



*Building homes, communities and hope since 1988*

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Honorable Mayor and Councilmembers:

There were several comments made at the Council meeting on November 15th mischaracterizing benefits of a contract with Cal Vet and about San Diego Habitat for Humanity's accountability throughout the time we were operating under an exclusive negotiating agreement with the Housing Authority of the City of Poway regarding our proposed affordable housing community on Twin Peaks Road. In an effort to continue to provide accurate information to the City, below are some clarifying facts.

**Regarding Cal Vet:**

**Funding:** Cal Vet provides an interest bearing loan to each home owner. The loan is what the family can afford. The benefit of CalVet funds is they are early funds to get a project started. When a family is approved, 50% of the affordable mortgage is advanced for construction. At the completion of foundations, and again at the completion of framing, an additional 20% is advanced. The balance of 10% is funded at completion of the project. Our proforma has a range of \$170K to \$208K for an affordable 0% interest mortgage.

If you use an affordable mortgage of \$200K as an example:

- \$100K upon approval of a family and open of escrow
- \$40K when foundations are poured
- \$40K when framing is complete
- \$20K when the home is complete
- \$200K total funds for each home

The project costs are:

\$8.0M for 22 homes, or \$363K per home

Total contribution by CalVet:  $22 \times \$200K = \$4.4M$  Contribution of City land = \$1M

Total contributions by CalVet and City of Poway = \$5.4M, leaving a gap of \$2.6M. **This funding gap has always existed.**

None of the enriched programs can be funded by Cal Vet funds.  
Open space **cannot** be funded by Cal Vet dollars.

**Cal Vet Contract:** Attached is the portion of the contract showing that the project Monitor (Homes 4 Families) would have had all powers of approval, even before submittal to the City, without any monetary responsibility for the project at any time. Should you like to review the contract in its entirety, we will gladly provide it. We would also be glad to share the revised contract we drafted and proposed that would have built a strong statewide partnership useful for CalVet, the Monitor (Homes 4 Families)

and many other organizations, as well as San Diego Habitat for Humanity. These suggestions were rejected.

**Supportive Services :** San Diego boasts a strong, county-wide coalition of service organizations that are setting the standard on how best to help veterans return to a productive and thriving civilian life after separation from military service. Habitat has been working with all of these organizations for the past two years, providing wrap around and supportive services to the veterans that are on the interest list for the proposed Poway community. The goal is to prepare them for homeownership, and for general success in civilian life. At the July 19th, Council meeting, Habitat committed to the City that we would provide these services, beginning at the start of construction, for the course of three years. We remain strong to that promise, and have built organizational capacity to that end with dedicated staff.

**Deed Restriction :** Attached is the portion of the Cal Vet agreement that provides for an affordability restriction. The CalVet model provides a 10-year affordability restriction. If a homeowner sells the home before 10 years have passed, it is resold to a low-income veteran; **if the home is sold after 10 years, there is no requirement to sell to another veteran.** When this information was shared with City staff, we were told that would not be acceptable. The city would insist on a 45 year deed restriction with a veteran only provision.

**For the reasons discussed above, Habitat refused to enter into an agreement with CalVet as proposed, which led to their ultimate withdrawal of the project and partnership. Further, the City was aware of this development when it occurred in April, 2015, and continued to negotiate with Habitat until November 15, 2016.**

The following is further clarification of some of the other comments made at the Council meeting not involving the history of Cal Vet involvement:

**Timeliness:** Habitat has worked proactively, timely and cooperatively with City staff to comply with City standards. Only one deadline was missed, when San Diego Habitat became aware that the Housing Authority had authorized additional injections of Chromium into the site for remediation. It was in the City's interests, as well as Habitat's and our future homeowners, to have a full understanding of what that meant, and whether the City and Phillips could provide assurances that the site was safe for residential use. Could the City provide clearance from the Dept. of Environmental Health?

Additionally, the DDLA states that Habitat would start construction 30 days after close of escrow. The City agreed to injecting chromium into the site, which takes a full year to dissipate. It was only when Habitat said we could not move forward under that time frame that there was movement to figure out how to remove all but two or three of the wells on the property. The Authority's attorneys repeatedly told us we could start construction and work around the wells. It is not possible to start grading with 30 wells spread out over the entire property.

**Environmental:** The public record did not provide a clear path of clearance on chemicals that are harmful in the air to pregnant women. The concern by the public about water contamination and chemical contamination is very sensitive. Habitat paid for the extra study to verify that chemicals from a prior dry cleaning operation had not contaminated the property. Had something come up later, or even the question of the possibility, the City would have been very embarrassed by the publicity. Habitat also needed to be able to tell our families we had done everything to verify their property is safe.

**Homes for Heroes:** All Council and City staff were invited to attend sensitivity training regarding veteran issues, to which none accepted. The first thing we learned at this training was that veterans do not want to be called "heroes." We see them as heroes but they do not see themselves as heroes. They will not apply for, nor do they want to live in a place that puts so much emphasis on something they consider inappropriate or embarrassing.

While there is frustration that the City is being labelled as anti-veteran, ultimately the Council denied 22 veterans the opportunity to become Poway citizens in an honorable and affordable way. However, we believe that Poway respects veterans and would very much like to build homes for those veterans. **If Poway wants to partner with CalVet or another nonprofit to get an affordable project built, San Diego Habitat would support that effort in any way that we can.**

San Diego Habitat has worked over two years to bring this project to fruition. We have met or exceeded all City requirements. When we were asked to reduce density below the City standard, we did. When we were asked to increase parking, we did. When we were asked to put the open space in the middle of the project, we did. At every Council meeting discussing the ENRA, an update was provided. The Council was fully aware Habitat was processing plans for a 26-unit community through the City's development department, in an effort to comply with the City's goal of getting this project underway as quickly as possible. **Every time this item was before the Council, the Council voted unanimously to approve the ENRA.** San Diego Habitat moved through the entire process believing we were in partnership with the City of Poway. We were led to believe we had a shared goal and that all parties were aware of the effort to realize that goal.

We now know that the City does not wish to put affordable veteran housing on this piece of property. San Diego Habitat has expended \$553,398 of direct costs on this project. We respectfully request the City reimburse us for these costs as it has now become clear the City never intended to vote for this project to move forward. Reimbursement will allow Habitat to advance its mission for affordable housing in our County. We will provide detailed expense reports at your request.

Sincerely,



Mark Emch  
Board Chair, San Diego Habitat for Humanity



Lori Holt Pfeiler  
President/CEO, San Diego Habitat for Humanity