply since the RFP contemplates a disposition or transfer of the Properties, by lease. Therefore, the first step in this disposition process is the approval by the Board of a declaration that the Properties are exempt surplus land under Government Code Section 54221(b) since the unit and affordability requirements of the Properties will conform, at a minimum, to Government Code Section 54221(f)(1)(F) of the Surplus Land Act.

Through the RFP process a developer will be selected, and a Disposition and Development Agreement (DDA) and/or one or more ground lease(s) will be negotiated, as applicable, for all the Properties. Staff will then return to the Board for approval of the DDA and/or ground lease(s) and related CEQA findings. Once approved, the selected development partner would oversee day-to-day operation of the Properties, necessary renovations, ensure the units are maintained, and provide resident services. The County Housing Authority would oversee the terms of the ground lease(s), administer the project-based vouchers, and ensure the Properties remain affordable.

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Today's action requests the Board authorize the Department of General Services to issue an RFP for the selection of a qualified affordable housing development partner to manage the Properties after they have converted from Public Housing to a project-based voucher development.

Recommendation 8: Public Hearing to Receive Public Comment

As part of community engagement efforts, a 45-day public comment period began on September 19, 2025, and concludes with today's hearing. Announcements were published on the County Housing Authority website, made available at the County Housing Authority, located at 3989 Ruffin Road in San Diego and at the four Public Housing sites, placed in the Asian Journal, Beirut Times, El Latino San Diego, Nguoi Vet, San Diego Daily Transcript, San Diego Union Tribune, San Diego Voice and Viewpoint, Tehran International Weekly Magazine, The Korea Times, and Saigon Times newspapers to describe the proposed repositioning process for review and comment. The notices were translated into all County threshold languages, and the Public Notices were also delivered via e-mail to 134,346 individuals that subscribe to various County Housing Authority email distribution lists.

Notifications related to the proposed conversion were made to the City of Chula Vista and Public Housing residents. The City of Chula Vista Council voted unanimously on September 23, 2025, to provide a letter of support for the County Housing Authority's repositioning application. Additionally, resident consultation meetings were held on September 18, 2025, in multiple languages and additional meetings will continue to occur at all milestones of the RAD/Section 18 Small PHA Blend conversion process.

Today's action requests the Board to receive public comments on the County Housing Authority's plan to financially reposition the Public Housing portfolio through the RAD/ Section 18 Small PHA Blend option. To date, several public comments have been received regarding the need to continue to preserve the Properties as affordable rental housing for the community.

ENVIRONMENTAL STATEMENT

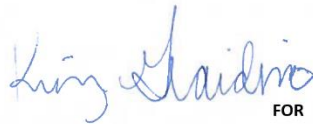
Today's item includes administrative activities that will not result in direct or indirect physical changes in the environment, are not projects as defined in the state CEQA Guidelines Section 15378, and, therefore, are not subject to CEQA pursuant to Section 15060(c)(3) of the state CEQA Guidelines. Additionally, today's actions do not commit the County of San Diego to a definite course of action with respect to any project. Upon the determination of capital improvements and rehabilitation needs for the Properties and a developer is selected, staff will return to the Board with the appropriate environmental findings.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's actions support the County of San Diego 2025-2030 Strategic Plan Initiatives of Sustainability (Economic), Community (Quality of Life), and Equity (Housing) by creating policies to reduce and eliminate poverty, promoting economic sustainability for low-income families and improving quality of life. The Housing Authority of the County of San Diego provides programs and services that enhance the community by increasing the well-being of our residents and utilizing policies, facilities, infrastructure, and finance to provide housing opportunities that meet the needs of the community.

Respectfully submitted,



FOR

KIMBERLY GIARDINA
Executive Director

ATTACHMENT(S)

Attachment A – A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN DIEGO AUTHORIZING APPLICATION FOR, AND RECEIPT OF, RENTAL ASSISTANCE DEMONSTRATION/SECTION 18 SMALL PUBLIC HOUSING AUTHORITY BLEND (RAD/ SECTION 18 SMALL PHA BLEND) CONVERSION

Attachment B – Housing Authority of the County of San Diego Public Housing Developments