

(R-90-1391)

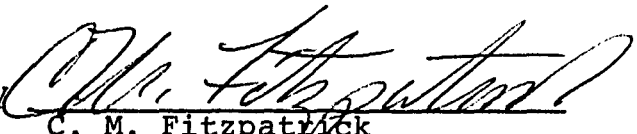
RESOLUTION NUMBER R- 275386

ADOPTED ON MAR 26 1990

BE IT RESOLVED, by the Council of The City of San Diego, that the City Council hereby adopts THE SAN DIEGO HOUSING TRUST FUND POLICY as Policy No. 600-13, on file in the office of the City Clerk as Document No. RR- 275386.

APPROVED: JOHN W. WITT, City Attorney

By


C. M. Fitzpatrick
Assistant City Attorney

CMF:wk
12/6/90
Or.Dept:Hsg.Comm.
R-90-1391
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COUNCIL POLICY NO. _____ ON
THE SAN DIEGO HOUSING TRUST FUND

Introduction

Faced with a critical and growing shortage of affordable housing in San Diego, and recognizing that with the passage of each year the City lost ground in its attempt to meet the need for such housing, the San Diego Housing Commission appointed the San Diego Housing Trust Fund Task Force whose membership represented a broad spectrum of the community. The Council charged the Task Force to conduct a detailed investigation relating to the establishment of a Housing Trust Fund to address current and projected low income housing needs by the year 2000 through the creation of a reliable and committed source of housing assistance funding. On October 16, 1989, the Housing Commissioners unanimously accepted the San Diego Housing Trust Fund Task Force Final Report and Recommendations and forwarded the Report with Commission support to the City Council. On December 11, 1989, the City Council accepted the Report and instructed the Commission and City staff to prepare the necessary ordinances for the establishment of the Housing Trust Fund as recommended by the Task Force. On March 8, 1989, the City Council adopted the San Diego County Housing Trust Fund by ordinance.

The Goal and Purpose of the San Diego Housing Trust Fund

The purpose of the Housing Trust Fund is to provide housing assistance through production, acquisition, rehabilitation and preservation of housing affordable to the homeless, very low income, and low income households and to assist first-time median income homebuyers. The goal of the Housing Trust Fund as adopted by the City Council is to meet the affordable housing needs of one-third of these households currently residing in the City or projected to reside in the City through the year 2000. These Very Low and Low income households are those earning less than 80%, and moderate income first-time homebuyers are those earnings less than 100% of the annually adjusted median income, adjusted for family size, as provided by the U.S. Department of Housing and Urban Development.

It is further the goal of the Housing Trust Fund to meet these housing needs by leveraging state, federal and private sector subsidy capital needed to bridge the gap between affordable housing costs for very low, low and median income households and the cost of developing, acquiring, preserving and rehabilitating housing in San Diego. It is anticipated that a consistent leverage ratio of one dollar from the Housing Trust

Fund to every two dollars provided from non-City subsidy funds will be required through the year 2000 to meet the goal of satisfying one-third of very low and low income housing need.

Base Year Funding

Pursuant to the recommendations of both the Task Force and Housing Commission, the Council finds that carrying out the Housing Trust Fund purpose and goal as stated above will require a minimum base year funding of \$54,000,000 in 1990 dollars. In order to carry out these goals and maintain the necessary annual level of housing assistance and production, funding mechanisms must provide annual revenues above the Base Year \$54 million level to account for increases in land, construction costs and monetary inflation. Accordingly, it is Council policy that annual funding for the Housing Trust Fund be minimally increased above the Base Year level of \$54 million in 1990 dollars by the Consumer Price Index (CPI), as published by the U.S. Department of Commerce. In the event that land and residential development costs increase at a rate markedly faster than that reflected by the CPI, it is the intent of Council that annual appropriations to the Housing Trust Fund keep pace with the inflation in San Diego land and development costs.

Revenue Requirements and Characteristics

The nature of the task undertaken by the San Diego Housing Trust Fund requires that its funding possess the following characteristics:

1. The funding must be firmly committed and reliable.

Monies provided by the San Diego Housing Trust Fund will be utilized by private, for-profit, non-profit, and public housing providers who can cooperate to provide affordable housing. This assistance will involve the undertaking of capital projects and other subsidy programs which require a reliable and firm commitment of funds over a substantial period of time. Both the planning and execution of these projects require a reliable ongoing funding process.

2. Adequate housing is a responsibility of the whole community. The cost of financing Trust Fund projects must be fairly distributed.

Adequate affordable housing improves the quality of life over the entire community. It revitalizes local consumption and attracts new enterprise spurring economic growth. Because the benefits of adequate housing are enjoyed by business and public alike, the cost of providing

housing should be shared. To ensure such distribution, funding must be equitably distributed from revenue sources derived from both the business and residential communities.

3. The funding burden must be appropriately distributed among residents, and new and existing businesses. The Council was particularly impressed with the endorsement of the Housing Trust Fund by business and industry members of the Task Force, who themselves will contribute significant revenues directly and to the General Fund, freeing money for housing. This commitment by business interests demonstrates a shared understanding of the depth of the housing crisis and the need to intercede before it is too late. This citywide will to overcome a costly and disabling affliction must not be dissipated by seeking revenues only from sources that can be directly earmarked for housing. The existing San Diego business community will benefit from housing produced to fill this shortage and provide decent housing for its employees. At the same time, new employment opportunities derived from new economic expansion in San Diego will give rise to the need for even more affordable housing opportunities. The business sectors of the community

providing for this new economic growth should share proportionately in the cost of the provision of new affordable housing opportunities for workers filling those new jobs.

4. Revenues collected for the Housing Trust Fund directly or through the General Fund must be non-regressive.

The Council affirms the principle of progressive assessments of businesses and residences alike. Where proposed assessments may be inherently regressive, the Council has acted to eliminate or lessen the burden on low income individuals.

5. The Trust Fund shall be efficiently administered. It is the intent of Council that both revenues collected for the Housing Trust Fund and Housing Trust Fund program expenditures be efficiently administered. Governance, enforcement and financial assistance procedures will be simple, streamlined, accessible to all interested parties, and will remain publicly accountable.

6. Significant new revenues will be needed to meet the Housing Trust Fund goal. The Council recognizes and affirms its commitment to secure significant new

revenues for both the General Fund and direct Housing Trust Fund dedications so that the goal of meeting one-third of low income housing need by the year 2000 may be met.

Base Year Revenue Sources

In order to comply with these required revenue characteristics, the Council adopts the following funding policy:

1. Approximately \$12,000,000 of the base year funding is anticipated to be derived from the Housing Linkage Fee on commercial development adopted by City Council in Ordinance No. __ which provides that Commercial development linkage fees shall be dedicated directly to the Housing Trust Fund. This constitutes approximately 22% of the \$54,000,000 base year funding. This amount is supported by the Economic Nexus Analysis prepared for the Housing Commission in July, 1989, and represents a reasonable apportionment of the burden of the fund between new and existing economic activity.
2. One-half of the increase in Transient Occupancy Tax collections over and above the fiscal year 1989 constituting approximately \$2.78 million, or

approximately 5% of the base funding necessary for the functioning of the Trust Fund also is to be dedicated to the Fund.

3. The remaining \$39,000,00 of the \$54,000,000 base year funding of the Trust Fund should be derived from General Fund sources. This will maintain the appropriate balance of funding burden among existing residences and business and new commercial development since the General Fund revenue sources are derived from existing economic activity and residential sources.
4. In order to equitably distribute this General Fund burden across the community, the Council has identified the following revenue strategies to augment or assist the General Fund:
 - a. Approximately \$12,000,000 in Base Year collections derived from a new utility users fee. This would constitute approximately 22.4% of the base funding of \$54,000,000 for the functioning of the Fund.

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- b. Approximately \$17,000,000 in Base Year collections derived from a new business gross receipts tax constituting approximately 31.5% of the base funding of \$54,000,000 for the Fund.

- c. Relief of the General Fund of approximately \$10.2 million in Base Year collections from parks and landscaping maintenance due to the creation of a city-wide landscaping, lighting and maintenance district. This would constitute approximately 19% of the \$54,000,000 base funding necessary for the functioning of the Fund.

It is not the intention of the Council to permanently allocate the actual revenue from these sources to the Housing Trust Fund, or otherwise constrain the annual budget process. In adopting this policy, the Council recognizes the contribution of new income to the General Fund by various sectors of the community which have been identified by the Housing Trust Fund Task Force and Housing Commission as appropriate contributors to meeting the City's housing needs as defined herein. Though the level of contribution is related to the level of responsibility, specific contributions to the general fund are not earmarked for Trust

Fund. Allocation levels from the General Fund must be established and appropriated annually in accordance with the normal budget process.

Revenue Increases to the Housing Trust Fund

The annual budget allocation for the San Diego Housing Trust Fund shall be increased annually over and above the base funding of \$54,000,000 to reflect increases in housing development cost, inflation and other factors. This increased allocation shall reflect any increases in revenue from the housing linkage fee on commercial development due to increases in the level of development or adjustments in the fee as provided by ordinance; and increases in the increment of the Transient Occupancy Tax due to increased revenues therefrom as provided by ordinance.

The City Manager is instructed by this policy to prepare annually a proposed Housing Trust Fund budget for presentation to the City Council which shall include increases in General Fund allocations to the Trust Fund above the Base Year \$39 million General Fund allocation in 1990 dollars. The annual increases in General Fund allocations to the Housing Trust Fund from the Base Year General Fund allocation shall be indexed to the Consumer Price Index, plus any additional increment necessary to accommodate rising land, residential development and interest

rate expenses. The Housing Commission shall certify to the Council the index rate to be used in order to accommodate any such increases in land, residential development costs and interest rates. Such certification shall be made to Council no later than February 1 each year, reflecting increases in San Diego residential development expense above that reflected by the Consumer Price Index.

Process for Future Budgets

It is Council policy that, in order to maintain funding reliability and to ensure an equitable sharing of the burden of Trust Fund activities, the housing linkage fee, transient occupancy tax increment, and the General Fund augmented as described in this policy constitute the appropriate funding priorities for the San Diego Housing Trust Fund. The Linked Development Fee and the Transient Occupancy Tax increment will be dedicated to the Trust Fund on an annual basis as provided by ordinance. It is Council policy that the general fund monies referenced above shall be allocated as provided herein as part of the annual budget process pursuant to the Charter and City Code. In developing a budget for presentation to the City Council, the City Manager is instructed to follow the funding priorities in this policy. The City Council intends to follow this policy in its annual budgetary deliberations and process.

COUNCIL POLICY

R-275386
3/26/90

SUBJECT

THE SAN DIEGO HOUSING TRUST FUND

POLICY
NUMBER

600-13

EFFECTIVE
DATEBACKGROUND

Faced with a critical and growing shortage of affordable housing in San Diego, and recognizing that with the passage of each year the City lost ground in its attempt to meet the need for such housing, the San Diego Housing Commission appointed the San Diego Housing Trust Fund Task Force whose membership represented a broad spectrum of the community. The Commission charged the Task Force to conduct a detailed investigation relating to the establishment of a Housing Trust Fund to address current and projected low income housing needs through the creation of a reliable and committed source of housing assistance funding. The Task Force adopted the goal of meeting San Diego's lower income housing need by the year 2000. Recognizing the extent of the housing crisis, Task Force members realized that the City at present could realistically meet 1/3 of the housing need. In order to do this, the Task Force recommended establishment of a \$54 million Trust Fund; these funds were to be leveraged with non-City monies to maximize their impact. On October 16, 1989, the Housing Commissioners unanimously accepted the San Diego Housing Trust Fund Task Force Final Report and Recommendations and forwarded the Report with Commission support to the City Council. On December 11, 1989, the City Council accepted the Report and instructed the Commission and City staff to prepare the necessary ordinances for the establishment of the Housing Trust Fund. On March 26, 1990, the City Council created the San Diego Housing Trust Fund to assist in the provision of affordable housing (Ordinance Number ~~600-137~~. D-17454

PURPOSE

The purpose of the Housing Trust Fund is to provide housing assistance through production, acquisition, rehabilitation and preservation of housing affordable to the homeless, very low income, and low income households and to assist first-time median income homebuyers. The Very Low and Low income households are those earning less than 80%, and the first-time homebuyers are those earning less than 100% of the annually adjusted median income, adjusted for family size, as provided by the U.S. Department of Housing and Urban Development.

It is further the purpose of the Housing Trust Fund to meet these housing needs by leveraging state, federal and private sector subsidy capital needed to bridge the gap between affordable housing costs for very low, low and median income households and the cost of developing, acquiring, preserving and rehabilitating housing in San Diego.

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DOCUMENT NO.

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FILED

MAR 26 1990

COUNCIL POLICY

SUBJECT

THE SAN DIEGO HOUSING TRUST FUNDPOLICY
NUMBER**600-13**EFFECTIVE
DATE**POLICY**

1. The Council hereby acknowledges the Task Force recommendation that the City, through its own action, meet 1/3 of its current and projected lower income housing need by the year 2000, and recognizes that a minimum base year funding level of \$54 Million in 1990 dollars is required in order to achieve this recommended goal.
2. The Council further acknowledges the fiscal constraints currently faced by the City that do not presently allow appropriation of full funding to meet the recommended level.
3. It is the intention of Council, by this policy to provide sufficient base year funds from dedicated and other sources to make significant progress toward achieving the recommended goal.
4. It is also the intent of Council by this policy, that annual funding for the Housing Trust Fund be provided at sufficient levels in the future to meet, or make significant progress toward meeting, the goal recommended by the Task Force.
5. It is the intent of Council that the San Diego Housing Trust Fund have the following characteristics:
 - a. The funding must be firmly committed and reliable. Monies provided by the San Diego Housing Trust Fund will be utilized by private, for-profit, non-profit, and public housing providers who can cooperate to provide affordable housing. This assistance will involve the undertaking of capital projects and other subsidy programs which require a reliable and firm commitment of funds over a substantial period of time. Both the planning and execution of these projects require a reliable ongoing funding process.
 - b. The funding burden should be equitably distributed among the community. Adequate affordable housing improves the quality of life over the entire community. Therefore, the cost of financing Housing Trust Fund projects should be fairly distributed from revenue sources derived from both the business and residential communities.

COUNCIL POLICY

SUBJECT THE SAN DIEGO HOUSING TRUST FUND

POLICY NUMBER 600-13

EFFECTIVE DATE

- c. The Trust Fund shall be efficiently administered. It is the intent of Council that both revenues collected for the Housing Trust Fund and Housing Trust Fund program expenditures be efficiently administered. Governance, enforcement and financial assistance procedures will be simple, streamlined, accessible to all interested parties, and will remain publicly accountable.
- d. Significant new revenues will be needed to meet the Housing Trust Fund goal. The Council recognizes and affirms its commitment to secure significant new revenues for both the General Fund and direct Housing Trust Fund dedications.
6. It is the intent of Council that Housing Trust Fund allocation levels from the General Fund be established and appropriated in accordance with the annual budget process and that the Linked Development Fee and the Transient Occupancy Tax Increment, and other sources which from time to time may be identified, be earmarked for the Housing Trust Fund as provided by ordinance.
7. It is further the intent of Council to provide for the contribution of the San Diego Redevelopment Agency housing setaside funds in addressing the affordable housing issue in San Diego and to require the Redevelopment Agency to coordinate with the Housing Commission to ensure the effective and timely use of these funds.

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MAR 26 1990

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

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Wes Pratt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Linda Bernhardt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Bruce Henderson	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

MAUREEN O'CONNOR
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

By *Maureen O'Connor*, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number *R-275386* Adopted *MAR 26 1990*