

ORDINANCE NO. 11483
(New Series)

JAN 23 1975

AN ORDINANCE AMENDING THE SAN DIEGO MUNICIPAL CODE BY ADDING CHAPTER 9, ARTICLE 9, SECTIONS 99.0101 THROUGH 99.0905, RELATING TO THE ESTABLISHMENT OF A RESIDENTIAL REHABILITATION LOAN PROGRAM.

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That the San Diego Municipal Code be, and it is hereby amended by adding Chapter 9, Article 9, Sections 99.0101 through 99.0905, to read as follows:

ARTICLE 9

RESIDENTIAL REHABILITATION LOAN PROGRAM

DIVISION 1

IN GENERAL

SEC. 99.0101 PURPOSE

This chapter provides for the administration and financing of a Rehabilitation Assistance Program (RAP) in the City of San Diego. The provisions of this chapter constitute the City's comprehensive residential rehabilitation financing program adopted pursuant to the Marks-Foran Residential Rehabilitation Act of 1973, Section 37910, et seq., of the California Health and Safety Code. The purpose of RAP is to improve the condition of housing and the quality of life in San Diego by providing a means through which property owners in voluntarily designated residential areas in San Diego which are deteriorating may obtain financial assistance

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to rehabilitate their property. It shall be the policy of RAP in San Diego to preserve and improve existing residential neighborhoods. The methods to be used consist of concentrated code enforcement, relocation assistance, low-cost, long-term loans for property rehabilitation, and public improvements necessary to ensure the successful rehabilitation of the area, and it shall be the policy of the City to provide adequate funding for these purposes as funds are available.

SEC. 99.0102 DEFINITIONS

Unless the context otherwise requires, the following definitions govern the construction of this chapter:

A. "Housing Advisory and Appeals Board" means the Board described in Section H-203 of the San Diego Housing Code.

B. "Housing Advisory Board" means the Board described in Section 98.29 of the San Diego Municipal Code.

C. "Bonds" means any bonds, notes, interim certificates, debentures, or other obligations issued by the City pursuant to this chapter and which are payable exclusively from revenues, as defined, and from any other funds specified in this chapter upon which the bonds may be made a charge and from which they are payable.

D. "City" means The City of San Diego.

E. RAP "Citizens Advisory Committee" (CAC) means the broadly represented committee established in accordance with Section 99.0401.

F. "Code enforcement area" has the same meaning as "residential rehabilitation area."

G. "Conventional RAP loan" means any residential rehabilitation loan made pursuant to the provisions of this chapter which is not a hardship loan.

H. "Designated area" has the same meaning as "residential rehabilitation area."

I. "Financing" means the lending of money or any other thing of value for the purpose of residential rehabilitation and unless otherwise indicated includes refinancing of outstanding indebtedness of a participating party with respect to property which is subject to residential rehabilitation.

J. "General property improvements" means those items of residential rehabilitation which are not necessary to remedy either existing violations of the City Housing Code or other applicable City codes relating to the physical conditions of structures, or incipient violations thereof.

K. "Hardship loan" means a loan of not more than \$3,500 made to a low-income owner-occupant of property requiring residential rehabilitation made pursuant to Division 8 of this chapter.

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L. "Incipient Code Violation" is a physical condition which can be expected to deteriorate into a violation of a rehabilitation standard within two years.

M. "Loan Committee" means the committee established in accordance with Section 99.0403.

N. "Participating party" means any person, company, corporation, partnership, firm or other entity or group of entities requiring financing for residential rehabilitation pursuant to the provisions of this chapter.

O. "Program" means the Rehabilitation Assistance Program described in this chapter and includes, but is not limited to, the provisions for code enforcement, rehabilitation financing, and installation of public improvements in residential rehabilitation areas.

P. "Rehabilitation Assistance Program" or "RAP" has the same meaning as "program."

Q. "Rehabilitation standards" means the standards established in the City Housing Code and other applicable City codes which assure adequate and safe structures and utility systems without deficiencies of physical conditions in order to protect the health, safety and/or general welfare of inhabitants.

R. "Residence" means any structure, residential or commercial, which is located in a residential rehabilitation area.

S. "Residential rehabilitation" means the construction, reconstruction, renovation, replacement,

extension, repair, betterment, equipping, developing, embellishing, or otherwise improving residences consistent with standards of strength, effectiveness, fire resistance, durability, and safety, so that such structures are satisfactory and safe to occupy for residential purposes and are not conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime because of any one or more of the following factors:

1. Defective design and character of physical construction.
2. Faulty interior arrangement and exterior spacing.
3. Inadequate provisions for ventilation, lighting and sanitation.
4. Obsolescence, deterioration and dilapidation.

T. "Residential rehabilitation area" means the geographical area determined pursuant to the provisions of Division 5 hereof. It may also be referred to as the "designated area" or the "Code enforcement area."

U. "Residential rehabilitation loan fund" means the fund established with the proceeds of bonds issued pursuant to the provisions of this chapter.

V. "Revenues" means all amounts received as repayment of principal, interest, and all other charges received for, and all other income and receipts derived by, the City of San Diego from the financing of

residential rehabilitation, including monies deposited in a sinking, redemption or reserve fund, or other fund, to secure the bonds or to provide for the payment of the principal of, or interest on, the bonds, and such other monies as the City Council may, in its discretion, make available therefor.

SEC. 99.0103 REFERENCES TO PUBLIC OFFICIALS AND PUBLIC AGENCIES

A. Unless otherwise indicated, all public officials and public agencies named in this chapter are officials and agencies of the City.

B. Whenever a City official is referred to in this chapter, the reference includes that official and his or her designee or designees.

C. All references to the Charter or to ordinances are references to the Charter or ordinances of the City.

D. Under direction and review of the City Manager, the managerial, the planning, and legal departments should appropriately participate in the RAP Program.

DIVISION 2

RESPONSIBILITIES OF CITY COUNCIL

SEC. 99.0201 ISSUANCE OF BONDS

The City Council may from time to time by resolution authorize the issuance of bonds pursuant to this ordinance for the purpose of establishing a loan fund to be used to assist property owners with the rehabilitation of property located in residential rehabilitation areas. The repayment of principal, interest and other

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charges on the loans to property owners, together with such other monies as the City Council may, in its discretion and for a public purpose, make available therefor, shall be the sole source of funds pledged by the City for repayment of such bonds. Bonds issued under the provisions of this chapter shall not be deemed to constitute a debt or liability of the City or a pledge of the faith and credit of the City, but shall be payable solely from the funds specified in this section. The issuance of such bonds shall not directly, indirectly or contingently obligate the City Council to levy or to pledge any form of taxation whatever therefor, or to make any appropriation for their payment.

SEC. 99.0202 COMMITMENT TO ENFORCE REHABILITATION
STANDARDS AND IMPLEMENT PLAN FOR PUBLIC
IMPROVEMENTS

Prior to using funds generated by the issuance of bonds pursuant to this chapter for financing residential rehabilitation in any residential rehabilitation area, the City Council shall adopt a resolution committing the City, subject to budgetary and fiscal limitations, to:

A. Enforcement of rehabilitation standards in 95 percent of the structures in the residential rehabilitation area; and

B. Implementation of plan for improvements and sustained good maintenance of public facilities and services in the residential rehabilitation area, which

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plan has been developed with citizen participation and adopted by the City Council after a public hearing.

Enforcement of rehabilitation standards shall be deemed to have been completed when a structure has been brought into compliance with rehabilitation standards; when a structure is the subject of litigation directed to requiring compliance with rehabilitation standards; or when the owner of a structure is given a deferred time by the Housing Advisory & Appeals Board for compliance with specified rehabilitation standards which do not constitute immediate life hazards as that term is defined by the Director of the Building Inspection Department.

SEC. 99.0203 DESIGNATION OF RESIDENTIAL REHABILITATION AREAS

The City Council shall be responsible for designating residential rehabilitation areas following the procedures and criteria provided for in Division 5.

SEC. 99.0204 APPROVAL OF FEES, CHARGES AND INTEREST RATES ON FINANCING

The City Council shall, upon the recommendation of the City Manager, and after a duly noticed public hearing, approve by resolution prior to levy, all fees, charges and interest rates to be charged participating parties in connection with financing residential rehabilitation.

SEC. 99.0205 REVISION OF LOAN CHARGES

Prior to any revision of the fees, charges and interest rates for financing residential rehabilitation,

the City Council shall prescribe standards for the revision of such fees, charges and interest rates.

Such standards:

A. Shall be adopted by the City Council after a public hearing preceded by public notice to affected parties; and

B. May reflect only changes in interest rates on the City's bonds, losses due to defaults, and bona fide changes in loan servicing charges related to the administration of a program under the provisions of this chapter.

DIVISION 3

ADMINISTRATION OF PROGRAM

SEC. 99.0301 RESPONSIBILITY FOR ADMINISTRATION OF PROGRAM

The City Manager shall be responsible for administration of all aspects of the Rehabilitation Assistance Program except those for which responsibility is specifically retained by the City Council or assigned by the City Council to another City agency. The City Manager and each City agency assigned responsibilities by or pursuant to this chapter, shall have all such authority as may be reasonably necessary to carry out those responsibilities. The City Manager may also request the assistance of any other City agency in meeting his or her responsibilities under this program. The Housing Advisory Board shall serve in a review and advisory capacity to the City Manager and City Council.

SEC. 99.0302 RULES AND REGULATIONS

The City Manager shall promulgate such rules and regulations as he or she may deem appropriate to carry out the provisions of this chapter. These rules and regulations shall be developed with the participation of the Citizen Advisory Committees. A copy of all such rules and regulations shall be available for review by the public during regular business hours in the office of the City Clerk, the Building Inspection Department, and in every other office established for the purpose of carrying out this program.

SEC. 99.0303 MANAGEMENT OF BOND PROCEEDS

Unless provided otherwise in any bond resolution adopted pursuant to the provisions of this chapter, the City Manager may:

- A. Invest and reinvest both the bond proceeds and the revenues from the financing of residential rehabilitation; and
- B. Manage fiscally the proceeds of bonds issued for the purpose of establishing a residential rehabilitation loan fund; or
- C. Enter into contractual arrangement with private lending institutions or trust companies to manage the residential rehabilitation loan fund, including investment and reinvestment of the funds, disbursements from the fund and collection of revenues.

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SEC. 99.0304 RECOMMENDATION OF FEES, CHARGES, AND
INTEREST RATES ON FINANCING

The City Manager, acting on the advice of the City Auditor and Comptroller, shall recommend to the City Council for adoption:

A. The fees, charges and interest rates which will be charged participating parties in connection with financing residential rehabilitation; and

B. Revisions, as necessary, of the fees, charges and interest rates levied on participating parties, consistent with the standards adopted by the City Council pursuant to Section 99.0205.

SEC. 99.0305 NOTICE OF DEFAULTS AND FORECLOSURES

When there is a default on a conventional RAP loan secured by a deed of trust naming the City as a beneficiary and the property becomes subject to foreclosure procedures, the City Manager shall so inform the Citizens Advisory Committee for the residential rehabilitation area where the property is located. The City Manager, Housing Advisory Board and the RAP-CAC may make reasonable efforts to enable owners' retention of property and/or equity.

SEC. 99.0306 PUBLICATION OF EXPLANATORY BROCHURE

Subject to funds being available, the City Manager shall cause to be published and available for distribution to the public a brochure describing RAP and how it affects both tenants and property owners. Every

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effort will be made to encourage and foster a balanced community development in accordance with City Council Policy 600-19.

DIVISION 4

CITIZENS ADVISORY COMMITTEE -
AREA LOAN COMMITTEE

SEC. 99.0401 CITIZENS ADVISORY COMMITTEE - MEMBERSHIP

A. There shall be established a RAP Citizens Advisory Committee for each residential rehabilitation area. Any such committee shall function under Section 43(b) of the Charter of The City of San Diego until the completion of the objective for which it was created at which time it shall be dissolved. Each Citizens Advisory Committee shall consist of eleven (11) persons and shall function with a quorum of seven (7) persons.

B. At least six (6) members of the RAP Citizens Advisory Committee shall be owners of real property located within the rehabilitation area.

C. Not more than three (3) members of the RAP Citizens Advisory Committee shall be tenants who are residents of the designated area.

D. At least two (2) members of the RAP Citizens Advisory Committee shall be representatives of organized community groups, providing services to the area. The status of a representative of a community group as a tenant or as a property owner shall not be

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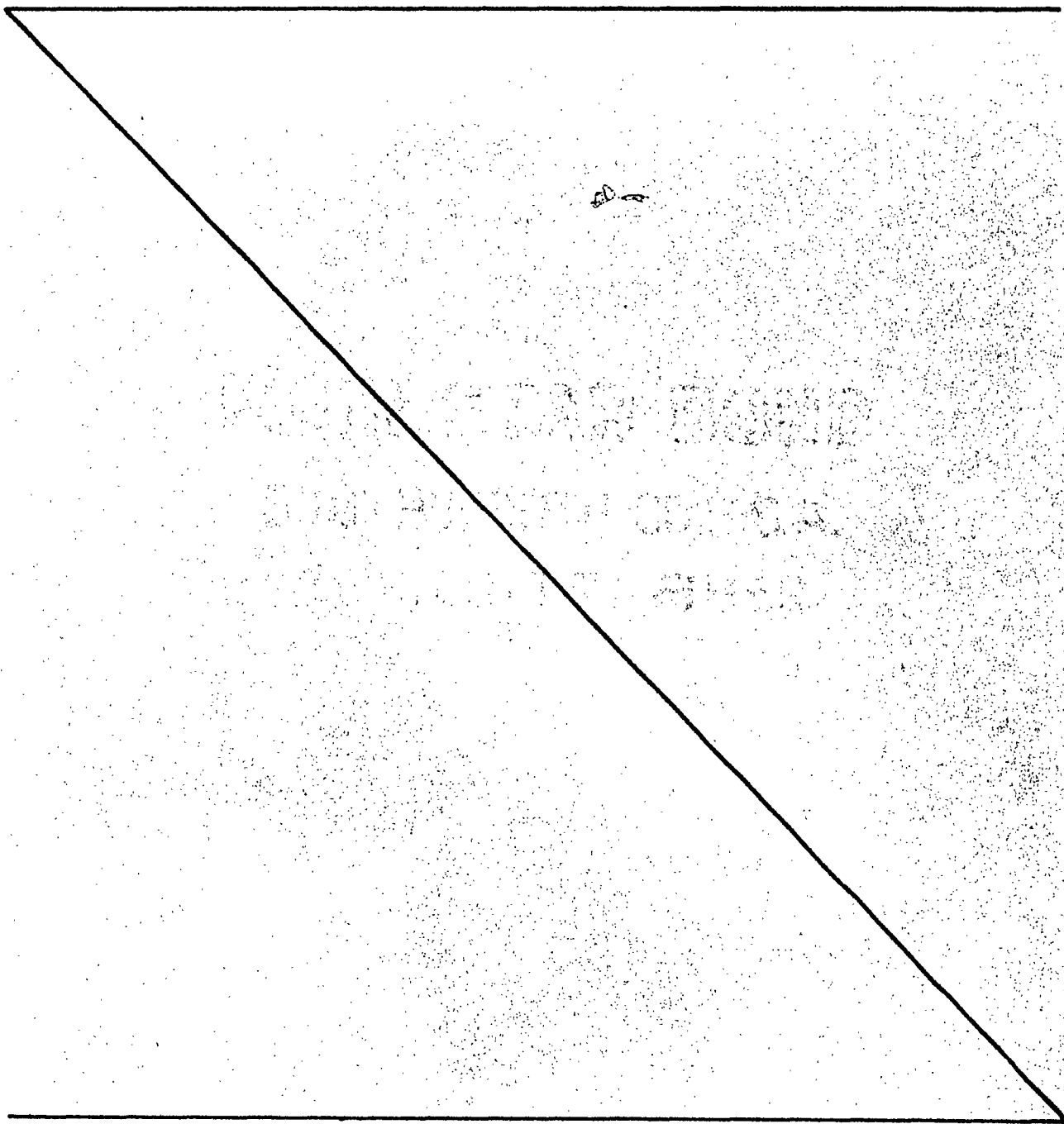
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considered for the purpose of determining compliance with subsections B and C. Where there are no organized community groups providing services to the area, the two (2) member allocation shall be equally divided and



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given to the property owner and tenant constituency on the committee.

The Housing Advisory Board described in Section 98.29 of the San Diego Municipal Code, which is a permanent Board with on-going functions in housing matters, will monitor and assist the RAP program as necessary. Housing Advisory Board members will be notified and invited to attend RAP-CAC meetings as ex officio.

**SEC. 99.0402 RAP CITIZENS ADVISORY COMMITTEE -
FUNCTIONS**

The functions of the Citizens Advisory Committee include the following:

- A. Assist the relevant City departments in developing a plan for public improvements in the residential rehabilitation area;
- B. Participate with the City Manager in development of the rules and regulations governing implementation of the program;
- C. Assist the City Manager in implementation of the residential rehabilitation program in the residential rehabilitation area;
- D. Appoint a representative from the residential rehabilitation area to the Loan Committee;
- E. Act as liaison between the City Manager and the owners of property in, and residents of, the

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residential rehabilitation area in solving problems which arise in the course of implementation of the program.

F. Periodically monitor rents in the residential rehabilitation area, before and after rehabilitation work has been done under a RAP loan, to determine if unreasonable rent increases have occurred, and take appropriate action when this is the case.

SEC. 99.0403 LOAN COMMITTEE - MEMBERSHIP

There shall be a Loan Committee which shall function under Section 43(b) of the Charter of The City of San Diego until completion of the objective for which it was created at which time it shall be dissolved. Said committee shall consist of the following members:

- A. One individual from each residential rehabilitation area recommended by the Citizens Advisory Committee for the area;
- B. The City Manager or his designated representative;
- C. One individual qualified in the field of real estate lending and financing who shall be appointed by the Mayor and City Council, unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter; and
- D. A member of the Housing Advisory Board.

In the event a contractual arrangement is entered into by the City pursuant to Section 99.0303 under the

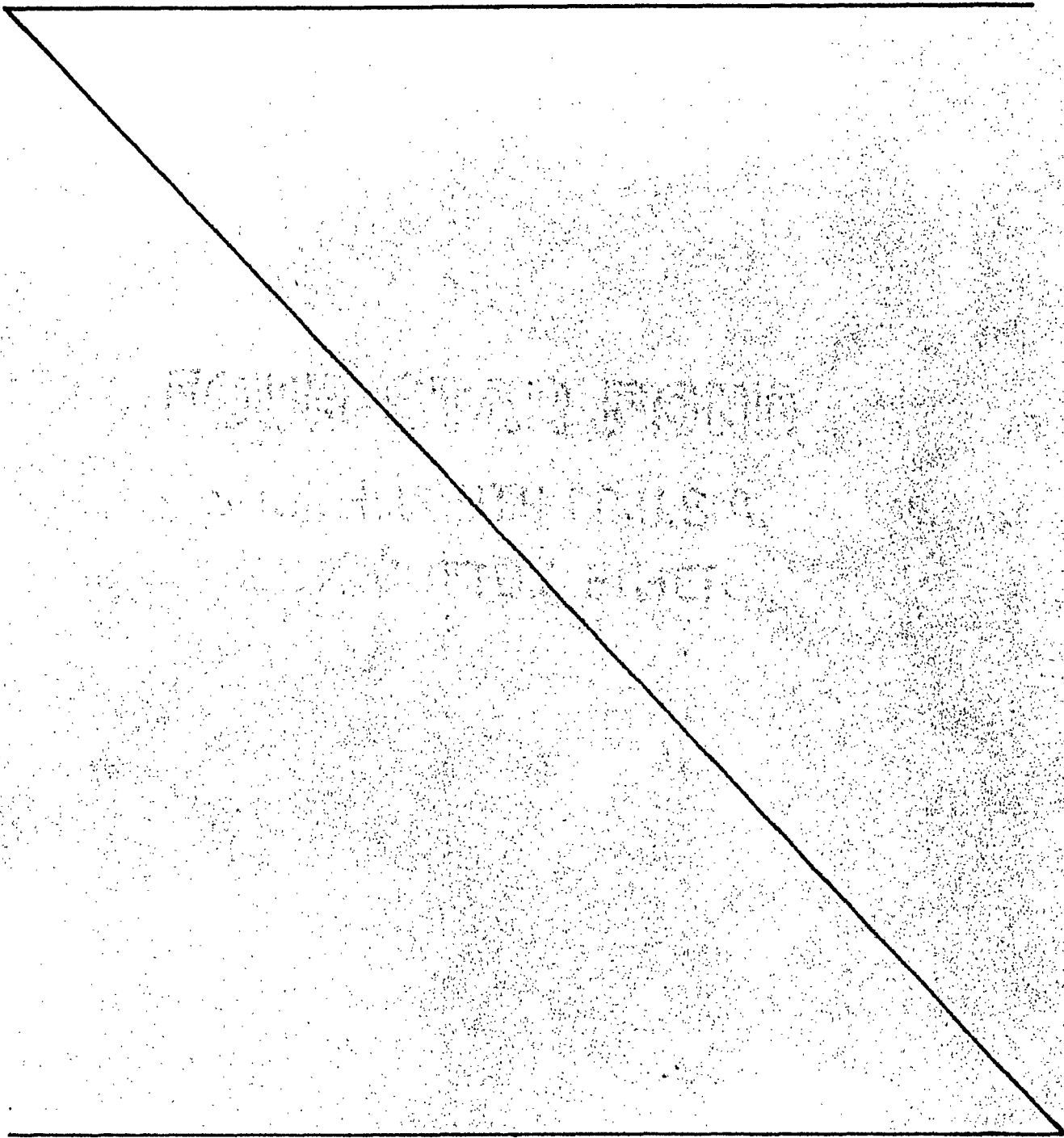
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terms of which a private lending institution or institutions
agrees to manage the loan funds, the member specified
in paragraph C above shall be a representative



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of said lending institution or institutions, and any determination on the granting of loans shall be advisory only and shall not be binding on the lending institution.

SEC. 99.0404 LOAN COMMITTEE - FUNCTIONS

The functions of the Loan Committee are as follows:

A. The Loan Committee shall periodically review the rules and procedures and standards for the granting of residential rehabilitation loans and shall recommend changes as needed to the City Council.

B. The Loan Committee shall review and recommend approval or denial of applications required to be considered by the Loan Committee by or pursuant to this chapter.

C. The Loan Committee shall operate in a manner consistent with bylaws which shall be developed by the City Manager and Housing Advisory Board, and the recommendations of approval or denial of loan applications shall be in accordance with the requirements contained in, or adopted pursuant to, this chapter.

DIVISION 5

DESIGNATION OF RESIDENTIAL REHABILITATION AREAS
AND DEVELOPMENT OF PLANS FOR PUBLIC IMPROVEMENTS

SEC. 99.0501 INITIAL SELECTION OF AREAS FOR
DESIGNATION AS RESIDENTIAL REHABILITATION
AREAS BY THE HOUSING ADVISORY BOARD
AND/OR REPRESENTATIVE OF CAC

A. The Housing Advisory Board shall recommend to the City Manager areas to be considered for designation by the City Council.

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B. Prior to recommending an area, the Housing Advisory Board shall conduct one or more public meetings in the area. Residents, property owners and representatives of neighborhood organizations shall be invited to attend these meetings. At these meetings the Housing Advisory Board shall explain the Rehabilitation Assistance Program, shall invite comments from the public and shall raise for discussion the following issues:

1. Would rent increases or demolitions resulting from the cost of meeting rehabilitation standards result in widespread displacement of tenants;

2. Would RAP assist neighborhood-initiated improvement programs;

3. Would RAP preserve and improve the social, ethnic, and economic integration of the area; and

4. Is there support from residents of the area and from the owners of property in the area for institution of the RAP.

5. Is the area of sufficient size and continuity to enable effective administration of the program.

C. In deciding whether to recommend an area for designation as a residential rehabilitation area, the Housing Advisory Board shall take into consideration the

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comments from and the discussions with the public at the hearings held pursuant to subsection B. With each recommendation of a residential rehabilitation area, the Housing Advisory Board shall convey an opinion to the City Manager concerning the following factors:

1. The extent of public support for designation of the area as a residential rehabilitation area;
2. Whether there is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;
3. Whether there is a need for financial assistance for residential rehabilitation to arrest the deterioration of the area;
4. Whether financing of residential rehabilitation in the area is economically feasible;
5. Whether rent increases or demolitions resulting from the cost of meeting rehabilitation standards would result in widespread displacement of tenants;
6. Whether institution of RAP in the area would assist in neighborhood-initiated improvement programs; and
7. Whether institution of RAP would preserve and improve the social, ethnic, and economic integration of the area.

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SEC. 99.0502 RECOMMENDATION OF AN AREA FOR
DESIGNATION AS A RESIDENTIAL REHABILITATION AREA BY THE CITY MANAGER AND
HOUSING ADVISORY BOARD

If, after reviewing the recommendation of the Housing Advisory Board for designation of an area, the City Manager is satisfied that the area is appropriate for designation as a residential rehabilitation area, the City Manager shall recommend to the City Council that it designate the area as a residential rehabilitation area. Along with any recommendation of an area for designation as a residential rehabilitation area, the City Manager shall transmit to the City Council the Housing Advisory Board's opinion given pursuant to Section 99.0501.

SEC. 99.0503 DESIGNATION OF RESIDENTIAL
REHABILITATION AREAS BY THE CITY COUNCIL

Residential rehabilitation areas shall be so designated by resolution of the City Council following a public hearing and findings that:

A. There is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;

B. Low-cost, long-term property owner loans are necessary to arrest the deterioration of the area; and

C. Based on currently available data and past experience with residential rehabilitation assistance projects (including experience with Federally Assisted

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Code Enforcement areas), financing of residential rehabilitation in the area is economically feasible.

SEC. 99.0504 PLAN FOR PUBLIC IMPROVEMENTS

With the participation of the Citizens Advisory Committee, and in consultation with other relevant City agencies, including the Planning Department and the Planning Commission, the City Manager shall develop a proposed plan for public improvements for each residential rehabilitation area. The proposed plan for public improvements for each area shall include items deemed necessary for the successful rehabilitation of the residential rehabilitation area and shall include consideration of health, recreation, child care, education, culture and safety facilities and services.

The City Manager shall submit the proposed plan for public improvements in a residential rehabilitation area to the City Council. Prior to submittal of the plan for public improvements to the City Council, the City Manager shall transmit it to the Citizens Advisory Committee for its recommendations. The Citizens Advisory Committee's recommendations shall be transmitted through the Housing Advisory Board and City Manager to the City Council along with the proposed plan. The City Council shall consider the plan at a public hearing. After such modification of the proposed plan, if any, as the City Council deems necessary, the Council shall adopt a plan for public improvements for that area.

DIVISION 6

LIMITATIONS ON AMOUNT OF LOAN

SEC. 99.0601 MAXIMUM INDEBTEDNESS ON PROPERTY

Outstanding loans on the property to be rehabilitated, including the amount of the loan for rehabilitation, shall not exceed eighty percent of the anticipated after-rehabilitation value of the property to be rehabilitated, as determined by the City Manager, except that the City Manager may authorize loans of up to ninety-five percent of the anticipated after-rehabilitation value of the property if:

A. Such loans are made for the purpose of rehabilitating the property for residential purposes;

B. There is demonstrated need for such higher limit; and

C. There is a high probability that the value of the property will not be impaired during the term of the loan.

SEC. 99.0602 MAXIMUM AMOUNT OF LOAN

The maximum loans for rehabilitation shall be as follows: single family, \$17,500; two-three units, \$10,000 per unit; four or more units, \$7,500 per unit; commercial, \$5,000 per unit; or such other amounts as may be authorized by the State Legislature and approved by City Council resolution.

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SEC. 99.0603 LIMITATIONS ON USE OF LOAN FOR GENERAL
PROPERTY IMPROVEMENTS

No more than twenty percent of any loan for residential rehabilitation shall be used for general property improvements, except that in the case of owner-occupied, one-to-four dwelling unit properties, up to forty percent of the loan may be used for general property improvements.

SEC. 99.0604 REFINANCING

A loan may be made to refinance an existing indebtedness on a residence if:

A. The cost of meeting rehabilitation standards and correcting incipient violations thereof for the residence equals at least twenty-five percent of the principal amount of the loan; and

B. The sum of the monthly principal and interest payments on the proposed loan for rehabilitation and the monthly payments on existing debt secured by the property would result in total monthly payments that would exceed twenty percent of the applicant's total monthly income.

SEC. 99.0605 LIMITATIONS BASED ON FAIR MARKET
VALUE OF WORK

A loan cannot be granted in an amount more than fifteen percent above fair market value, as previously determined by the City's authorized representative, for the work specified, or higher than the lowest complete and responsive bid received, whichever is less.

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Prior to final payment due under the contract the authorized City representative will make an on-premises inspection and sign a Certification of Final Inspection certifying that the work as outlined in the job specifications has been completed.

DIVISION 7

TERMS OF CONVENTIONAL RAP LOANS

SEC. 99.0701 ELIGIBILITY FOR LOANS

A. Each owner of property located within a residential rehabilitation area is eligible for a conventional RAP loan provided the owner demonstrates to the satisfaction of the City Manager the ability to repay such a loan, applies for the loan within a time period to be designated by the City Manager, and can meet the other requirements of this chapter. The property owner shall agree to all conditions of the loan agreement as a prerequisite to obtaining a loan. No elected officer of the state or any of its subdivisions shall be eligible to receive a loan under the provisions of this chapter.

B. Any owner who is denied a loan by the City Manager on the ground that the owner and/or property does not meet the eligibility requirements may appeal the decision to the Loan Committee. The Loan Committee shall review the application for a loan and make a recommendation regarding approval or denial to the City Manager. In reviewing the application, the Loan

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Committee shall give due consideration to the need for the loan to be made in order to accomplish the purpose of the program, the risks to the City of granting the loan, and the ability of the property to support the loan as well as to the reasons for denial of the application by the City Manager. If the City Manager does not accept the recommendation of the Loan Committee, he or she shall give written reasons for the refusal to approve the loan.

SEC. 99.0702 MAXIMUM REPAYMENT PERIOD FOR LOAN;
INITIATION OF PAYMENTS AFTER
REHABILITATION

A. The maximum repayment for a conventional RAP loan shall be as set forth in the California Residential Rehabilitation Act of 1973, as it may be amended from time to time, currently twenty years or three-fourths of the remaining economic life of the property, whichever is less.

B. Payments on a conventional RAP loan shall commence within 60 days of the signing of the contract for rehabilitation work.

SEC. 99.0703 PREPAYMENT PENALTIES

There shall be no penalty assessed for prepayment of any conventional RAP loan.

SEC. 99.0704 SECURITY FOR LOAN

Unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter,

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every conventional RAP loan shall be secured by a deed of trust naming the City as beneficiary of the trust.

SEC. 99.0705 INSURANCE

All conventional RAP loan agreements shall provide that so long as the loan or any portion of it is outstanding, the owner of the property subject to the loan shall carry adequate property insurance. The City Manager shall establish standards for determining when property insurance is adequate.

SEC. 99.0706 IMPOUND ACCOUNT

If the City Manager deems it desirable and necessary to effectuate the purpose of the program that an impound account be required to assure taxes, insurance, or a maintenance reserve, he or she may include such a requirement in any conventional RAP loan agreement.

SEC. 99.0707 TRANSFER OF LOANS

A. The unpaid amount of a conventional RAP loan shall be due and payable upon sale or transfer of the ownership of the property, except that assignment of the unpaid amount of such a loan to a purchaser or transferee may be permitted when the City Manager determines that hardship conditions exist and the prospective owner qualifies for a loan on the basis of current loan eligibility standards.

B. If the holder of a conventional RAP loan is dissatisfied with the City Manager's refusal to permit

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transfer of the unpaid amount of the loan because of a finding that hardship conditions do not exist, the holder of the loan may request review of the City Manager's determination by the Loan Committee. If the Loan Committee recommends a finding that hardship conditions exist, the City Manager shall either accept that recommendation or give written reasons for the refusal to accept it.

C. Hardship conditions exist when the owner of the property subject to a conventional RAP loan is forced to sell the property and the property cannot be sold without a substantial loss of equity unless the loan is transferable.

SEC. 99.0708 INTEREST RATES AND OTHER LOAN CHARGES

The interest rate and any other charges for a conventional RAP loan shall be established pursuant to the provisions of Sections 99.0204 and 99.0304 and may include:

- A. The interest charged the City on funds borrowed to carry out the provisions of this chapter;
- B. An amount needed to provide for possible defaults on outstanding loans;
- C. An amount to cover the cost of servicing loan accounts;
- D. An amount to cover the cost of making hardship loans (as provided for in Division 8); and
- E. An amount to cover the costs of issuing bonds.

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SEC. 99.0709 VARIABLE INTEREST RATE

In connection with a conventional RAP loan, the loan agreement may provide for a variable interest rate. If the loan agreement does provide for a variable interest rate, the terms of the loan agreement and any change in the interest rate or other charges shall conform to the requirements of Section 37917 of the Health and Safety Code of the State of California relating to the use of variable interest rates in connection with financing residential rehabilitation.

SEC. 99.0710 TENANT MOVING COSTS AND RIGHT OF FIRST REFUSAL

A. All conventional RAP loan agreements shall provide that, in the case of dwelling units which must be vacated because of residential rehabilitation to be performed on the structure in which they are located:

1. The property owner is responsible for paying the reasonable cost of moving expenses only of each household displaced; maximum moving expense shall not be in excess of \$300, or such other sum as may be approved by resolution of the City Council;

2. Any tenant who must vacate a dwelling unit shall have the right of first refusal to occupy that unit when rehabilitation of the property is completed;

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3. The property owner shall give each tenant affected written notice thirty days prior to the date the tenant must vacate of the right to have no more than \$300 (or such other sum as may be approved by resolution of the City Council) of the reasonable cost of moving the household paid; of the right of first refusal to occupy the unit vacated when rehabilitation of the property is completed; of the tenant's eligibility for relocation assistance as stated in Section 99.0901; and

4. A copy of the notice specified in clause 3 above shall be forwarded to the City Manager.

B. The anticipated cost of moving households affected by residential rehabilitation may be included in the property owner's loan.

C. The determination of the amount of moving expenses due a tenant shall be made by the City Manager.

SEC. 99.0711 OPEN HOUSING

All conventional RAP loan agreements shall provide that so long as the loan or any portion of it is outstanding the property shall be open, upon sale or rental of all or any portion thereof, to all persons regardless of race, sex, marital status, color, religion, national origin or ancestry.

Sec. 99.0712 EQUAL EMPLOYMENT OPPORTUNITY

All conventional RAP loan agreements shall provide that all contracts and subcontracts let for residential rehabilitation financed under this chapter are to be let without regard to the race, sex, marital status, color, religion, national origin or ancestry of the contractor or subcontractor. Further, all conventional RAP loan agreements shall provide that any contractor or subcontractor engaged in residential rehabilitation financed under this chapter must agree to provide equal opportunity for employment without regard to race, sex, marital status, color, religion, national origin or ancestry.

SEC. 99.0713 ENFORCEMENT OF LOAN PROVISIONS

The provisions of Section 99.0711 and the provisions of Section 99.0712 as they relate to enforcement of nondiscrimination on the basis of race, sex, marital status, color, religion, national origin or ancestry, are enforceable by the City Manager. Violation of the loan agreement provisions required by Sections 99.0701, 99.0705, 99.0706, 99.0710, 99.0711 and 99.0712 may result in any outstanding financing obtained pursuant to the loan agreement becoming immediately due and payable.

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DIVISION 8

HARDSHIP LOANS

SEC. 99.0801 HARDSHIP LOAN - AVAILABILITY AND PURPOSE

The provisions of this article shall apply when a hardship loan fund is established. The purpose of the hardship loan fund shall be to provide financial assistance in the form of interest-free loans with deferred payments of principal to low-income owner-occupants of property subject to residential rehabilitation who would not otherwise be able to pay the costs of meeting rehabilitation standards. Hardship loan funds are to be used only for meeting rehabilitation standards, and incipient violations thereof.

SEC. 99.0802 MAXIMUM AMOUNT OF LOAN AND ELIGIBILITY

A. A hardship loan of up to \$3,500 or such other sum approved by City Council resolution can be made to a low-income applicant who is the owner-occupant of a one-to-four dwelling unit building.

B. To be eligible for a hardship loan the applicant must demonstrate to the satisfaction of the City Manager that with a conventional RAP loan the applicant's housing costs would exceed twenty-five percent of gross income, and that the applicant does not have other assets to meet the cost of residential rehabilitation without jeopardizing the applicant's ability to be self-supporting in the future.

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SEC. 99.0803 TERMS OF HARDSHIP LOAN

A hardship loan shall be due and payable at the end of nineteen years. It shall also be due and payable at the time of transfer of the property unless the hardship loan is transferred pursuant to Section 99.0707.

SEC. 99.0804 TRANSFERABILITY OF HARDSHIP LOAN

A. Upon conveyance of property subject to a hardship loan, the hardship loan may be converted to a conventional RAP loan and assigned to the transferee of the property under the same circumstances and upon the same terms as are applicable to the transfer of a conventional RAP loan as provided in Section 99.0707. The total remaining period of the loan may not extend beyond twenty years from the date of the original loan.

B. Upon transfer of property subject to a hardship loan, or an interest therein, to a spouse or heir who is otherwise eligible for a hardship loan, if the spouse or heir so chooses, the hardship loan shall be transferred to the spouse or heir.

If the owner of property subject to a hardship loan dies, and the hardship loan is not repaid or transferred to another person within one year of the owner's death, the loan shall, as of one year from the date of the owner's death, bear interest at the then current interest rate charged for conventional RAP loans which were made in the same year as the hardship loan.

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SEC. 99.0805 USE IN CONJUNCTION WITH THE CONVENTIONAL
REHABILITATION ASSISTANCE PROGRAM LOAN

A conventional rehabilitation assistance loan may be used to supplement a hardship loan provided the property owner otherwise qualified for a conventional RAP loan.

SEC. 99.0806 SECURITY

Unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter, hardship loans shall be secured by a deed of trust naming the City as beneficiary of the trust.

SEC. 99.0807 ADDITIONAL LOAN TERMS

Each provision required to be contained in a conventional RAP loan agreement pursuant to Sections 99.0701 through 99.0712 shall also be contained in each hardship loan agreement.

SEC. 99.0808 SOURCE OF FUNDS

Any funds given to or received by the City specifically for the purpose of establishing a hardship loan fund may be accepted by the City Manager and may be accepted for that purpose. In addition, the City Council may, from time to time, appropriate funds for a hardship loan fund.

DIVISION 9

MISCELLANEOUS PROVISIONS

SEC. 99.0901 TENANT DISPLACEMENT ASSISTANCE

In addition to moving costs, a tenant displaced because of rehabilitation of the dwelling unit or

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building in which the tenant lives may request relocation assistance from the City Manager. The City Manager shall make reasonable efforts to make known to any persons displaced by this program whatever services or resources are available to assist them.

SEC. 99.0902 USE OF MONEY EARNED ON INVESTMENTS

Unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter, any money earned from investment of bond proceeds or payments on residential rehabilitation loans shall be used to establish a hardship loan fund and a relocation assistance fund. The allocation of such money between these two funds shall be made by the City Manager subject to approval by resolution of the City Council.

SEC. 99.0903 CONVERSION TO STATE OR FEDERAL PROGRAM

In the event that funds for rehabilitation loans become available through a state or federal program on more favorable terms than conventional RAP loans, every effort shall be made to convert to the use of such loans in existing residential rehabilitation areas..

SEC. 99.0904 CONSTRUCTION AND EFFECT OF CHAPTER

The provisions of this chapter, being necessary for the welfare of the City of San Diego and its inhabitants, shall be liberally construed to effect its purposes.

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MAY 4 1978

SEC. 99.0905 SEVERABILITY

If any provision of this chapter, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the chapter and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

Section 2. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: JOHN W. WITT, City Attorney

By Ted Bromfield
Ted Bromfield, Deputy

TB:lc:002x550
11/25/74

MICROFILMED
MAY 4 1978

11483 02085

JAN 23 1975

Passed and adopted by the Council of The City of San Diego on _____, by the following vote:

Councilmen	Yeas	Nays	Excused	Absent
Gil Johnson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maureen F. O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lee Hubbard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floyd L. Morrow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Martinet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Ellis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jesse Haro	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Pete Wilson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

PETE WILSON
Mayor of The City of San Diego, California.

EDWARD NIELSEN
City Clerk of The City of San Diego, California.

(Seal)

By *Patricia Polen*, Deputy.

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JAN 9 1975

JAN 23 1975

, and on _____, and on _____.

~~I FURTHER CERTIFY that said ordinance was read in full prior to its final passage.~~

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

EDWARD NIELSEN
City Clerk of The City of San Diego, California.

(Seal)

By *Patricia Polen*, Deputy.

1974 DEC 17 PM 3:10

MICROFILMED

MAY 4 1978

Office of the City Clerk, San Diego, California

Ordinance Number **11483** Adopted **JAN 23 1975**

02086 *dt*

ATTORNEY(S)

San Diego, City of
12th Floor City Admin. Bldg.
San Diego, Ca. 92101

RECEIVED
CITY CLERK

1975 FEB -4 11 15

SAN DIEGO

CERTIFICATE OF PUBLICATION

No.

IN THE MATTER OF

Residential Rehabilitation Loan Program

FEB 4 1975 *ag*

PATRICIA M. APPLESTILL

I, *Patricia M. Applestill* hereby certify that San Diego Daily Transcript is a daily newspaper of general circulation within the provisions of the Government Code of the State of California, printed and published in the City of San Diego, County of San Diego, State of California; that I am the principal clerk of said newspaper; that the

ORDINANCE NO. 11483 (New Series)

is a true and correct copy of which this certificate is annexed and was published in said newspaper on

January 31, 1975

I certify under penalty of perjury that the foregoing is true and correct, at San Diego, California, on

February 3, 1975

Patricia M. Applestill
(Signature)

02087

124 1/4 " @ 4.42 \$ 549.19 *ag*

ORDINANCE NO. 11483

(New Series)

AN ORDINANCE AMENDING THE SAN DIEGO MUNICIPAL CODE BY ADDING CHAPTER 9, ARTICLE 9, SECTIONS 99.0101 THROUGH 99.0905, RELATING TO THE ESTABLISHMENT OF A RESIDENTIAL REHABILITATION LOAN PROGRAM.

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That the San Diego Municipal Code be, and it is hereby amended by adding Chapter 9, Article 9, Sections 99.0101 through 99.0905, to read as follows:

**ARTICLE 9
RESIDENTIAL REHABILITATION LOAN PROGRAM
DIVISION 1
IN GENERAL**

SEC. 99.0101 PURPOSE.

This chapter provides for the administration and financing of a Rehabilitation Assistance Program (RAP) in the City of San Diego. The provisions of this chapter constitute the City's comprehensive residential rehabilitation program adopted pursuant to the Marks-Forn Residential Rehabilitation Act of 1973, Section 37910, et seq., of the California Health and Safety Code. The purpose of RAP is to improve the condition of housing and the quality of life in San Diego by providing a means through which property owners in voluntarily designated residential areas in San Diego which are deteriorating may obtain financial assistance to rehabilitate their property. It shall be the policy of RAP in San Diego to preserve and improve existing residential neighborhoods. The methods to be used consist of concentrated code enforcement, relocation assistance, low-cost, long-term loans for property rehabilitation, and public improvements necessary to ensure the successful rehabilitation of the area, and it shall be the policy of the City to provide adequate funding for these purposes as funds are available.

SEC. 99.0102 DEFINITIONS.

Unless the context otherwise requires, the following definitions govern the construction of this chapter:

A. "Housing Advisory and Appeals Board" means the Board described in Section 99.201 of the San Diego Housing Code.

B. "Housing Advisory Board" means the Board described in Section 99.29 of the San Diego Municipal Code.

C. "Bonds" means any bonds, notes, interim certificates, debentures, or other obligations issued by the City pursuant to this chapter and which are payable exclusively from revenues, as defined, and from any other funds specified in this chapter upon which the bonds may be made a charge and from which they are payable.

D. "City" means The City of San Diego.

E. "RAP Citizens Advisory Committee" (CAC) means the broadly represented committee established in accordance with Section 99.0401.

F. "Code enforcement area" has the same meaning as "residential rehabilitation area."

G. "Conventional RAP loan" means any residential rehabilitation loan made pursuant to the provisions of this chapter which is not a hardship loan.

H. "Designated area" has the same meaning as "residential rehabilitation area."

I. "Financial" means the lending of money or any other thing of value for the purpose of residential rehabilitation and unless otherwise indicated includes remaining of outstanding indebtedness of a participating party with respect to property which is subject to residential rehabilitation.

J. "General property improvements" means those items of residential rehabilitation which are not necessary to remedy either existing violations of the City Housing Code or other applicable City codes relating to the physical conditions of structures, or incipient violations thereof.

K. "Hardship loan" means a loan of not more than \$2,500 made to a low-income owner-occupant of property requiring residential rehabilitation made pursuant to Division 5 of this chapter.

L. "Incipient Code Violation" is a physical condition which can be expected to deteriorate into a violation of a rehabilitation standard within two years.

M. "Loan Committee" means the committee established in accordance with Section 99.0402.

N. "Participating party" means any person, company, corporation, partnership, firm or other entity or group of entities requiring financing for residential rehabilitation pursuant to the provisions of this chapter.

O. "Program" means the Rehabilitation Assistance Program described in this chapter and includes, but is not limited to, the provisions for code enforcement, rehabilitation financing, and installation of public improvements in residential rehabilitation areas.

P. "Rehabilitation Assistance Program" or "RAP" has the same meaning as "program."

Q. "Rehabilitation standards" means the standards established in the City Housing Code and other applicable City codes which assure adequate and safe structures and utility systems without dependencies of physical conditions in order to protect the health, safety and/or general welfare of inhabitants.

R. "Residence" means any structure, residential or commercial, which is located in a residential rehabilitation area.

S. "Residential rehabilitation" means the construction, reconstruction, renovation, replacement, extension, repair, betterment, equipping, developing, embellishing, or otherwise improving residences consistent with standards of strength, effectiveness, fire resistance, durability, and safety, so that such structures are satisfactory and safe to occupy for residential purposes and are not conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime because of any one or more of the following factors:

1. Defective design and character of physical construction.
2. Faulty interior arrangement and exterior spacing.
3. Inadequate provisions for ventilation, lighting and sanitation.
4. Obsolescence, deterioration and dilapidation.

T. "Residential rehabilitation area" means the geographical area determined pursuant to the provisions of Division 5 hereof. It may also be referred to as the "designated area" or the "code enforcement area."

U. "Residential rehabilitation loan fund" means the fund established with the proceeds of bonds issued pursuant to the provisions of this chapter.

V. "Revenues" means all amounts received as repayment of principal, interest, and all other charges received for, and all other income and receipts derived by, the City of San Diego from the financing of residential rehabilitation, including monies deposited in a sinking, redemption or reserve fund, or other fund, to secure the bonds or to provide for the payment of the principal of, or interest on, the bonds, and such other monies as the City Council may, in its discretion, make available therefor.

SEC. 99.0103 REFERENCES TO PUBLIC OFFICIALS AND PUBLIC AGENCIES

A. Unless otherwise indicated, all public officials and public agencies named in this chapter are officials and agencies of the City.

B. Whenever a City official is referred to in this chapter, the reference includes that official and his or her designee or designees.

C. All references to the Charter or to ordinances are references to the Charter or ordinances of the City.

D. Under direction and review of the City Manager, the managerial, planning, and legal departments should appropriately participate in the RAP Program.

**DIVISION 2
RESPONSIBILITIES OF CITY COUNCIL**

SEC. 99.0201 ISSUANCE OF BONDS

The City Council may from time to time by resolution authorize the

participating parties in connection with financing residential rehabilitation;

and B. Revisions, as necessary, of the fees, charges and interest rates levied on participating parties, consistent with the standards adopted by the City Council pursuant to Section 99.0305.

SEC. 99.0305 NOTICE OF DEFAULTS AND FORECLOSURES

When there is a default on a conventional RAP loan secured by a deed of trust naming the City as a beneficiary and the property becomes subject to foreclosure procedures, the City Manager shall so inform the Citizens Advisory Committee for the residential rehabilitation area where the property is located. The City Manager, Housing Advisory Board and the RAP-CAC may make reasonable efforts to enable owners' retention of property and/or equity.

SEC. 99.0306 PUBLICATION OF EXPLANATORY BROCHURE

Subject to funds being available, the City Manager shall cause to be published and available for distribution to the public a brochure describing RAP and how it affects both tenants and property owners. Every effort will be made to encourage and foster a balanced community development in accordance with City Council Policy 600-19.

**DIVISION 3
CITIZENS ADVISORY COMMITTEE - AREA LOAN COMMITTEE**

SEC. 99.0401 CITIZENS ADVISORY COMMITTEE - MEMBERSHIP

A. There shall be established a RAP Citizens Advisory Committee for each residential rehabilitation area. Any such committee shall function under Section 43(b) of the Charter of The City of San Diego until the completion of the objective for which it was created at which time it shall be dissolved. Each Citizens Advisory Committee shall consist of eleven (11) persons and shall function with a quorum of seven (7) persons.

B. At least six (6) members of the RAP Citizens Advisory Committee shall be owners of real property located within the rehabilitation area.

C. Not more than three (3) members of the RAP Citizens Advisory Committee shall be tenants who are residents of the designated area.

D. At least two (2) members of the RAP Citizens Advisory Committee shall be representatives of organized community groups, providing services to the area. The status of a representative of a community group as a tenant or as a property owner shall not be considered for the purpose of determining compliance with subsections B and C. Where there are no organized community groups providing services to the area, the two (2) member allocation shall be equally divided and given to the property owner and tenant constituency on the committee.

The Housing Advisory Board described in Section 99.29 of the San Diego Municipal Code, which is a permanent Board with on-going functions in housing matters, will monitor and assist the RAP program as necessary. Housing Advisory Board members will be notified and invited to attend RAP-CAC meetings as ex officio.

SEC. 99.0402 RAP CITIZENS ADVISORY COMMITTEE - FUNCTIONS

The functions of the Citizens Advisory Committee include the following:

A. Assist the relevant City departments in developing a plan for public improvements in the residential rehabilitation area;

B. Participate with the City Manager in development of the rules and regulations governing implementation of the program;

C. Assist the City Manager in implementation of the residential rehabilitation program in the residential rehabilitation area;

D. Appoint a representative from the residential rehabilitation area to the Loan Committee;

E. Act as liaison between the City Manager and the owners of property in, and residents of, the residential rehabilitation area in solving problems which arise in the course of implementation of the program.

F. Periodically monitor rents in the residential rehabilitation area, before and after rehabilitation work has been done under a RAP loan, to determine if unreasonable rent increases have occurred, and take appropriate action when this is the case.

SEC. 99.0403 LOAN COMMITTEE - MEMBERSHIP

There shall be a Loan Committee which shall function under Section 43(b) of the Charter of The City of San Diego until completion of the objective for which it was created at which time it shall be dissolved. Said committee shall consist of the following members:

A. One individual from each residential rehabilitation area recommended by the Citizens Advisory Committee for the area;

B. The City Manager or his designated representative;

C. One individual qualified in the field of real estate lending and financing who shall be appointed by the Mayor and City Council, unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter; and

D. A member of the Housing Advisory Board.

In the event a contractual arrangement is entered into by the City pursuant to Section 99.0303 under the terms of which a private lending institution or institutions agrees to manage the loan funds, the member specified in paragraph C above shall be a representative of said lending institution or institutions, and any determination on the granting of loans shall be advisory only and shall not be binding on the lending institution.

SEC. 99.0404 LOAN COMMITTEE - FUNCTIONS

The functions of the Loan Committee are as follows:

A. The Loan Committee shall periodically review the rules and procedures and standards for the granting of residential rehabilitation loans and shall recommend changes as needed to the City Council.

B. The Loan Committee shall review and recommend approval or denial of applications required to be considered by the Loan Committee, by or pursuant to this chapter.

C. The Loan Committee shall operate in a manner consistent with bylaws which shall be developed by the City Manager and Housing Advisory Board, and the recommendations of approval or denial of loan applications shall be in accordance with the requirements contained in, or adopted pursuant to, this chapter.

**DIVISION 5
DESIGNATION OF RESIDENTIAL REHABILITATION AREAS**

AND DEVELOPMENT OF PLANS FOR PUBLIC IMPROVEMENTS

SEC. 99.0501 INITIAL SELECTION OF AREAS FOR

DESIGNATION AS RESIDENTIAL REHABILITATION

AREAS BY THE HOUSING ADVISORY BOARD

AND/OR REPRESENTATIVE OF CAC

A. The Housing Advisory Board shall recommend to the City Manager areas to be considered for designation by the City Council.

B. Prior to recommending an area, the Housing Advisory Board shall conduct one or more public meetings in the area. Residents, property owners and representatives of neighborhood organizations shall be invited to attend these meetings. At these meetings the Housing Advisory Board shall explain the Rehabilitation Assistance Program, shall invite comments from the public and shall raise for discussion the following issues:

1. Would rent increases or demolitions resulting from the cost of meeting rehabilitation standards result in widespread displacement of tenants;

2. Would RAP assist neighborhood-initiated improvement programs;

3. Would RAP preserve and improve the social, ethnic, and economic integration of the area; and

4. Is there support from residents of the area and from the owners of property in the area for institution of the RAP.

5. Is the area of sufficient size and continuity to enable effective administration of the program.

C. In deciding whether to recommend an area for designation as a residential rehabilitation area, the Housing Advisory Board shall take into consideration the comments from and the discussions with the public at the hearings held pursuant to subsection B. With each recommendation of a residential rehabilitation area, the Housing Advisory Board shall convey an opinion to the City Manager concerning the following factors:

1. The extent of public support for designation of the area as a residential rehabilitation area;

2. Whether there is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;

3. Whether there is a need for financial assistance for residential rehabilitation to arrest the deterioration of the area;

4. Whether financing of residential rehabilitation in the area is economically feasible;

5. Whether the area is economically feasible.

above fair market value, as previously determined by a representative, for the work specified, or complete and responsive bid received, whichever payment due under the contract the authorized make an on-premises inspection and sign a Certificate of Inspection certifying that the work as outlined in has been completed.

**DIVISION 7
TERMS OF CONVENTIONAL RAP**

SEC. 99.0701 ELIGIBILITY FOR LOANS

A. Each owner of property located within a designated area is eligible for a conventional RAP loan. The owner demonstrates to the satisfaction of the City Manager that he or she meets the requirements of this chapter. The property owner shall agree to loan agreement as a prerequisite to obtaining a loan under the provisions of this chapter.

B. Any owner who is denied a loan by the City Manager does not accept the recommendation of the Loan Committee may appeal the decision to the Loan Committee. The Loan Committee shall review the application for recommendation regarding approval or denial to reviewing the application, the Loan Committee shall determine to the need for the loan to be made in or purpose of the program, the risks to the City of the ability of the property to support the loan, and the ability of the property to support the loan.

C. The maximum repayment for a conventional RAP loan as set forth in the California Residential Rehabilitation Act may be amended from time to time, currently, fourths of the remaining economic life of the property.

B. Payments on a conventional RAP loan shall be made within 60 days of the signing of the contract for rehab.

SEC. 99.0703 MAXIMUM REPAYMENT PERIOD

INITIATION OF PAYMENTS AFTER REHABILITATION

A. The maximum repayment for a conventional RAP loan as set forth in the California Residential Rehabilitation Act may be amended from time to time, currently, fourths of the remaining economic life of the property.

B. Payments on a conventional RAP loan shall be made within 60 days of the signing of the contract for rehab.

SEC. 99.0703 PREPAYMENT PENALTIES

There shall be no penalty assessed for prepayment of a conventional RAP loan.

SEC. 99.0704 SECURITY FOR LOAN

Unless provided otherwise in any bond resolution, every conventional RAP loan shall be secured by a deed of trust naming the City as beneficiary.

SEC. 99.0705 INSURANCE

All conventional RAP loan agreements shall be subject to the loan shall carry adequate insurance. The City Manager shall establish standards for determining adequate insurance.

SEC. 99.0706 IMPOUND ACCOUNT

If the City Manager deems it desirable and the purpose of the program that an impound account be established, the City Manager may require the borrower to maintain an impound account for the purpose of the program that an impound account be established, the City Manager may require the borrower to maintain an impound account for the purpose of the program.

SEC. 99.0707 TRANSFER OF LOANS

A. The unpaid amount of a conventional RAP loan shall be assigned to the transferee upon sale or transfer of the property, except that assignment of the unpaid amount of a conventional RAP loan shall be permitted when it is determined that hardship conditions exist and the transferee agrees to accept the loan on the basis of current loan eligibility.

B. If the holder of a conventional RAP loan requests that the City Manager's refusal to permit transfer of the loan because of a finding that hardship conditions exist, the holder of the loan may request review of the finding by the Loan Committee. If the Loan Committee finds that hardship conditions exist, either accept that recommendation or give written notice of refusal to accept it.

C. Hardship conditions exist when the owner of a conventional RAP loan is forced to sell the property cannot be sold without a substantial loss and the loan is transferable.

SEC. 99.0708 INTEREST RATES AND OTHER CHARGES

The interest rate and any other charges on a conventional RAP loan shall be established pursuant to the provisions of this chapter and may include:

A. The interest charged the City on funds advanced to the City on behalf of the borrower;

B. An amount needed to provide for prepayment penalties;

C. An amount to cover the cost of service;

D. An amount to cover the cost of making payments for the loan; and

E. An amount to cover the costs of issuing the loan.

SEC. 99.0709 VARIABLE INTEREST RATE

In connection with a conventional RAP loan, the City may provide for a variable interest rate. If it provides for a variable interest rate, the terms of any change in the interest rate or other charges shall be in accordance with the requirements of Section 37917 of the Health and Safety Code relating to the use of variable interest rates in financing residential rehabilitation.

SEC. 99.0710 TENANT MOVING COSTS AND FIRST REFUSAL

A. All conventional RAP loan agreements shall be subject to the case of dwelling units which must be vacated for rehabilitation to be performed on the street located:

1. The property owner is responsible for the cost of moving expenses only of each household moving expense shall not be in excess of \$500, as may be approved by resolution of the City Council;

2. Any tenant who must vacate a dwelling unit shall be given the right of first refusal to occupy that unit if the property is not occupied;

3. The property owner shall give the tenant notice thirty days prior to the date the unit is to be vacated, and the notice shall be in accordance with the requirements of the Health and Safety Code; and

4. A copy of the notice specified in paragraph 3 shall be forwarded to the City Manager.

B. The anticipated cost of moving household goods and personal property may be included in the amount of the loan.

C. The determination of the amount to be included in the loan shall be made by the City Manager.

SEC. 99.0711 OPEN HOUSING

All conventional RAP loan agreements shall be subject to the case of dwelling units which must be vacated for rehabilitation to be performed on the street located:

1. The property owner is responsible for the cost of moving expenses only of each household moving expense shall not be in excess of \$500, as may be approved by resolution of the City Council;

2. Any tenant who must vacate a dwelling unit shall be given the right of first refusal to occupy that unit if the property is not occupied;

3. The property owner shall give the tenant notice thirty days prior to the date the unit is to be vacated, and the notice shall be in accordance with the requirements of the Health and Safety Code; and

4. A copy of the notice specified in paragraph 3 shall be forwarded to the City Manager.

B. The anticipated cost of moving household goods and personal property may be included in the amount of the loan.

C. The determination of the amount to be included in the loan shall be made by the City Manager.

SEC. 99.0712 EQUAL EMPLOYMENT

All conventional RAP loan agreements shall be subject to the case of dwelling units which must be vacated for rehabilitation to be performed on the street located:

1. The property owner is responsible for the cost of moving expenses only of each household moving expense shall not be in excess of \$500, as may be approved by resolution of the City Council;

2. Any tenant who must vacate a dwelling unit shall be given the right of first refusal to occupy that unit if the property is not occupied;

3. The property owner shall give the tenant notice thirty days prior to the date the unit is to be vacated, and the notice shall be in accordance with the requirements of the Health and Safety Code; and

4. A copy of the notice specified in paragraph 3 shall be forwarded to the City Manager.

B. The anticipated cost of moving household goods and personal property may be included in the amount of the loan.

C. The determination of the amount to be included in the loan shall be made by the City Manager.

D. All conventional RAP loan agreements shall be subject to the case of dwelling units which must be vacated for rehabilitation to be performed on the street located:

1. The property owner is responsible for the cost of moving expenses only of each household moving expense shall not be in excess of \$500, as may be approved by resolution of the City Council;

2. Any tenant who must vacate a dwelling unit shall be given the right of first refusal to occupy that unit if the property is not occupied;

3. The property owner shall give the tenant notice thirty days prior to the date the unit is to be vacated, and the notice shall be in accordance with the requirements of the Health and Safety Code; and

4. A copy of the notice specified in paragraph 3 shall be forwarded to the City Manager.

City of San Diego

NEW PUBLIC NOTICES

NO. 11483

SAN DIEGO MUNICIPAL CODE E 9. SECTIONS 99.0101 THROUGH 99.0905. PUBLICATION OF A RESIDENTIAL...

of The City of San Diego, as Municipal Code be, and it is hereby Sections 99.0101 through 99.0905, to

SECTION 9. CITIZENS ADVISORY COMMITTEE - AREA LOAN COMMITTEE - MEMBERSHIP

Administration and financing of a (RAP) in the City of San Diego. The City's comprehensive residential code pursuant to the Marks-Foran Act, Section 37810, et seq., of the California Code of Regulations...

means, the following definitions govern: "Board" means the Board of San Diego Housing Code. "Board" means the Board described in Section 9.02.

means, interim certificates, debentures, City pursuant to this chapter and revenues, as defined, and from any source which the bonds may be made payable.

means the broadly in accordance with Section 99.0401. means the same meaning as "residential rehabilitation area" of this chapter which is not a same meaning as "residential rehabilitation area" of this chapter.

means those items of residential rehabilitation or unless otherwise provided in this chapter. means a physical condition which can be remedied by a rehabilitation standard within a committee established in accordance with this chapter.

means any person, company, corporation, group of entities requiring financing to the provisions of this chapter. means the program described in this chapter. means the program or "RAP" has the same meaning as the standards established in the City Code which assure adequate health, safety and/or general welfare.

means the geographical area of Division 5 hereof. It may also mean the "code enforcement area." means the fund established pursuant to the provisions of this chapter.

means received as repayment of principal received for, and all other income of San Diego from the financing of monies deposited in a sinking fund to secure the bonds or to provide interest on, the bonds, and such in its discretion, make available.

means public officials and public agencies agencies of the City. means referred to in this chapter, the refer designee or designees. means or to ordinances are references to the City Manager, the managerial, and appropriately participate in the City Council.

participating parties in connection with financing residential rehabilitation:

B. Revisions, as necessary, of the fees, charges and interest rates levied on participating parties, consistent with the standards adopted by the City Council pursuant to Section 99.0306.

SEC. 99.0305 NOTICE OF DEFAULTS AND FORECLOSURES When there is a default on a conventional RAP loan secured by a deed of trust naming the City as a beneficiary and the property becomes subject to foreclosure procedures, the City Manager shall so inform the Citizens Advisory Committee for the residential rehabilitation area where the property is located.

SEC. 99.0306 PUBLICATION OF EXPLANATORY BROCHURE Subject to funds being available, the City Manager shall cause to be published and available for distribution to the public a brochure describing RAP and how it affects both tenants and property owners.

DIVISION 4. CITIZENS ADVISORY COMMITTEE - AREA LOAN COMMITTEE - MEMBERSHIP

SEC. 99.0401 CITIZENS ADVISORY COMMITTEE - MEMBERSHIP A. There shall be established a RAP Citizens Advisory Committee for each residential rehabilitation area. Any such committee shall function under Section 43(b) of the Charter of The City of San Diego until the completion of the objective for which it was created at which time it shall be dissolved.

B. At least six (6) members of the RAP Citizens Advisory Committee shall be owners of real property located within the rehabilitation area.

C. Not more than three (3) members of the RAP Citizens Advisory Committee shall be tenants who are residents of the designated area.

D. At least two (2) members of the RAP Citizens Advisory Committee shall be representatives of organized community groups, providing services to the area. The status of a representative of a community group as a tenant or as a property owner shall not be considered for the purpose of determining compliance with subsections B and C.

E. The Housing Advisory Board described in Section 99.29 of the San Diego Municipal Code, which is a permanent Board with on-going functions in housing matters, will monitor and assist the RAP program as necessary.

SEC. 99.0402 RAP CITIZENS ADVISORY COMMITTEE - FUNCTIONS

The functions of the Citizens Advisory Committee include the following: A. Assist the relevant City departments in developing a plan for public improvements in the residential rehabilitation area;

B. Participate with the City Manager in development of the rules and regulations governing implementation of the program;

C. Assist the City Manager in implementation of the residential rehabilitation program in the residential rehabilitation area;

D. Act as liaison between the City Manager and the owners of property in, and residents of, the residential rehabilitation area in solving problems which arise in the course of implementation of the program.

E. Periodically monitor rents in the residential rehabilitation area, before and after rehabilitation work has been done under a RAP loan, to determine if unreasonable rent increases have occurred, and take appropriate action when this is the case.

SEC. 99.0403 LOAN COMMITTEE - MEMBERSHIP

There shall be a Loan Committee which shall function under Section 43(b) of the Charter of The City of San Diego until completion of the objective for which it was created at which time it shall be dissolved.

A. One individual from each residential rehabilitation area recommended by the Citizens Advisory Committee for the area;

B. The City Manager or his designated representative;

C. One individual qualified in the field of real estate lending and financing who shall be appointed by the Mayor and City Council, unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter; and

D. A member of the Housing Advisory Board.

In the event a contractual arrangement is entered into by the City pursuant to Section 99.0303 under the terms of which a private lending institution or institutions agrees to manage the loan funds, the member specified in paragraph C above shall be a representative of said lending institution or institutions, and any determination on the granting of loans shall be advisory only and shall not be binding on the lending institution.

SEC. 99.0404 LOAN COMMITTEE - FUNCTIONS

The functions of the Loan Committee are as follows: A. The Loan Committee shall periodically review the rules and procedures and standards for the granting of residential rehabilitation loans and shall recommend changes as needed to the City Council.

B. The Loan Committee shall review and recommend approval or denial of applications required to be considered by the Loan Committee by or pursuant to this chapter.

C. The Loan Committee shall operate in a manner consistent with bylaws which shall be developed by the City Manager and Housing Advisory Board, and the recommendations of approval or denial of loan applications shall be in accordance with the requirements contained in, or adopted pursuant to, this chapter.

DIVISION 5. DESIGNATION OF RESIDENTIAL REHABILITATION AREAS AND DEVELOPMENT OF PLANS FOR PUBLIC IMPROVEMENTS

SEC. 99.0501 INITIAL SELECTION OF AREAS FOR DESIGNATION AS RESIDENTIAL REHABILITATION AREAS BY THE HOUSING ADVISORY BOARD AND/OR REPRESENTATIVE OF CAC

A. The Housing Advisory Board shall recommend to the City Manager areas to be considered for designation by the City Council.

B. Prior to recommending an area, the Housing Advisory Board shall conduct one or more public meetings in the area. Residents, property owners and representatives of neighborhood organizations shall be invited to attend these meetings.

1. Would rent increases or demolitions resulting from the cost of meeting rehabilitation standards result in widespread displacement of tenants;

2. Would RAP assist neighborhood-initiated improvement programs;

3. Would RAP preserve and improve the social, ethnic, and economic integration of the area; and

4. Is there support from residents of the area and from the owners of property in the area for institution of the RAP.

above fair market value, as previously determined by the City's authorized representative, for the work specified, or higher than the complete and responsive bid received, whichever is less. Prior to payment due under the contract the authorized City representative shall make an on-premises inspection and sign a Certification of Final Inspection certifying that the work as outlined in the job specifications has been completed.

DIVISION 7. TERMS OF CONVENTIONAL RAP LOANS

SEC. 99.0701 ELIGIBILITY FOR LOANS A. Each owner of property located within a residential rehabilitation area is eligible for a conventional RAP loan provided the owner demonstrates to the satisfaction of the City Manager the ability to repay such a loan, applies for the loan within a time period to be designated by the City Manager, and can meet the other requirements of this chapter.

B. Any owner who is denied a loan by the City Manager on the ground that the owner and/or property does not meet the eligibility requirements may appeal the decision to the Loan Committee.

SEC. 99.0702 MAXIMUM REPAYMENT PERIOD FOR LOAN; INITIATION OF PAYMENTS AFTER REHABILITATION A. The maximum repayment for a conventional RAP loan shall be as set forth in the California Residential Rehabilitation Act of 1973, as it may be amended from time to time, currently twenty years or three-fourths of the remaining economic life of the property, whichever is less.

B. Payments on a conventional RAP loan shall commence within 60 days of the signing of the contract for rehabilitation work.

SEC. 99.0703 PREPAYMENT PENALTIES There shall be no penalty assessed for prepayment of any conventional RAP loan.

SEC. 99.0704 SECURITY FOR LOAN Unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter, every conventional RAP loan shall be secured by a deed of trust naming the City as beneficiary of the trust.

SEC. 99.0705 INSURANCE All conventional RAP loan agreements shall provide that so long as the loan or any portion of it is outstanding, the owner of the property subject to the loan shall carry adequate property insurance.

SEC. 99.0706 IMPOUND ACCOUNT If the City Manager deems it desirable and necessary to effectuate the purpose of the program that an impound account be required to assure taxes, insurance, or a maintenance reserve, he or she may include such a requirement in any conventional RAP loan agreement.

SEC. 99.0707 TRANSFER OF LOANS A. The unpaid amount of a conventional RAP loan shall be due and payable upon sale or transfer of the ownership of the property, except that assignment of the unpaid amount of such a loan to a purchaser or transferee may be permitted when the City Manager determines that hardship conditions exist and the prospective owner qualifies for a loan on the basis of current loan eligibility standards.

B. If the holder of a conventional RAP loan is dissatisfied with the City Manager's refusal to permit transfer of the unpaid amount of the loan because of a finding that hardship conditions do not exist, the holder of the loan may request review of the City Manager's determination by the Loan Committee.

C. Hardship conditions exist when the owner of the property subject to a conventional RAP loan is forced to sell the property and the property cannot be sold without a substantial loss of equity unless the loan is transferable.

SEC. 99.0708 INTEREST RATES AND OTHER LOAN CHARGES The interest rate and any other charges for a conventional RAP loan shall be established pursuant to the provisions of Sections 99.0204 and 99.0304 and may include:

A. The interest charged the City on funds borrowed to carry out the provisions of this chapter;

B. An amount needed to provide for possible defaults on outstanding loans;

C. An amount to cover the cost of servicing loan accounts;

D. An amount to cover the cost of making hardship loans (as provided for in Division 8); and

E. An amount to cover the costs of issuing bonds.

SEC. 99.0709 VARIABLE INTEREST RATE In connection with a conventional RAP loan, the loan agreement may provide for a variable interest rate. If the loan agreement does provide for a variable interest rate, the terms of the loan agreement and any change in the interest rate or other charges shall conform to the requirements of Section 37817 of the Health and Safety Code of the State of California relating to the use of variable interest rates in connection with financing residential rehabilitation.

SEC. 99.0710 TENANT MOVING COSTS AND RIGHT OF FIRST REFUSAL A. All conventional RAP loan agreements shall provide that, in the case of dwelling units which must be vacated because of residential rehabilitation to be performed on the structure in which they are located:

1. The property owner is responsible for paying the reasonable cost of moving expenses only of each household displaced; maximum moving expense shall not be in excess of \$300, or such other sum as may be approved by resolution of the City Council;

2. Any tenant who must vacate a dwelling unit shall have the right of first refusal to occupy that unit when rehabilitation of the property is completed;

3. The property owner shall give each tenant affected written notice thirty days prior to the date the tenant must vacate of the right to have no more than \$300 (or such other sum as may be approved by resolution of the City Council) of the reasonable cost of moving the household paid; of the right of first refusal to occupy the unit vacated when rehabilitation of the property is completed; of the tenant's eligibility for relocation assistance as stated in Section 99.0901; and

4. A copy of the notice specified in clause 3 above shall be forwarded to the City Manager.

B. The anticipated cost of moving households affected by residential rehabilitation may be included in the property owner's loan.

C. The determination of the amount of moving expenses due tenant shall be made by the City Manager.

SEC. 99.0711 OPEN HOUSING All conventional RAP loan agreements shall provide that so long as the loan or any portion of it is outstanding the property shall be open, upon sale or rental of all or any portion thereof, to all persons regardless of race, sex, marital status, color, religion, national origin or ancestry.

SEC. 99.0712 EQUAL EMPLOYMENT OPPORTUNITY All conventional RAP loan agreements shall provide that all contracts and subcontracts let for residential rehabilitation financed under this chapter are to be let without regard to the race, sex, marital status, color, religion, national origin or ancestry of the contractor or subcontractor.

Further, all conventional RAP loan agreements shall provide that any contractor or subcontractor engaged in residential rehabilitation financed under this chapter must agree to provide equal opportunity for employment without regard to race, sex, marital status or ancestry.

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... to secure the bonds or to provide
... the principal of, or interest on, the bonds, and such
... other monies as the City Council may, in its discretion, make available
... therefor.

SEC. 99.0103 REFERENCES TO PUBLIC OFFICIALS AND PUBLIC AGENCIES

- A. Unless otherwise indicated, all public officials and public agencies named in this chapter are officials and agencies of the City.
- B. Whenever a City official is referred to in this chapter, the reference includes that official and his or her designee or designees.
- C. All references to the Charter or to ordinances are references to the Charter or ordinances of the City.
- D. Under direction and review of the City Manager, the managerial, the planning, and legal departments should appropriately participate in the RAP Program.

DIVISION 2

RESPONSIBILITIES OF CITY COUNCIL

SEC. 99.0201 ISSUANCE OF BONDS

The City Council may from time to time by resolution authorize the issuance of bonds pursuant to this ordinance for the purpose of establishing a loan fund to be used to assist property owners with the rehabilitation of property located in residential rehabilitation areas. The repayment of principal, interest and other charges on the loans to property owners, together with such other monies as the City Council may, in its discretion and for a public purpose, make available therefor, shall be the sole source of funds pledged by the City for repayment of such bonds. Bonds issued under the provisions of this chapter shall not be deemed to constitute a debt or liability of the City or a pledge of the faith and credit of the City, but shall be payable solely from the funds specified in this section. The issuance of such bonds shall not directly, indirectly or contingently obligate the City Council to levy or to pledge any form of taxation whatever therefor, or to make any appropriation for their payment.

SEC. 99.0202 COMMITMENT TO ENFORCE REHABILITATION STANDARDS AND IMPLEMENT PLAN FOR PUBLIC IMPROVEMENTS

Prior to using funds generated by the issuance of bonds pursuant to this chapter for financing residential rehabilitation in any residential rehabilitation area, the City Council shall adopt a resolution committing the City, subject to budgetary and fiscal limitations, to:

- A. Enforcement of rehabilitation standards in 95 percent of the structures in the residential rehabilitation area; and
- B. Implementation of plan for improvements and sustained good maintenance of public facilities and services in the residential rehabilitation area, which plan has been developed with citizen participation and adopted by the City Council after a public hearing.

Enforcement of rehabilitation standards shall be deemed to have been completed when a structure has been brought into compliance with rehabilitation standards; when a structure is the subject of litigation directed to requiring compliance with rehabilitation standards; or when the owner of a structure is given a deferred time by the Housing Advisory & Appeals Board for compliance with specified rehabilitation standards which do not constitute immediate life hazards as that term is defined by the Director of the Building Inspection Department.

SEC. 99.0203 DESIGNATION OF RESIDENTIAL REHABILITATION AREAS

The City Council shall be responsible for designating residential rehabilitation areas following the procedures and criteria provided for in Division 5.

SEC. 99.0204 APPROVAL OF FEES, CHARGES AND INTEREST RATES ON FINANCING

The City Council shall, upon the recommendation of the City Manager, and after a duly noticed public hearing, approve by resolution prior to levy, all fees, charges and interest rates to be charged participating parties in connection with financing residential rehabilitation.

SEC. 99.0205 REVISION OF LOAN CHARGES

Prior to any revision of the fees, charges and interest rates for financing residential rehabilitation, the City Council shall prescribe standards for the revision of such fees, charges and interest rates. Such standards:

- A. Shall be adopted by the City Council after a public hearing preceded by public notice to affected parties; and
- B. May reflect only changes in interest rates on the City's bonds, losses due to defaults, and bona fide changes in loan servicing charges related to the administration of a program under the provisions of this chapter.

DIVISION 3

ADMINISTRATION OF PROGRAM

SEC. 99.0301 RESPONSIBILITY FOR ADMINISTRATION OF PROGRAM

The City Manager shall be responsible for administration of all aspects of the Rehabilitation Assistance Program except those for which responsibility is specifically retained by the City Council or assigned by the City Council to another City agency. The City Manager and each City agency assigned responsibility by or pursuant to this chapter, shall have all such authority as may be reasonably necessary to carry out those responsibilities. The City Manager may also request the assistance of any other City agency in meeting his or her responsibilities under this program. The Housing Advisory Board shall serve in a review and advisory capacity to the City Manager and City Council.

SEC. 99.0302 RULES AND REGULATIONS

The City Manager shall promulgate such rules and regulations as he or she may deem appropriate to carry out the provisions of this chapter. These rules and regulations shall be developed with the participation of the Citizen Advisory Committees. A copy of all such rules and regulations shall be available for review by the public during regular business hours in the office of the City Clerk, the Building Inspection Department, and in every other office established for the purpose of carrying out this program.

SEC. 99.0303 MANAGEMENT OF BOND PROCEEDS

Unless provided otherwise in any bond resolution adopted pursuant to the provisions of this chapter, the City Manager may:

- A. Invest and reinvest both the bond proceeds and the revenues from the financing of residential rehabilitation; and
- B. Manage fiscally the proceeds of bonds issued for the purpose of establishing a residential rehabilitation loan fund; or
- C. Enter into one or more agreements with private lending institutions or trust companies to manage the residential rehabilitation loan fund, including investment and reinvestment of the funds, disbursements from the fund and collection of revenues.

SEC. 99.0304 RECOMMENDATION OF FEES, CHARGES, AND INTEREST RATES ON FINANCING

The City Manager, acting on the advice of the City Auditor and Comptroller, shall recommend to the City Council for adoption:

- A. The fees, charges and interest rates which will be charged par-

of tenants:

2. Would RAP assist neighborhood-initiated improvement programs;

3. Would RAP preserve and improve the social, ethnic, and economic integration of the area; and

4. Is there support from residents of the area and from the owners of property in the area for institution of the RAP.

5. Is the area of sufficient size and continuity to enable effective administration of the program.

C. In deciding whether to recommend an area for designation as a residential rehabilitation area, the Housing Advisory Board shall take into consideration the comments from and the discussions with the public at the hearings held pursuant to subsection B. With each recommendation of a residential rehabilitation area, the Housing Advisory Board shall convey an opinion to the City Manager concerning the following factors:

1. The extent of public support for designation of the area as a residential rehabilitation area;

2. Whether there is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;

3. Whether there is a need for financial assistance for residential rehabilitation to arrest the deterioration of the area;

4. Whether financing of residential rehabilitation in the area is economically feasible;

5. Whether rent increases or demolitions resulting from the cost of meeting rehabilitation standards would result in widespread displacement of tenants;

6. Whether institution of RAP in the area would assist in neighborhood-initiated improvement programs; and

7. Whether institution of RAP would preserve and improve the social, ethnic, and economic integration of the area.

SEC. 99.0502 RECOMMENDATION OF AN AREA FOR DESIGNATION AS A RESIDENTIAL REHABILITATION AREA BY THE CITY MANAGER AND HOUSING ADVISORY BOARD

If, after reviewing the recommendation of the Housing Advisory Board for designation of an area, the City Manager is satisfied that the area is appropriate for designation as a residential rehabilitation area, the City Manager shall recommend to the City Council that it designate the area as a residential rehabilitation area. Along with any recommendation of an area for designation as a residential rehabilitation area, the City Manager shall transmit to the City Council the Housing Advisory Board's opinion given pursuant to Section 99.0501.

SEC. 99.0503 DESIGNATION OF RESIDENTIAL REHABILITATION AREAS BY THE CITY COUNCIL

Residential rehabilitation areas shall be so designated by resolutions of the City Council following a public hearing and findings that:

A. There is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;

B. Low-cost, long-term property owner loans are necessary to arrest the deterioration of the area; and

C. Based on currently available data and past experience with residential rehabilitation assistance projects (including experience with Federally Assisted Code Enforcement areas), financing of residential rehabilitation in the area is economically feasible.

SEC. 99.0504 PLAN FOR PUBLIC IMPROVEMENTS

With the participation of the Citizens Advisory Committee, and in consultation with other relevant City agencies, including the Planning Department and the Planning Commission, the City Manager shall develop a proposed plan for public improvements for each residential rehabilitation area. The proposed plan for public improvements for each area shall include items deemed necessary for the successful rehabilitation of the residential rehabilitation area and shall include consideration of health, recreation, child care, education, culture and safety facilities and services.

The City Manager shall submit the proposed plan for public improvements in a residential rehabilitation area to the City Council. Prior to submitting the plan for public improvements to the City Council, the City Manager shall transmit it to the Citizens Advisory Committee for its recommendations. The Citizens Advisory Committee's recommendations shall be transmitted through the Housing Advisory Board and City Manager to the City Council along with the proposed plan. The City Council shall consider the plan at a public hearing. After such modification of the proposed plan, if any, as the City Council deems necessary, the Council shall adopt a plan for public improvements for that area.

DIVISION 6

LIMITATIONS ON AMOUNT OF LOAN

SEC. 99.0601 MAXIMUM INDEBTEDNESS ON PROPERTY
Outstanding loans on the property to be rehabilitated, including the amount of the loan for rehabilitation, shall not exceed eighty percent of the anticipated after-rehabilitation value of the property to be rehabilitated, as determined by the City Manager, except that the City Manager may authorize loans of up to ninety-five percent of the anticipated after-rehabilitation value of the property if:

A. Such loans are made for the purpose of rehabilitating the property for residential purposes;

B. There is demonstrated need for such higher limit; and

C. There is a high probability that the value of the property will not be impaired during the term of the loan.

SEC. 99.0602 MAXIMUM AMOUNT OF LOAN

The maximum loans for rehabilitation shall be as follows: single family, \$17,500; two-three units, \$10,000 per unit; four or more units, \$7,500 per unit; commercial, \$5,000 per unit; or such other amounts as may be authorized by the State Legislature and approved by City Council resolution.

SEC. 99.0603 LIMITATIONS ON USE OF LOAN FOR GENERAL PROPERTY IMPROVEMENTS

No more than twenty percent of any loan for residential rehabilitation shall be used for general property improvements, except that in the case of owner-occupied, one-to-four dwelling unit properties, up to forty percent of the loan may be used for general property improvements.

SEC. 99.0604 REFINANCING

A loan may be made to refinance an existing indebtedness on a residence if:

A. The cost of meeting rehabilitation standards and correcting incipient violations thereof for the residence equals at least twenty-five percent of the principal amount of the loan; and

B. The sum of the monthly principal and interest payments on the proposed loan for rehabilitation and the monthly payments on existing debt secured by the property would result in total monthly payments that would exceed twenty percent of the applicant's total monthly income.

SEC. 99.0605 LIMITATIONS BASED ON FAIR MARKET VALUE OF WORK

A loan cannot be granted in an amount more than fifteen percent

of moving costs, the amount of the loan for rehabilitation shall not exceed the amount of the loan for rehabilitation of the unit vacated when rehabilitation is completed; of the tenant's eligibility for relocation in Section 99.0901; and

4. A copy of the notice specified in c) forwarded to the City Manager.

B. The anticipated cost of moving household rehabilitation may be included in the price.

C. The determination of the amount of the tenant shall be made by the City Manager.

SEC. 99.0711 OPEN HOUSING

All conventional RAP loan agreements shall as the loan or any portion of it is outstanding open, upon sale or rental of all or any portion regardless of race, sex, marital status, color, or ancestry.

SEC. 99.0712 EQUAL EMPLOYMENT OPPORTUNITY

All conventional RAP loan agreements shall conform to the provisions of this chapter and shall not be subject to any restriction on status, color, religion, national origin or ancestry. Further, all conventional RAP subcontractor. Further, all conventional RAP subcontractor rehabilitation financed under this chapter must provide that any contractor or subcontractor opportunity for employment without regard to race, color, religion, national origin or ancestry.

SEC. 99.0713 ENFORCEMENT OF LOAN PROVISIONS

The provisions of Section 99.0711 and the 99.0712 as they relate to enforcement of non-basis of race, sex, marital status, color, religion, or ancestry, are enforceable by the City Manager. Agreement provisions required by Sections 99.0701, 99.0711 and 99.0712 may result in any outstanding pursuant to the loan agreement becoming payable.

DIVISION 8

HARDSHIP LOANS

SEC. 99.0801 HARDSHIP LOAN - AVAILABILITY

The provisions of this article shall apply if a fund is established. The purpose of the hardship provide financial assistance in the form of deferred payments of principal to low-income owner subject to residential rehabilitation who are unable to pay the costs of meeting rehabilitation. Funds are to be used only for meeting rehabilitation incipient violations thereof.

SEC. 99.0802 MAXIMUM AMOUNT OF LOAN

A. A hardship loan of up to \$3,500 or such by City Council resolution can be made to a loan owner-occupant of a one-to-four dwelling unit.

B. To be eligible for a hardship loan the applicant must be the satisfaction of the City Manager that the applicant's housing costs would exceed ten percent of gross income, and that the applicant does not meet the cost of residential rehabilitation with applicant's ability to be self-supporting in the future.

SEC. 99.0803 TERMS OF HARDSHIP LOAN

A hardship loan shall be due and payable in years. It shall also be due and payable at the property unless the hardship loan is transferred.

SEC. 99.0804 TRANSFERABILITY OF HARDSHIP LOAN

A. Upon conveyance of property subject to hardship loan may be converted to a conventional RAP loan as provided in Section 99.0711 and upon the same terms as are applicable to a conventional RAP loan as provided in Section 99.0711, period of the loan may not extend beyond twenty of the original loan.

B. Upon transfer of property subject to a hardship loan, if the spouse or heir who is or shall be transferred to the spouse or heir.

If the owner of property subject to a hardship loan is not repaid or transferred to one year of the owner's death, the loan shall, a date of the owner's death, bear interest at the rate charged for conventional RAP loans which year as the hardship loan.

SEC. 99.0805 USE IN CONJUNCTION WITH REHABILITATION ASSISTANCE LOAN

A conventional rehabilitation assistance loan may be used in conjunction with a hardship loan provided the property is eligible for a conventional RAP loan.

SEC. 99.0806 SECURITY

Unless provided otherwise in any bond resolution of this chapter, hardship loans shall be secured by a deed of trust naming the City as beneficiary of the trust.

SEC. 99.0807 ADDITIONAL LOAN TERMS

Each provision required to be contained in an agreement pursuant to Sections 99.0701 through 99.0713 shall be contained in each hardship loan agreement.

SEC. 99.0808 SOURCE OF FUNDS

Any funds given to or received by the City for the purpose of establishing a hardship loan fund may be accepted for that purpose by the City Council may, from time to time, appropriate a loan fund.

DIVISION 9

MISCELLANEOUS PROVISIONS

SEC. 99.0901 TENANT DISPLACEMENT ASSISTANCE

In addition to moving costs, a tenant displaced by the relocation of the dwelling unit or building in which the tenant is residing shall be eligible for assistance from the City Manager. The City Manager shall make reasonable efforts to make known to any tenant the program whatever services or resources are available.

SEC. 99.0902 USE OF MONEY EARNED ON BOND PROCEEDS

Unless provided otherwise in any bond resolution of this chapter, any money earned on bond proceeds or payments on residential rehabilitation shall be used to establish a hardship loan fund and a reserve fund. The allocation of such money between these two funds shall be determined by the City Manager subject to approval by the City Council.

SEC. 99.0903 CONVERSION TO STATE OR FEDERAL

In the event that funds for rehabilitation are provided through a state or federal program on more than one conventional RAP loan, every effort shall be made to use of such loans in existing residential rehabilitation projects.

SEC. 99.0904 CONSTRUCTION AND EFFECTIVE DATE

The provisions of this chapter, being necessary for the health, safety and general welfare of the City of San Diego and its inhabitants, shall take effect immediately upon its passage.

SEC. 99.0905 SEVERABILITY

If any provision of this chapter, or the application of the chapter, is held invalid, the validity of the chapter and the applicability of such provisions shall not be affected thereby.

This ordinance shall take effect and become law from and after its passage.

Introduced on January 9, 1975.

Passed and adopted by the Council of The City of San Diego.

January 23, 1975.

AUTHENTICATED BY:

PETE WILSON,
Mayor of The City of San Diego

EDWARD NIELSEN,
City Clerk

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5. Is the area of sufficient size and continuity to enable effective
administration of the program.
C. In deciding whether to recommend an area for designation as a
residential rehabilitation area, the Housing Advisory Board shall take into
consideration the comments from and the discussions with the public at
the hearings held pursuant to subsection B. With each recommendation of
a residential rehabilitation area, the Housing Advisory Board shall convey
an opinion to the City Manager concerning the following factors:
1. The extent of public support for designation of the area as a
residential rehabilitation area;
2. Whether there is a substantial number of deteriorating struc-
tures in the area which do not conform to rehabilitation standards;
3. Whether there is a need for financial assistance for residential
rehabilitation to arrest the deterioration of the area;
4. Whether financing of residential rehabilitation in the area is
economically feasible;
5. Whether rent increases or demolitions resulting from the cost
of meeting rehabilitation standards would result in widespread dis-
placement of tenants;
6. Whether institution of RAP in the area would assist in
neighborhood-initiated improvement programs; and
7. Whether institution of RAP would preserve and improve the
social, ethnic, and economic integration of the area.

**SEC. 99.0502 RECOMMENDATION OF AN AREA FOR
DESIGNATION AS A RESIDENTIAL REHABILITATION
AREA BY THE CITY MANAGER AND
HOUSING ADVISORY BOARD**
If, after reviewing the recommendation of the Housing Advisory
Board for designation of an area, the City Manager is satisfied that the
area is appropriate for designation as a residential rehabilitation area,
the City Manager shall recommend to the City Council that it designate
the area as a residential rehabilitation area. Along with any recom-
mendation of an area for designation as a residential rehabilitation area,
the City Manager shall transmit to the City Council the Housing Advisory
Board's opinion given pursuant to Section 99.0501.

**SEC. 99.0503 DESIGNATION OF RESIDENTIAL
REHABILITATION AREAS BY THE CITY COUNCIL**
Residential rehabilitation areas shall be so designated by resolu-
tions of the City Council following a public hearing and findings that:
A. There is a substantial number of deteriorating structures in
the area which do not conform to rehabilitation standards;
B. Low-cost, long-term property owner loans are necessary to ar-
rest the deterioration of the area; and
C. Based on currently available data and past experience with resi-
dential rehabilitation assistance projects (including experience with
Federally Assisted Code Enforcement areas), financing of residential
rehabilitation in the area is economically feasible.

SEC. 99.0504 PLAN FOR PUBLIC IMPROVEMENTS
With the participation of the Citizens Advisory Committee, and in con-
sultation with other relevant City agencies, including the Planning
Department and the Planning Commission, the City Manager shall
develop a proposed plan for public improvements for each residential
rehabilitation area. The proposed plan for public improvements for
each area shall include items deemed necessary for the successful re-
habilitation of the residential rehabilitation area and shall include con-
sideration of health, recreation, child care, education, culture and safety
facilities and services.
The City Manager shall submit the proposed plan for public im-
provements in a residential rehabilitation area to the City Council. Prior
to submitting the plan for public improvements to the City Council,
the City Manager shall transmit it to the Citizens Advisory Committee
for its recommendations. The Citizens Advisory Committee's recommen-
dations shall be transmitted through the Housing Advisory Board and
City Manager to the City Council along with the proposed plan. The
City Council shall consider the plan at a public hearing. After such
modification of the proposed plan, if any, as the City Council deems
necessary, the Council shall adopt a plan for public improvements for
that area.

**DIVISION 6
LIMITATIONS ON AMOUNT OF LOAN**
SEC. 99.0601 MAXIMUM INDEBTEDNESS ON PROPERTY
Outstanding loans on the property to be rehabilitated, including the
amount of the loan for rehabilitation, shall not exceed eighty percent of
the anticipated after-rehabilitation value of the property to be rehabili-
tated, as determined by the City Manager, except that the City Man-
ager may authorize loans of up to ninety-five percent of the anticipated
after-rehabilitation value of the property if:
A. Such loans are made for the purpose of rehabilitating the
property for residential purposes;
B. There is demonstrated need for such higher limit; and
C. There is a high probability that the value of the property will
not be impaired during the term of the loan.

SEC. 99.0602 MAXIMUM AMOUNT OF LOAN
The maximum loans for rehabilitation shall be as follows: single
family, \$17,500; two-three units, \$10,000 per unit; four or more units,
\$7,500 per unit; commercial, \$5,000 per unit; or such other amounts
as may be authorized by the State Legislature and approved by City
Council resolution.

**SEC. 99.0603 LIMITATIONS ON USE OF LOAN FOR GENERAL
PROPERTY IMPROVEMENTS**
No more than twenty percent of any loan for residential rehabili-
tation shall be used for general property improvements, except that in
the case of owner-occupied, one-to-four dwelling unit properties, up to
forty percent of the loan may be used for general property improve-
ments.

SEC. 99.0604 REFINANCING
A loan may be made to refinance an existing indebtedness on a
residence if:
A. The cost of meeting rehabilitation standards and correcting
incipient violations thereof for the residence equals at least twenty-five
percent of the principal amount of the loan; and
B. The sum of the monthly principal and interest payments on
the proposed loan for rehabilitation and the monthly payments on
existing debt secured by the property would result in total monthly
payments that would exceed twenty percent of the applicant's total
monthly income.

**SEC. 99.0605 LIMITATIONS BASED ON FAIR MARKET
VALUE OF WORK**
A loan cannot be granted in an amount more than fifteen percent

of moving the household paid; of the right of first refusal to oc-
cupy the unit vacated when rehabilitation of the property is com-
pleted; of the tenant's eligibility for relocation assistance as state
in Section 99.0901; and
4. A copy of the notice specified in clause 3 above shall be
forwarded to the City Manager.
B. The anticipated cost of moving households affected by residen-
tial rehabilitation may be included in the property owner's loan.
C. The determination of the amount of moving expenses due a
tenant shall be made by the City Manager.

SEC. 99.0711 OPEN HOUSING
All conventional RAP loan agreements shall provide that so long
as the loan or any portion of it is outstanding the property shall be
open, upon sale or rental of all or any portion thereof, to all persons
regardless of race, sex, marital status, color, religion, national origin
or ancestry.

SEC. 99.0712 EQUAL EMPLOYMENT OPPORTUNITY
All conventional RAP loan agreements shall provide that all con-
tracts and subcontracts let for residential rehabilitation financed under
this chapter are to be let without regard to the race, sex, marital
status, color, religion, national origin or ancestry of the contractor or
subcontractor. Further, all conventional RAP loan agreements shall
provide that any contractor or subcontractor engaged in residential
rehabilitation financed under this chapter must agree to provide equal
opportunity for employment without regard to race, sex, marital status,
color, religion, national origin or ancestry.

SEC. 99.0713 ENFORCEMENT OF LOAN PROVISIONS
The provisions of Section 99.0711 and the provisions of Section
99.0712 as they relate to enforcement of nondiscrimination on the
basis of race, sex, marital status, color, religion, national origin or an-
cestry, are enforceable by the City Manager. Violation of the loan
agreement provisions required by Sections 99.0701, 99.0705, 99.0706, 99.0710,
99.0711 and 99.0712 may result in any outstanding financing obtained
pursuant to the loan agreement becoming immediately due and
payable.

**DIVISION 8
HARDSHIP LOANS**
SEC. 99.0801 HARDSHIP LOAN - AVAILABILITY AND PURPOSE
The provisions of this article shall apply when a hardship loan
fund is established. The purpose of the hardship loan fund shall be to
provide financial assistance in the form of interest-free loans with de-
ferred payments of principal to low-income owner-occupants of prop-
erty subject to residential rehabilitation who would not otherwise be
able to pay the costs of meeting rehabilitation standards, and in-
cipient violations thereof.

SEC. 99.0802 MAXIMUM AMOUNT OF LOAN AND ELIGIBILITY
A. A hardship loan of up to \$3,500 or such other sum approved
by City Council resolution can be made to a low-income applicant who
is owner-occupant of a one-to-four dwelling unit building.
B. To be eligible for a hardship loan the applicant must demon-
strate to the satisfaction of the City Manager that with a conventional
RAP loan the applicant's housing costs would exceed twenty-five per-
cent of gross income, and that the applicant does not have other assets
to meet the cost of residential rehabilitation without jeopardizing the
applicant's ability to be self-supporting in the future.

SEC. 99.0803 TERMS OF HARDSHIP LOAN
A hardship loan shall be due and payable at the end of nineteen
years. It shall also be due and payable at the time of transfer of the
property unless the hardship loan is transferred pursuant to Section
99.0707.
SEC. 99.0804 TRANSFERABILITY OF HARDSHIP LOAN
A. Upon conveyance of property subject to a hardship loan, the
hardship loan may be converted to a conventional RAP loan and as-
signed to the transferee of the property under the same circumstances
and upon the same terms as are applicable to the transfer of a con-
ventional RAP loan as provided in Section 99.0707. The total remaining
period of the loan may not extend beyond twenty years from the date
of the original loan.
B. Upon transfer of property subject to a hardship loan, or an
interest therein, to a spouse or heir who is otherwise eligible for a
hardship loan, if the spouse or heir so chooses, the hardship loan
shall be transferred to the spouse or heir.
If the owner of property subject to a hardship loan dies, and the
hardship loan is not repaid or transferred to another person within
one year of the owner's death, the loan shall, as of one year from the
date of the owner's death, bear interest at the then current interest
rate charged for conventional RAP loans which were made in the same
year as the hardship loan.

**SEC. 99.0805 USE IN CONJUNCTION WITH THE CONVENTIONAL
REHABILITATION ASSISTANCE PROGRAM LOAN**
A conventional rehabilitation assistance loan may be used to sup-
plement a hardship loan provided the property owner otherwise qual-
ified for a conventional RAP loan.
SEC. 99.0806 SECURITY
Unless provided otherwise in any bond resolution issued pursuant to
the provisions of this chapter, hardship loans shall be secured by a deed
of trust naming the City as beneficiary of the trust.

SEC. 99.0907 ADDITIONAL LOAN TERMS
Each provision required to be contained in a conventional RAP loan
agreement pursuant to Sections 99.0701 through 99.0712 shall also be con-
tained in each hardship loan agreement.
SEC. 99.0908 SOURCE OF FUNDS
Any funds given to or received by the City specifically for the
purpose of establishing a hardship loan fund may be accepted by the
City Manager and may be accepted for that purpose. In addition, the
City Council may, from time to time, appropriate funds for a hardship
loan fund.

**DIVISION 9
MISCELLANEOUS PROVISIONS**
SEC. 99.0901 TENANT DISPLACEMENT ASSISTANCE
In addition to moving costs, a tenant displaced because of rehabili-
tation of the dwelling unit or building in which the tenant lives may re-
quest relocation assistance from the City Manager. The City Manager shall
make reasonable efforts to make known to any persons displaced by
this program whatever services or resources are available to assist
them.
SEC. 99.0902 USE OF MONEY EARNED ON INVESTMENTS
Unless provided otherwise in any bond resolution issued pursuant to
the provisions of this chapter, any money earned from investment of
bond proceeds or payments on residential rehabilitation loans shall be
used to establish a hardship loan fund and a relocation assistance fund.
The allocation of such money between these two funds shall be made
by the City Manager subject to approval by resolution of the City
Council.

SEC. 99.0903 CONVERSION TO STATE OR FEDERAL PROGRAM
In the event that funds for rehabilitation loans become available
through a state or federal program on more favorable terms than
conventional RAP loans, every effort shall be made to convert the
use of such loans in existing residential rehabilitation areas.
SEC. 99.0904 CONSTRUCTION AND EFFECT OF CHAPTER
The provisions of this chapter, being necessary for the welfare
of the City of San Diego and its inhabitants, shall be liberally construed
to effect its purposes.
SEC. 99.0905 SEVERABILITY
If any provision of this chapter, or the application thereof to
person or circumstance, is held invalid, the validity of the remaining
provisions of the chapter and the applicability of such provisions to other
persons and circumstances shall not be affected thereby.
Section 2. This ordinance shall take effect and be in force on
the 15th day from and after its passage.
Introduced on January 9, 1975.
Passed and adopted by the Council of The City of San Diego on
January 21, 1975.

AUTHENTICATED BY:
PETE WILSON,
Mayor of The City of San Di
EDWARD NIELSEN,
City Clerk of The City of San
By PATRICIA POLEN, Depu
(SEAL)
Published January 31, 1975

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