

|  |  |
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| <b>REQUEST FOR COUNCIL ACTION</b><br>CITY OF SAN DIEGO | CERTIFICATE NUMBER<br>(FOR COMPTROLLER'S USE ONLY) |
|--|--|

|                     |  |                     |
|---------------------|--|---------------------|
| TO:<br>CITY COUNCIL | FROM (ORIGINATING DEPARTMENT):<br>Housing Commission | DATE:<br>05/07/2013 |
|---------------------|--|---------------------|

SUBJECT: Proposed FY2014 Affordable Housing Fund Annual Plan

|   |                                      |
|---|--------------------------------------|
| PRIMARY CONTACT (NAME, PHONE):<br>Debra Fischle-Faulk, 619-578-7411 | SECONDARY CONTACT (NAME, PHONE):<br> |
|---|--------------------------------------|

**COMPLETE FOR ACCOUNTING PURPOSES**

|                              |      |      |      |      |      |
|------------------------------|------|------|------|------|------|
| FUND                         |      |      |      |      |      |
| DEPT / FUNCTIONAL AREA       |      |      |      |      |      |
| ORG / COST CENTER            |      |      |      |      |      |
| OBJECT / GENERAL LEDGER ACCT |      |      |      |      |      |
| JOB / WBS OR INTERNAL ORDER  |      |      |      |      |      |
| C.I.P./CAPITAL PROJECT No.   |      |      |      |      |      |
| AMOUNT                       | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

|                              |      |      |      |      |      |
|------------------------------|------|------|------|------|------|
| FUND                         |      |      |      |      |      |
| DEPT / FUNCTIONAL AREA       |      |      |      |      |      |
| ORG / COST CENTER            |      |      |      |      |      |
| OBJECT / GENERAL LEDGER ACCT |      |      |      |      |      |
| JOB / WBS OR INTERNAL ORDER  |      |      |      |      |      |
| C.I.P./CAPITAL PROJECT No.   |      |      |      |      |      |
| AMOUNT                       | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

COST SUMMARY (IF APPLICABLE): The proposed funding sources and uses approved by this action were partially approved by the Housing Commission in the proposed FY14 Housing Commission budget, which is scheduled for approval by the Housing Authority on June 10, 2013. Approving this action will not change the FY14 Total Budget, but will reallocate funding sources among uses. Please refer to staff report for further information.

**ROUTING AND APPROVALS**

| CONTRIBUTORS/REVIEWERS: | APPROVING AUTHORITY       | APPROVAL SIGNATURE | DATE SIGNED |
|-------------------------|---------------------------|--------------------|-------------|
| Liaison Office          | ORIG DEPT.                | Davis, Jeff        | 5/7/2013    |
|                         | CFO                       |                    |             |
|                         | DEPUTY CHIEF              |                    |             |
|                         | COO                       |                    |             |
|                         | CITY ATTORNEY             |                    |             |
|                         | COUNCIL PRESIDENTS OFFICE |                    |             |

PREPARATION OF:     RESOLUTIONS     ORDINANCE(S)     AGREEMENT(S)     DEED(S)

That the City Council of the City of San Diego (City Council) take the following actions:

1) Approve the Fiscal Year 2014 (FY14) Affordable Housing Fund (AHF) Proposed Annual Plan (Annual Plan) Program Activity Allocation of \$16,480,823 in anticipated funds (also included in the FY14 Housing Commission Proposed Budget) and the proposed Model Programs.

2) Authorize the President & Chief Executive Officer (President & CEO) to reallocate funds among the proposed Model Programs included in the FY14 Annual Plan in response to market demands and opportunities.

**STAFF RECOMMENDATIONS:**

Approve Requested Actions

**SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)**

**COUNCIL DISTRICT(S):** Citywide

**COMMUNITY AREA(S):**

**ENVIRONMENTAL IMPACT:** The approval and amendment of the Affordable Housing Fund Annual Plan is not a project as defined pursuant to Section 15378 of the California Environmental Quality Act. This action is also exempt from the National Environmental Policy Act as administrative and management activities under the provisions of Section 58.34(a)(3) of Title 24 of the Code of Federal Regulations.

**CITY CLERK INSTRUCTIONS:** The item is going to LU&H on May 22 and City Council on June 11, 2013. Please docket item for the Regular City Council meeting of June 11, 2013.

**COUNCIL ACTION**  
**EXECUTIVE SUMMARY SHEET**  
CITY OF SAN DIEGO

DATE: 05/07/2013

ORIGINATING DEPARTMENT: Housing Commission

SUBJECT: Proposed FY2014 Affordable Housing Fund Annual Plan

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: Debra Fischle-Faulk/619-578-7411

**DESCRIPTIVE SUMMARY OF ITEM:**

Approve the proposed Affordable Housing Fund Fiscal Year 2014 Annual Plan as presented in this report.

**STAFF RECOMMENDATION:**

Approve Requested Actions

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

In June 2003, the City Council amended San Diego Municipal Code Chapter 9, Article 8, Division 5 (Code) to create an Affordable Housing Fund. It was created to meet, in part, the housing needs of the City's very low, low, and median income households and has two permanent, annually renewable funding sources.

The funding sources include: Inclusionary Housing Fund (IHF) which is funded with fees charged to residential development; and San Diego Housing Trust Fund (HTF) which is funded by Housing Impact Fees charged to commercial development (also known as Linkage Fees). This fund previously had additional sources of revenue, but is now limited to the Housing Impact Fee. Repayments of loans made with those sources are recycled back into the HTF.

The Code requires the San Diego Housing Commission (Housing Commission) to adopt an Annual Plan for the use of the AHF and prescribes parameters for the distribution of projected funds. The Plan is to be presented to City Council for approval by June 30th of each year and must include a description of all proposed programs to be funded, intended beneficiaries and the allocation of anticipated funds. The specific requirements for the distribution of HTF dollars are as follows:

- (1) no less than 10 percent (10%) for transitional housing;
- (2) no less than 60 percent (60%) to provide housing to very low income households;
- (3) no more than 20 percent (20%) to provide housing to low income households; and
- (4) no more than 10 percent (10%) to assist median and moderate income first-time home buyers.

Staff has proposed the FY14 allocations in accordance with the provisions of the Code and estimated available resources. Attachment 1 details the FY14 projected revenue and fund balances and provides descriptions of HTF revenue sources. Attachment 2 shows the proposed allocation of funds by activity, as well as production estimates.

All proposed allocations are estimates. Presentations to the Mayor, City Council and Housing Commission Board may result in changes. Actual allocation will depend on the timing of project

applications and funding commitments and expenditure deadlines of other available funding sources.

The proposed Annual Plan (Attachment 3) describes the purpose and intent of the AHF, restrictions on the use of the two sources of funds, fund allocations and production. It also describes FY14 Model Programs. Each year the Model Programs are reviewed and updated in response to community needs and past performance.

#### Proposed Changes in the Model Programs

One of the purposes of the AHF per the Code is "...to preserve and maintain renter and ownership housing units which are affordable...." (§98.0501(e)). To maximize opportunities to achieve this purpose, staff recommends the following clarifications and changes to the Model Programs:

##### 1. Rental Housing Finance Program:

The Rental Housing Finance program description has been revised to clarify funding is also available for the preservation of existing affordable rental housing projects nearing the termination of their rent restriction period. Also, the funding preference for rental housing production has been updated to give priority to developments that serve 50% AMI households; provide at least 15% of the units as permanent supportive housing for the homeless; or qualify as Transit-Oriented Development/Workforce Housing.

##### 2. New Program: Mixed-Income Finance targeting Transit-Oriented Developments (TOD)/ Workforce Housing:

In addition to the existing rental housing finance program (above) that provides 100% affordability at/below 60% AMI (typically funded using 9% or 4% tax credits), a new mixed-income finance program is being proposed for housing developments where at least 20% of the units are affordable at/below 50% AMI and that meet at least one of the following criteria: (1) qualified as TOD or workforce housing; (2) located within one-quarter mile of a SANDAG-designated "employment center;" (3) located in a census tract with low-income concentrations of less than 41 percent; or (4) located north of Interstate 8. These proposed changes are in response to recent State legislative requirements (i.e., AB32 and SB395), State transit oriented funding opportunities, and the Housing Commission's 3-year TOD Workplan.

##### 3. New Program: Rental Housing Finance - Housing Commission Development

In addition to gap financing for privately-developed affordable rental housing projects, AHF funds are proposed for Housing Commission-developed rental housing projects when other funds are unavailable. This will allow more flexibility in addressing the housing needs of the intended households. AHF funds are expected to be used for expenses ineligible for non-AHF funds (i.e., tenant relocation) or when local match funds are needed

#### FISCAL CONSIDERATIONS:

The proposed funding sources and uses approved by this action were partially approved by the Housing Commission in the proposed FY14 Housing Commission budget, which is scheduled for approval by the Housing Authority on June 10, 2013. Approving this action will not change

the FY14 Total Budget, but will reallocate funding sources among uses. Please refer to staff report for further information.

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

City Council has adopted an Annual Plan each year in accordance with the Code. In 2011 the Housing Commission convened a Best Practices Task Force (Task Force) to review affordable housing practices and funding issues. The Task Force's recommendations for potential affordable housing fund sources were submitted to the Land use & Housing Committee (LU&H) on November 16, 2011 and are under review by an LU&H subcommittee. This report will be voted on by the Housing Commission Board on May 10, 2013.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Housing Commission staff attended community group meetings for the Peninsula, Eastern Areas and Carmel Mountain Ranch communities, and the Community Planners Committee. Staff gave a brief overview of the AHF and the proposed Rental Housing Finance program change, with instructions on how to provide written comments on the proposed Annual Plan or the Housing Commission's FY14 Model Programs. Comments received are included as Attachment 5.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The beneficiaries of AHF programs are very low, low, and in some instances, moderate income households in the City of San Diego. Residential developers, nonprofit housing providers and financial institutions may also be impacted by program changes. In accordance with the Code, a detailed report on FY14 AHF projected impacts will be provided to City Council by September 30, 2014. (FY13 AHF impacts will be reported by September 30, 2013.)

Davis, Jeff

Originating Department

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Deputy Chief/Chief Operating Officer



## REPORT TO LAND USE & HOUSING

**DATE ISSUED:** May 6, 2013

**REPORT NO:** LUH13-001

**ATTENTION:** Chair and Members of the Land Use & Housing Committee  
For the Agenda of May 22, 2013

**SUBJECT:** Proposed FY2014 Affordable Housing Fund Annual Plan

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Approve the proposed Affordable Housing Fund Fiscal Year 2014 Annual Plan as presented in this report and submit to the San Diego City Council for approval.

### **STAFF RECOMMENDATION**

That the Land Use & Housing Committee (LU&H) recommend the City Council of the City of San Diego (City Council) take the following actions:

- 1) Approve the Fiscal Year 2014 (FY14) Affordable Housing Fund (AHF) Proposed Annual Plan (Annual Plan) Program Activity Allocation of \$16,480,823 in anticipated funds (also included in the FY14 Housing Commission Proposed Budget) and the proposed Model Programs.
- 2) Authorize the President & Chief Executive Officer (President & CEO) to reallocate funds among the proposed Model Programs included in the FY14 Annual Plan in response to market demands and opportunities.

### **SUMMARY**

In June 2003, the City Council amended San Diego Municipal Code Chapter 9, Article 8, Division 5 (Code) to create an Affordable Housing Fund. It was created to meet, in part, the housing needs of the City's very low, low, and median income households and has two permanent, annually renewable funding sources. The funding sources include:

Inclusionary Housing Fund (IHF) which is funded with fees charged to residential development; and

San Diego Housing Trust Fund (HTF) which is funded by Housing Impact Fees charged to commercial development (also known as Linkage Fees). This fund previously had additional sources of revenue, but is now limited to the Housing Impact Fee. Repayments of loans made with those sources are recycled back into the HTF.

The Code requires the San Diego Housing Commission (Housing Commission) to adopt an Annual Plan for the use of the AHF and prescribes parameters for the distribution of projected funds. The Plan is to be presented to City Council for approval by June 30<sup>th</sup> of each year and must include a description of all

proposed programs to be funded, intended beneficiaries and the allocation of anticipated funds. The specific requirements for the distribution of HTF dollars are as follows:

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Staff has proposed the FY14 allocations in accordance with the provisions of the Code and estimated available resources. Attachment 1 details the FY14 projected revenue and fund balances and provides descriptions of HTF revenue sources. Attachment 2 shows the proposed allocation of funds by activity, as well as production estimates.

All proposed allocations are estimates. Presentations to the Mayor, City Council and Housing Commission Board may result in changes. Actual allocation will depend on the timing of project applications and funding commitments and expenditure deadlines of other available funding sources.

The proposed Annual Plan (Attachment 3) describes the purpose and intent of the AHF, restrictions on the use of the two sources of funds, fund allocations and production. It also describes FY14 Model Programs. Each year the Model Programs are reviewed and updated in response to community needs and past performance.

#### Proposed Changes in the Model Programs

One of the purposes of the AHF per the Code is "...to preserve and maintain renter and ownership housing units which are affordable...." (§98.0501(e)). To maximize opportunities to achieve this purpose, staff recommends the following clarifications and changes to the Model Programs:

1. Rental Housing Finance Program:  
The Rental Housing Finance program description has been revised to clarify funding is also available for the preservation of existing affordable rental housing projects nearing the termination of their rent restriction period. Also, the funding preference for rental housing production has been updated to give priority to developments that serve 50% AMI households; provide at least 15% of the units as permanent supportive housing for the homeless; or qualify as Transit-Oriented Development/Workforce Housing.
2. New Program: Mixed-Income Finance targeting Transit-Oriented Developments (TOD)/ Workforce Housing:  
In addition to the existing rental housing finance program (above) that provides 100% affordability at/below 60% AMI (typically funded using 9% or 4% tax credits), a new mixed-income finance program is being proposed for housing developments where at least 20% of the units are affordable at/below 50% AMI and that meet at least one of the following criteria: (1) qualified as TOD or workforce housing; (2) located within one-quarter mile of a SANDAG-designated "employment center;" (3) located in a census tract with low-income concentrations of less than 41 percent; or (4) located north of Interstate 8. These proposed changes are in response to recent State legislative requirements (i.e., AB32 and SB395), State transit oriented funding opportunities, and the Housing Commission's 3-year TOD Workplan.

3. New Program: Rental Housing Finance - Housing Commission Development

In addition to gap financing for privately-developed affordable rental housing projects, AHF funds are proposed for Housing Commission-developed rental housing projects when other funds are unavailable. This will allow more flexibility in addressing the housing needs of the intended households. AHF funds are expected to be used for expenses ineligible for non-AHF funds (i.e., tenant relocation) or when local match funds are needed.

**AFFORDABLE HOUSING IMPACT**

Should all anticipated FY14 funds be collected and allocated as proposed, the estimated affordable housing production impact would be: 1) Gap financing for approximately 150 rental units created for very low-income households; 2) 19-24 low- to moderate-income homebuyers assisted; 3) 56 grants to very low-income homeowners for health and safety repairs to mobile homes; and 4) 562 transitional housing beds for very low-income, formerly homeless individuals and families

**FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action were partially approved by the Housing Commission in the proposed FY14 Housing Commission budget, which is scheduled for approval by the Housing Authority on June 10, 2013. Approving this action will not change the FY14 Total Budget, but will reallocate funding sources among uses as shown in the table below:

| <b>Program/Activity</b>          | <b>HC-Approved<br/>FY14 Budget</b> | <b>Proposed<br/>AHF Plan</b> | <b>Variance<br/>Budget vs.<br/>Plan</b> | <b>Variance %<br/>Budget vs.<br/>Plan</b> |
|----------------------------------|------------------------------------|------------------------------|---|---|
| Rental Housing Finance           | \$9,213,879                        | \$11,345,984                 | \$2,132,105                             | 12.94%                                    |
| Homeownership                    | 1,006,012                          | 1,005,000                    | (1,012)                                 | -0.01%                                    |
| Housing Innovations              | 1,011,449                          | 1,000,000                    | (11,449)                                | -0.1%                                     |
| Housing Commission Developments  | 700,000                            | 0                            | (700,000)                               | -4%                                       |
| Lead Remediation & Healthy Homes | 327,887                            | 306,282                      | (21,605)                                | -0.1%                                     |
| Nonprofit Capacity Building      | 47,000                             | 50,000                       | 3,000                                   | 0.02%                                     |
| Administration                   | 230,063                            | 376,679                      | 146,616                                 | 1%  |
| Administration - Legal           | 97,000                             | 140,000                      | 43,000                                  | 0.3%                                      |
| Fund Balances                    | 3,847,533                          | 2,256,878                    | (1,590,655)                             | -10%                                      |
| <b>TOTAL</b>                     | <b>\$16,480,823</b>                | <b>\$16,480,823</b>          | <b>\$0</b>                              | <b>0%</b>                                 |

**PREVIOUS COUNCIL and/or COMMITTEE ACTION**

City Council has adopted an Annual Plan each year in accordance with the Code. In 2011 the Housing Commission convened a Best Practices Task Force (Task Force) to review affordable housing practices and funding issues. The Task Force’s recommendations for potential affordable housing fund sources were submitted to the Land use & Housing Committee (LU&H) on November 16, 2011 and are under review by an LU&H subcommittee. This report will be voted on by the Housing Commission Board on May 10, 2013.

**COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

Housing Commission staff attended community group meetings for the Peninsula, Eastern Areas and Carmel Mountain Ranch communities, and the Community Planners Committee. Staff gave a brief

overview of the AHF and the proposed Rental Housing Finance program change, with instructions on how to provide written comments on the proposed Annual Plan or the Housing Commission's FY14 Model Programs. Comments received are included as Attachment 5.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

The beneficiaries of AHF programs are very low, low, and in some instances, moderate income households in the City of San Diego. Residential developers, nonprofit housing providers and financial institutions may also be impacted by program changes. In accordance with the Code, a detailed report on FY14 AHF projected impacts will be provided to City Council by September 30, 2014. (FY13 AHF impacts will be reported by September 30, 2013.)

**ENVIRONMENTAL REVIEW**

The approval and amendment of the Affordable Housing Fund Annual Plan is not a project as defined pursuant to Section 15378 of the California Environmental Quality Act. This action is also exempt from the National Environmental Policy Act as administrative and management activities under the provisions of Section 58.34(a)(3) of Title 24 of the Code of Federal Regulations.

Respectfully submitted,

*Debra Fischle-Faulk*

Debra Fischle-Faulk  
Vice President  
Administration

Concur,

*Deborah N. Ruane*

Deborah N. Ruane  
Senior Vice President  
Real Estate Department

Approved by,

*Jeff Davis*

Jeff Davis  
Interim Executive Vice  
President and Chief  
Operating Officer

- Attachments: 1) Sources of Projected Revenue for AHF FY14 Annual Plan  
2) Proposed Allocation of FY14 AHF Funds – Activity Detail  
3) Draft Affordable Housing Fund Fiscal Year 2014 Annual Plan and Model Programs  
4) San Diego Municipal Code Chapter 9, Article 8, Division 5, creating the Affordable Housing Fund  
5) Public Comments to FY14 AHF Annual Plan

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

Projected Funding Sources  
FY 2014 Affordable Housing Fund Annual Plan

The Housing Trust Fund

- Linkage Fees  
(Commercial Development)
- Cal State Housing Trust Fund
- Community Development Block Grant (CDBG)
- HTF Program Funds
- Redevelopment
- TOT

The Inclusionary Housing Fund

- Affordable Housing Fees  
(Residential Development)

| Fund   | Projected<br>Fund<br>Balances | Projected<br>FY14 New<br>Funding | Total<br>FY14<br>Funds |
|--|-------------------------------|----------------------------------|------------------------|
| Housing Trust Fund - Linkage Fees  | \$2,214,648                   | \$775,630                        | \$2,990,278            |
| Housing Trust Fund - "CDBG" fund (interest, Rehab loan repayments)           | \$8,461                       | \$2,705                          | \$11,166               |
| Housing Trust Fund - "Redevelopment Agency" fund (interest, loan repayments) | \$127,677                     | \$52,972                         | \$180,649              |
| Housing Trust Fund - "TOT" (interest, loan repayments)                       | \$22,685                      | \$12,545                         | \$35,230               |
| Housing Trust Fund - Program Funds (interest, loan repayments)               | \$127,719                     | \$189,002                        | \$316,721              |
| Inclusionary Housing Fund - Inclusionary Affordable Housing Fees             | \$10,840,719                  | \$2,105,048                      | \$12,945,767           |
| Housing Trust Fund - Cal State Hsg Trust Fund (interest)                     | \$1,012                       | \$0                              | \$1,012                |
| <b>TOTAL, ALL FUNDS</b>  | <b>\$13,342,921</b>           | <b>\$3,137,902</b>               | <b>\$16,480,823</b>    |

Description of HTF Funds:

**Linkage Fees:** Sole source of new HTF funds; Commercial Impact Fees (aka Linkage Fees).

**Cal State Housing Trust Fund:** Initial source was a State match grant, which has been expended. Fund balance consists of loan repayments and interest.

**CDBG:** Repayments of CDBG-funded affordable housing loans were permitted to be allocated to the HTF for Rehab activity. Repayments of loans are recycled into the HTF.

**HTF Program Funds:** Rehab loan repayments that were recycled into the HTF.

**Redevelopment:** The HTF received Redevelopment funds in FY93 and FY95. (See TOT below.) Repayments of loans are recycled into the HTF for rental housing finance.

**TOT:** At its 1990 inception the HTF was to receive a portion of future TOT increases. TOT funding ceased and was replaced with Redevelopment funds in FY93. Repayments of loans are recycled into the HTF.

## Proposed Allocation of FY2014 AHF - Activity Detail

| Program/Activity/Funding Source*   | Fund Amounts  | Estimated Production   | Household AMIs served  |
|--|---|--|--|
| Rental Housing Finance<br><i>Affordable Rental Housing Production</i><br><br>Inclusionary<br>HTF Redev<br>HTF TOT<br>HTF Cal State                                       | \$11,145,657<br>\$169,328<br>\$29,987<br><u>\$1,012</u><br><b>\$11,345,984</b>                      | Gap financing for approximately 150 units.<br><br>Funding commitments have not been made.  | Inclusionary-funded units are 65% or lower.<br>AHF-funded units are typically 50% or lower.<br>HTF-funded units are also subject to Section 98.0504 of the Municipal Code. |
| Nonprofit Capacity Building<br><i>Predevelopment Financial Assistance;<br/>Emergency Loan Fund Program;<br/>Nonprofit Technical Assistance</i><br>HTF Linkage<br>HTF TOT | \$48,000<br><u>\$2,000</u><br><b>\$50,000</b>   | 1-2 projects<br><br>Funding commitments have not been made.  | AHF-funded units are typically 50% or lower.<br><br>HTF-funded units are also subject to Section 98.0504 of the Municipal Code.  |
| Homeownership<br><i>Deferred Payment loans;<br/>Closing Cost Assistance grants</i><br>Inclusionary<br>HTF Linkage  | \$1,000,000<br><u>\$5,000</u><br><b>\$1,005,000</b>   | 19-24 units  | Serves AMIs up to 80% and up to 100%, subject to the model programs described in report Attachment 3, and Section 98.0504 of the Municipal Code.                           |
| Lead Remediation & Healthy Homes<br><i>Healthy Homes Repair Grants for<br/>Mobile Homes</i><br>HTF CDBG<br>HTF Program Funds   | \$8,461<br><u>\$297,821</u><br><b>\$306,282</b>   | 56 units   | Serves AMIs up to 60%, subject to the model program described in report Attachment 4, and Section 98.0504 of the Municipal Code.   |
| Housing Innovations<br><i>Transitional Housing grants<br/>HTF Linkage<br/>Targets of Opportunity grants<br/>HTF Linkage</i>  | \$980,000<br><u>\$20,000</u><br><b>\$1,000,000</b>  | 562 transitional housing beds for Cortez Hill and 13 other programs.<br>1-2 Targets projects.  | Clients served typically earn well below 50%.<br><br>HTF-funded units are also subject to Section 98.0504 of the Municipal Code.   |
| Administration<br>Inclusionary<br>HTF Linkage<br>HTF - Other   | \$310,110<br>\$40,000<br><u>\$26,569</u><br><b>\$376,679</b>  | Personnel, overhead, MOU expense.  |  |
| Administration - Legal<br>Inclusionary<br>HTF Linkage  | \$90,000<br><u>\$50,000</u><br><b>\$140,000</b>   |  |  |
| Fund Balances<br>Administration - Inclusionary<br><br>Potential Refunds - HTF Linkage<br><br>HTF Linkage<br><br>Total Fund Balances                                      | <b>\$400,000</b><br><br><b>\$165,000</b><br><br><b><u>\$1,691,878</u></b><br><br><b>\$2,256,878</b> | Administrative costs associated with post project loan servicing functions.<br><br>Fund balances to be allocated in accordance with Municipal Code and appropriate approving authorities to proposed new Model Programs and/or above current programs. |  |
| <b>TOTAL</b>   | <b>\$16,480,823</b>   |  |  |

\*See Attachment 1 for description of funding sources.



SAN DIEGO  
HOUSING  
COMMISSION

Attachment 3

# **San Diego Affordable Housing Fund Annual Plan**

**Fiscal Year 2014  
(July 1, 2013 – June 30, 2014)**

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## **SAN DIEGO AFFORDABLE HOUSING FUND**

### **Introduction**

The San Diego Affordable Housing Fund (AHF) was created as a permanent and annually renewable funding source to help meet the housing assistance needs of the City's very low- to moderate-income households. The San Diego City Council (City Council) expressed this intent in San Diego Municipal Code Chapter 9, Article 8, Division 5 (Code). In general, the purposes of the AHF are to:

- 1) Meet a portion of the need for housing that is affordable to households with very low, low, median and moderate incomes;
- 2) Leverage every one dollar of City funds with two dollars of non-City subsidy capital funds;
- 3) Support the City's Balanced Communities Policy by fostering a mix of family incomes in AHF- assisted projects and dispersing affordable housing projects throughout the City;
- 4) Preserve and maintain affordable rental and ownership housing; and
- 5) Encourage private sector activities that advance these goals.

The AHF Annual Plan (Annual Plan) implements City Council's intent by adopting an overall strategy for use of the AHF. Development of the Annual Plan is guided by the San Diego Housing Commission's (Housing Commission) annual budget process and the City's Consolidated Plan, which is required by the U.S. Department of Housing and Urban Development.

The Annual Plan provides funding forecasts, a suggested FY2014 fund allocation, and production estimates. Proposed fund allocation takes into consideration policy parameters set by the Code, availability and requirements of other affordable housing funding sources, and the goals and objectives set forth in the Housing Commission's FY2014 Budget.

The FY2014 Annual Plan also includes a description of the Housing Commission's Model Programs.

### **Use**

The AHF is comprised of two funds: the Housing Trust Fund (HTF) and the Inclusionary Housing Fund (IHF).

#### **The Housing Trust Fund:**

Per Section 98.0504 of the Code, HTF funds may be used in any manner, through loans, grants, or indirect assistance for the production and maintenance of assisted units and related facilities. To comply with the Code, HTF monies shall be allocated:

- At least 10 percent to Transitional Housing;
- At least 60 percent to very low-income households (defined as households with incomes at or below 50 percent of area median income ("AMI"));
- No more than 20 percent to housing for low-income households (defined as households with incomes between 50 percent and 80 percent of AMI); and
- No more than 10 percent to moderate income first-time homebuyers (for purposes of the Housing Trust Fund, defined as households with incomes between 81 and 120 percent of AMI).

### **Inclusionary Housing Fund:**

The expenditure of Inclusionary Housing Funds (IHF) is governed by Section 98.0505 of the Code. Priority is given to the construction of new affordable housing stock. Funds may also be used for other programs if approved by City Council in the Annual Plan. The Housing Commission monitors the funds collected from each Community Planning Area (CPA) and is responsible for reinvesting them.

The Code states in general that spending priority shall be given to the CPA from which the funds were collected. It also allows for funds to be expended on other programs administered by the Housing Commission with City Council approval. Recognizing the significant need for affordable housing and the desire to provide housing opportunities as soon as possible, funds are invested in the CPA of origin when possible but may also be invested citywide. The Housing Commission will invest the funds as follows:

- Rental Housing Production
  - New construction
  - Acquisition and acquisition with rehabilitation
  - Preservation of affordable rental housing

Rental units shall be affordable at or below 65 percent of AMI for a minimum of 55 years. Developers apply for funding via the Housing Commission's Notice of Funding Availability (NOFA).

- Homeownership Opportunities

Either new construction of affordable for-sale housing or financing programs to encourage and increase homeownership opportunities for low- to moderate-income households (at or below 100 percent of AMI). First-time homebuyers apply through participating lenders.
- Homeless Activities

Funds may also be spent on activities that serve the homeless should the Housing Commission receive direction to increase spending on this activity, or opportunities arise for which other funds are not available.

## **FY 2014 AHF ANNUAL PLAN**

### **Funding Forecast**

Approximately \$16.4 million is expected to be available in FY2014, consisting of \$3.1 million in new funds and loan repayments and \$13.3 million in estimated fund balance. New funds include Housing Trust Fund Commercial Linkage Fees and Inclusionary Affordable Housing Fees.

A Best Practices Task Force developed recommendations for policy changes, incentives, and other funding sources for the AHF, and they were presented to the Land Use and Housing Committee of the City Council in November 2011. Further action by the City Council is pending after review of the recommendations.

### **Fund Allocation and Production**

Funding recommendations are made in accordance with established Housing Commission policies and require Housing Commission and Housing Authority approval of specific projects and activities. Some discretionary transfer of funds between eligible activities is permitted, but all funding recommendations must be consistent with the Annual Plan and the Housing Commission's budget process.

The proposed allocation of Affordable Housing Funds for FY2014 is as follows:

| PROGRAM   | BUDGET                            | PRODUCTION   |
|---|-----------------------------------|--|
| Rental Housing Finance – gap financing<br>Affordable Rental Housing Production  | \$11,345,984                      | 150 units  |
| Homeownership<br>Deferred Payment Loans;<br>Closing Cost Assistance Grants  | \$1,005,000                       | 19-24 units  |
| Lead Remediation and Healthy Homes<br>Healthy Homes Repair Grants for<br>Mobile Homes   | \$306,282                         | 56 units   |
| Transitional Housing  | \$980,000                         | 562 transitional housing beds  |
| Targets of Opportunity<br>Targets of Opportunity Grants   | \$20,000                          | 1 – 2 projects   |
| Nonprofit Capacity Building<br><br>Predevelopment Financial Assistance;<br>Emergency Loan Fund Program;<br>Nonprofit Technical Assistance | \$50,000                          | 1 – 2 projects   |
| Administration  | \$376,679                         | Personnel, overhead, MOU expense   |
| Administration - Legal  | \$140,000                         |  |
| Fund Balances   |                                   |  |
| Administration  | \$ 400,000                        | Admin costs associated with post project<br>loan servicing functions.  |
| Potential Linkage refunds   | \$ 165,000                        |  |
|   | <u>\$1,691,878</u><br>\$2,256,878 | Remaining Fund Balances to be allocated<br>in accordance with Municipal Code and<br>appropriate approving authorities to<br>proposed new and/or above current<br>programs. |
| <b>TOTAL</b>  | <b>\$16,480,823</b>               |  |

The AHF has invested over \$90 million in San Diego communities, leading to the production of over 8,000 affordable units and supporting an average of approximately 480 transitional housing beds per year.

## **HOUSING COMMISSION MODEL PROGRAMS OVERVIEW**

Funding is allocated on an annual basis among the various activities authorized by the Code. To assure residents are served in the best possible manner, the Housing Commission solicits ideas for improving the Model Programs to better respond to community needs for affordable housing and quality neighborhoods. Model Programs change from time to time; they are not intended to preclude investment in an opportunity that is not specifically described in the Model Programs Section.

The following is a general description of the possible investment activities planned for FY2014. These activities are described more fully in the attached Model Programs.

### **Rental Housing Finance**

Financing to developers of affordable housing units with below-market rents. Program includes deferred loans, below market interest rates, and matching funds for State, Federal, and private financing. Housing Commission Policy PO600.301 contains additional information regarding the Housing Commission's financial participation in affordable rental housing development, including new construction, acquisition or acquisition with rehabilitation.

### **Rental Housing Finance – Transit-Oriented Development (TOD)/Workforce Housing (new)**

A program similar to the Rental Housing Finance program. TOD/Workforce housing and affordable rental housing projects that meet certain geographical requirements will receive funding preference over other affordable rental housing projects.

### **Rental Housing Finance - Housing Commission Development (new)**

Gap financing for Housing Commission developments when other funds are unavailable or local match funds are needed. Developments include new construction, acquisition, acquisition with rehabilitation and preservation of existing affordable rental housing.

### **Permanent Supportive Rental Housing Finance**

Financing to developers of permanent affordable rental housing with related services that serve special resident populations, including those at risk of becoming homeless or need services related to physical or mental disabilities, chronic health problems (HIV/Aids) or are recovering from substance abuse. Program includes deferred loans, below market interest rates, revocable grants, and matching funds for State, Federal and private financing. Housing Commission Policy PO600.301 contains additional information regarding the Housing Commission's financial participation in housing development, including new construction or acquisition with rehabilitation.

### **Homeownership**

Junior loan/grant programs targeted toward first-time homebuyers with the ultimate goal of neighborhood stabilization and revitalization.

### **Lead Remediation and Healthy Homes**

Programs that provide below-market interest rate deferred loans for the rehabilitation of deteriorated or functionally obsolete housing units, and grants for lead paint remediation and mobile home repairs. Units must be owner-occupied and single family, duplex or mobile home.

### **Nonprofit Capacity Building**

Programs for nonprofit developers include project-based financial assistance and technical assistance.

### **Housing Initiatives Programs - Homeless Programs, Permanent Supportive Housing and Transitional Housing**

The Housing Commission helps support or operate several programs that serve the homeless, ranging from an Emergency Winter Shelter, to operating support grants for transitional housing facilities, to Sponsor-Based and Tenant-Based rental assistance programs. The latter are designed to assist low-income residents achieve self-sufficiency by providing limited amounts of rental assistance.

### **Fund Balance and Targets of Opportunity**

Fund balance that provides flexibility to transfer resources among eligible activities and take advantage of low-income housing opportunities that present themselves during the course of the year. The fund balance also provides and allows for reimbursement of developer fees paid into the AHF after building permits expire without the commencement of work.

### **Administration**

Funds to provide reasonable compensation to the City of San Diego and Housing Commission for services related to the administration of the AHF and associated housing programs.

### **Legal**

Expenses to obtain legal services and prepare loan/grant agreements and related documents.

## SAN DIEGO HOUSING COMMISSION

### MODEL PROGRAMS

Legend:   HTF:       Housing Trust Fund  
               INCL:      Inclusionary Housing Fund  
               HOME:     HOME Investment Partnerships Program (HUD)

| RENTAL HOUSING PRODUCTION                         |   |     |      |      |       |
|---|---|-----|------|------|-------|
| Rental Housing Finance - 100% Affordable Projects |   | HTF | INCL | HOME | OTHER |
| Scope   | Below-market interest rate, deferred payment junior mortgage loan program to increase the supply of affordable rental units in the City of San Diego, to include new construction, acquisition, and acquisition with rehabilitation. Funds may also be used for the preservation of existing affordable units facing expiration of rent restrictions within 0-5 years. Loans to developments wherein 100 percent of the units are affordable to households at or below 60 percent of area median income (AMI) (manager units excluded). Preference will be given to projects meeting at least one of the following criteria: affordable to households at or below 50 percent of AMI; qualified as transit-oriented development/workforce housing; located within ¼ mile of a SANDAG designated “employment center;” located in a census tract with low-income concentrations of less than 41 percent; located north of Interstate 8; or with at least 15% of the units designated as permanent supportive housing (see <i>Permanent Supportive Rental Housing Finance</i> model program below). | ●   | ●    | ●    | ●     |
| Target Population                                 | Extremely low-, very low- and low-income households.  |     |      |      |       |
| Loan Terms  | Maximum term to maturity is 55 years. Repayment of principal and interest is amortized, due and payable as a balloon payment; or as residual receipts, due and payable at maturity. Loan may be originated as a construction loan and converted into permanent financing.   |     |      |      |       |
| Loan Underwriting                                 | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.   |     |      |      |       |
| Application Method                                | Funds for program to be made available through Request for Proposals (RFP) or Notice of Funding Availability (NOFA). RFP/NOFA requires applicant to stipulate the rent schedule for the project.  |     |      |      |       |

| <i>Proposed New Program for FY2014</i>  |   |     |      |      |       |
|---|---|-----|------|------|-------|
| <b>Transit-Oriented Development (TOD)/Workforce Housing – Mixed Income Projects</b> |   | HTF | INCL | HOME | OTHER |
| Scope   | <p>Below-market interest rate, deferred payment junior mortgage loan program to increase the supply of affordable rental units in the City of San Diego, to include new construction, acquisition and acquisition with rehabilitation. Loans to developments wherein at least 20 percent of the units are affordable to households at or below 50 percent of area median income (manager units excluded).</p> <p>Projects must meet at least one of the following criteria: qualified as transit-oriented development or workforce housing; located within ¼ mile of a SANDAG designated “employment center;” located in a census tract with low-income concentrations of less than 41 percent; or located north of Interstate 8.</p> | ●   | ●    | ●    | ●     |
| Target Population   | Extremely low-, very low- and low-income households.  |     |      |      |       |
| Loan Terms  | Maximum term to maturity is 55 years. Repayment of principal and interest is amortized, due and payable as a balloon payment; or as residual receipts, due and payable at maturity. Loan may be originated as a construction loan and converted into long term financing.   |     |      |      |       |
| Loan Underwriting   | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.   |     |      |      |       |
| Application Method  | Funds for program to be made available through Request for Proposals (RFP) or Notice of Funding Availability (NOFA). RFP/NOFA requires applicant to stipulate the rent schedule for the project.  |     |      |      |       |

| <i>Proposed New Program for FY2014</i>                         |  |     |      |      |       |
|--|--|-----|------|------|-------|
| <b>Rental Housing Finance - Housing Commission Development</b> |  | HTF | INCL | HOME | OTHER |
| Scope  | Funding for Housing Commission affordable rental housing developments when other funds are unavailable or local match funds are needed. Anticipated uses are expenses ineligible for non-AHF funds.  |     | ●    |      |       |
| Target Population  | Extremely low- and very low-income households.   |     |      |      |       |
| Grant Terms  | Projects would be affordable in perpetuity.  |     |      |      |       |
| <b>Permanent Supportive Rental Housing Finance</b>             |  | HTF | INCL | HOME | OTHER |
| Scope  | A loan and grant program for permanent housing with support services for special needs populations including those at risk of becoming homeless or those in need of special services related to physical or mental disabilities, chronic health problems (HIV/Aids), or those recovering from substance abuse, that will maximize the ability of those persons to live independently. Loans and grants may be used for the development, acquisition or long-term leasing of housing facilities as well as improvements to existing facilities. | ●   | ●    | ●    | ●     |

|                    |   |  |  |  |  |
|--------------------|---|--|--|--|--|
| Target Population  | Very low and low-income populations identified as needing permanent housing in a service-enhanced environment; selection of populations to be generally compatible with requirements of federal funding sources.                  |  |  |  |  |
| Loan Terms         | Maximum term to maturity is 55 years. Payment of loan principal and interest is due and payable as a residual receipts loan or as a balloon payment at maturity but may be forgiven upon extension of affordability requirements. |  |  |  |  |
| Loan Underwriting  | Loan may be originated as a rehabilitation loan and converted into long term financing. Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.           |  |  |  |  |
| Grant Terms        | Grant Terms: Subject to revocation/repayment for nonperformance.  |  |  |  |  |
| Application Method | Funds for program to be made available through RFPs or Notices of Funding Availability (NOFA).  |  |  |  |  |

| <b>HOMEOWNERSHIP PROGRAMS</b>                                  |  |     |      |      |                       |
|--|--|-----|------|------|-----------------------|
| <b>3% Interest Deferred Payment Loans (Unrestricted Units)</b> |  | HTF | INCL | HOME | OTHER                 |
| Scope  | A second trust deed loan program for low and moderate-income first-time homebuyers that bridges the gap between what households can afford and the actual cost of acquiring a home with affordability restrictions. (Second trust deed not to exceed the lesser of 17 percent of the purchase price or appraised value.) | ●   | ●    | ●    | ●                     |
| Target Population  | The loan program is targeted mainly to households earning up to 80 percent of median income that meet usual bank underwriting criteria for first mortgages. Limited funds are available for buyers earning up to 100 percent of median income.   |     |      |      | S<br>t<br>a<br>t<br>e |
| Loan Terms   | The loans are at three percent interest and require no monthly payments of principal. The loan term is 30 years. When a property is sold or transferred, buyer must pay the Housing Commission the principal balance due, plus accrued interest. Approval from institutional lender required.                            |     |      |      |                       |
| Loan Underwriting:   | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.  |     |      |      |                       |
| Application Method   | Purchasers apply through participating Lenders.  |     |      |      |                       |

| <b>3% Interest Deferred Payment Loans (Restricted Units)</b> |   | HTF | INCL | HOME | OTHER |
|--|---|-----|------|------|-------|
| Scope  | A second trust deed loan program for low and moderate-income first-time homebuyers purchasing affordable-restricted units (e.g. inclusionary, density bonus), that bridges the gap between what households can afford and the actual cost of acquiring a home with affordability restrictions. (Second trust deed not to exceed 25 percent of the affordable purchase price if 80 percent or below median income and not to exceed 17 percent for buyer at 81-100 percent median income). | ●   | ●    | ●    |       |
| Target Population  | Households earning up to 100 percent of median income that meet usual bank underwriting criteria for first mortgages.   |     |      |      |       |
| Loan Terms   | The loans are at three percent interest and require no monthly payments of principal or interest. The loan term is 30 years or length of time unit must remain affordable. When a property is sold or transferred or at the end of the loan term, buyer must repay the Housing Commission the principal balance and all deferred interest. Approval from institutional lender required.   |     |      |      |       |
| Loan Underwriting:   | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.   |     |      |      |       |
| Application Method   | Purchasers apply through participating Lenders.   |     |      |      |       |
| <b>Closing Cost Assistance Grants (Unrestricted units)</b>   |   | HTF | INCL | HOME | OTHER |
| Scope  | A revocable grant program for first-time homebuyers that pays up to four percent of the purchase price (not to exceed \$15,000 if 80 percent or less of median income or not to exceed \$10,000 if 81-100 percent of median income) towards closing costs.  | ●   | ●    | ●    |       |
| Target Population  | Households earning up to 100 percent of median income that meet usual bank underwriting criteria for first mortgages.   |     |      |      |       |
| Grant Terms  | Repayment of the grant, plus 5 percent interest is required if the home is sold or transferred within the first six years of ownership.   |     |      |      |       |
| <b>Closing Cost Assistance Grants (Restricted units)</b>     |   | HTF | INCL | HOME | OTHER |
| Scope  | A revocable grant program for first-time homebuyers that pays up to six percent of the affordable purchase price (not to exceed \$15,000) towards closing costs if the buyer is 80 percent or below median income or four percent (not to exceed \$10,000) if the buyer is between 81-100 percent median income.  | ●   | ●    | ●    |       |
| Target Population  | Households earning up to 100 percent of median income that meet usual bank underwriting criteria for first mortgages.   |     |      |      |       |
| Grant Terms  | Repayment of the grant, plus 5 percent interest is required if the home is sold or transferred within the first six years of ownership.   |     |      |      |       |

| <b>Neighborhood Stabilization Acquisition Loans</b>    |  | HTF | INCL | HOME                  | OTHER |
|--|--|-----|------|-----------------------|-------|
| Scope  | A second trust deed loan program for moderate-income first-time homebuyers purchasing a bank owned property located in targeted areas. Maximum sales price is \$408,500 and maximum loan amount is 17 percent of the purchase price. Purchase price must be at least one percent below appraised value.  |     |      | ●<br>N<br>S<br>P      |       |
| Target Population                                      | Households earning up to 120 percent of median income that meet usual bank underwriting criteria for first mortgages.  |     |      | F<br>u<br>n<br>d<br>s |       |
| Loan Terms   | The loans are zero percent interest and require no monthly payments of principal. The loan is due at the end of 30 years or upon resale, transfer or if the property is no longer owner occupied. Approval from institutional lender required.   |     |      |                       |       |
| Loan Underwriting:                                     | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.  |     |      |                       |       |
| Application Method                                     | Purchasers apply through participating Lenders.  |     |      |                       |       |
| <b>Neighborhood Stabilization Closing Cost Grants</b>  |  | HTF | INCL | HOME                  | OTHER |
| Scope  | A revocable grant program for first-time homebuyers purchasing a bank owned property under the Neighborhood Stabilization Program (NSP) guidelines. The grant pays up to three percent of the purchase price towards closing costs.  |     |      | ●<br>N<br>S<br>P      |       |
| Target Population                                      | Households earning up to 120 percent of median income that meet usual bank underwriting criteria for first mortgages.  |     |      | F<br>u<br>n<br>d<br>s |       |
| Grant Terms  | Repayment of the grant, plus 5 percent interest is required if the home is sold or transferred within the first six years of ownership.  |     |      |                       |       |
| Application Method                                     | Purchasers apply through participating Lenders.  |     |      |                       |       |
| <b>Neighborhood Stabilization Rehabilitation Loans</b> |  | HTF | INCL | HOME                  | OTHER |
| Scope  | A third trust deed loan program for moderate-income first-time homebuyers purchasing a bank owned property under the NSP guidelines.   |     |      | ●<br>N<br>S<br>P      |       |
| Target Population                                      | Households earning up to 120 percent of median income that meet usual bank underwriting criteria for first mortgages.  |     |      | F<br>u<br>n<br>d<br>s |       |
| Loan Terms   | The loans are zero percent interest and require no monthly payments of principal. Rehab loans up to \$10,000 are forgiven after 5 years. Rehab loans up to \$30,000 will be forgiven after 10 years and Rehab loans in excess of \$30,000 will be forgiven after 15 years. If property is sold, refinanced, not owner occupied or the improvements have not been maintained prior to the end of the term, the loan funds must be repaid. |     |      |                       |       |
| Loan Underwriting:                                     | Subject to NSP guidelines as approved by San Diego Housing Commission.   |     |      |                       |       |
| Applic. Method   | Purchasers apply through Housing Commission.   |     |      |                       |       |

| <b>Shared Appreciation Loans</b> <i>This program is currently inactive.</i>             |  | HTF | INCL | HOME | OTHER            |
|---|--|-----|------|------|------------------|
| Scope   | A second trust deed loan program for low and moderate-income first-time homebuyers that bridges the gap between what households can afford and the actual cost of acquiring a home. (Second trust deed not to exceed the lesser of 17 percent of the purchase price or appraised value.)   | ●   | ●    | ●    | ●                |
| Target Population   | The loan program is targeted mainly to households earning less than 80 percent of median income that meet usual bank underwriting criteria for first mortgages. Limited funds are available for homebuyer earning up to 100 percent of median income.  |     |      |      | C<br>A<br>L      |
| Loan Terms  | The loans are zero percent interest and require no monthly payments of principal. The loan term is 30 years. When a property is sold, transferred, or no longer owner occupied, buyer must pay the Housing Commission a net share of the appreciation equal to the percentage of the initial investment in the property. At the end of 30 years, the shared appreciation provision is eliminated; however, the principal balance is due and payable. Approval from institutional lender required.  |     |      |      | H<br>O<br>M<br>E |
| Loan Underwriting   | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.  |     |      |      |                  |
| Application Method  | Purchasers apply through participating Lenders.  |     |      |      |                  |
| <b>Resident Ownership: Mobile Home Parks</b> <i>This program is currently inactive.</i> |  | HTF | INCL | HOME | OTHER            |
| Scope   | A "junior mortgage" program which bridges the gap between what a lower income mobile home coach owner can afford using normal bank underwriting criteria and the actual cost of acquiring the mobile home pad;<br><br>Or<br><br>A "land trust" program that bridges the gap between what mobile home coach owners can collectively afford and the actual cost of acquiring the mobile home park. A contingency of Housing Trust Fund financing is that land acquired with Housing Trust Fund assistance would be established as a trust for low-income coach owners or low-income housing. | ●   |      |      |                  |
| Target Population   | Very low- and low-income residents of mobile home parks wherein over 66 percent of all park residents have expressed an interest in resident ownership.  |     |      |      |                  |
| Loan Terms  | Term to maturity is the earlier of 55 years or sale, conveyance, alienation or transfer of the property. Payment of principal and contingent interest is due and payable as a balloon payment at the end of the term or according to an amortization schedule. Loan funding depends on financial feasibility.  |     |      |      |                  |
| Application Method  | Funds for conversion to resident ownership will be distributed through RFPs that specify a deadline for submission of proposals. Applications will be rated and ranked. Applications may also be submitted under the Targets of Opportunity Program.   |     |      |      |                  |

**LEAD REMEDIATION AND HEALTHY HOMES PROGRAMS**

| <b>Owner-Occupied Healthy Homes Repairs – Citywide Program</b>             |  | HTF | INCL | HOME | OTHER   |
|--|--|-----|------|------|---|
| Scope  | Zero percent interest deferred payment loans for very low- income homeowners (one unit, owner-occupied) throughout San Diego.<br><br>Current loan products include:<br>➤ No-interest, fully deferred loans up to \$20,000 to eradicate health and safety hazards for very low income owner-occupied (<60 percent AMI), one-unit properties.<br>➤ Lead paint reduction no-interest, fully deferred loans for low income (<80 percent AMI) owner-occupied properties at \$5,000 per unit, up to \$15,000 per multifamily property. | ●   |      | ●    |   |
| Target Population  | Low- and very low-income borrowers throughout the City of San Diego.   |     |      |      |   |
| Loan Terms and Underwriting  | Borrower FICO score of 640 or higher, total loans not to exceed 90 percent Loan to Value ratio.  |     |      |      |   |
| Application Method   | Applications to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability (NOFA).   |     |      |      |   |
| <b>Owner-Occupied Healthy Homes Repairs - Special Target Area Programs</b> |  | HTF | INCL | HOME | OTHER   |
| Scope  | <ul style="list-style-type: none"> <li>• <i>Southeast San Diego</i></li> </ul> <p>Three percent Deferred Payment Forgivable Housing Enhancement Loan Program (HELP) loans up to \$20,000, plus \$10,000 bonus for water- or energy-conserving improvements. Repay 100 percent of principal plus three percent interest if sold within first five years. Beginning sixth year, 20 percent of principal forgiven each year.</p>  |     |      |      | ●   |
| Target Population  | Low and Moderate Income (<100 percent AMI) owner-occupants of 1- and 2-unit properties in Southeast San Diego Redevelopment Area in Southeastern Economic Development Corporation’s (SEDC) Area of Influence.  |     |      |      | R<br>e<br>d<br>e<br>v<br>e<br>l<br>o<br>p<br>m<br>e<br>n<br>t |
| Application Method   | Applications for loans to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability.  |     |      |      |   |
| Scope  | <ul style="list-style-type: none"> <li>• <i>Crossroads, College Grove and Grantville</i></li> </ul> <p>Three percent Deferred Payment Forgivable Housing Enhancement Loan Program (HELP) loans up to \$20,000, plus \$5,000 bonus for water- or energy-conserving improvements. Repay 100 percent of principal plus three percent interest if sold within first five years. Beginning sixth year, 20 percent of principal forgiven each year.</p>  |     |      |      |   |
| Target Population  | Low and Moderate Income (<100 percent AMI) owner-occupants of 1- and 2-unit properties in Crossroads, College Grove and Grantville Redevelopment Areas.  |     |      |      |   |

|   |  |     |      |      |       |
|---|--|-----|------|------|-------|
| Application Method                                  | Applications for loans to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability.  |     |      |      |       |
| Scope   | <ul style="list-style-type: none"> <li><b>Linda Vista Community Plan Area:</b></li> </ul> <p>Three percent Deferred Payment Forgivable Housing Enhancement Loan Program (HELP) loans up to \$20,000. Repay 100 percent of principal plus three percent interest if sold within first five years. Beginning sixth year, 20 percent of principal forgiven per year.</p>  |     |      |      |       |
| Target Population                                   | Low and Moderate Income (<100 percent AMI) owner-occupants of properties in Linda Vista Community Plan Area.   |     |      |      |       |
| Application Method                                  | Applications for loans to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability.  |     |      |      |       |
| Scope   | <ul style="list-style-type: none"> <li><b>City Heights, San Ysidro and North Park:</b></li> </ul> <p>Three percent Deferred Payment Forgivable Housing Enhancement Loan Program (HELP) loans up to \$25,000, plus \$5,000 bonus for water- or energy-conserving improvements. Repay 100 percent of principal plus 3 percent interest if sold within first five years. Beginning sixth year, 20 percent of principal forgiven per year.</p> |     |      |      |       |
| Target Population                                   | Low and Moderate Income (<100 percent AMI) owner-occupants of properties in City Heights, San Ysidro and North Park Redevelopment Areas.   |     |      |      |       |
| Application Method                                  | Applications for loans to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability.  |     |      |      |       |
| <b>Owner-Occupied Lead Paint Remediation Grants</b> |  | HTF | INCL | HOME | OTHER |
| Scope   | Non-repayable grant up to \$10,000 for a single family residence and up to \$5,000 per unit plus \$5,000 for common areas in multi-family property for the remediation of lead based paint hazards.  |     |      | ●    |       |
| Target Population                                   | Low Income (<80 percent AMI) owner and tenant occupants of residential property citywide, constructed prior to 1979 and occupied or frequently visited by families with children under six years old.  |     |      |      |       |
| Application Method                                  | Applications for grants come from referrals of County Health Dept. of children under six with high EBLL readings, referrals from Code Compliance and from door to door marketing and educational meetings from the Environmental Health Coalition in the targeted area.  |     |      |      |       |
| <b>Healthy Homes Repair Grants - Mobile Homes</b>   |  | HTF | INCL | HOME | OTHER |
| Scope   | A small repair grant program to allow very low-income households permanently residing in mobile homes to address "health and safety" issues.   | ●   |      |      |       |

|                    |  |  |  |  |  |
|--------------------|--|--|--|--|--|
| Target Population  | Very low-income (<60 percent AMI) owner-occupants of mobile homes.   |  |  |  |  |
| Grant Terms        | A maximum of \$5,500.  |  |  |  |  |
| Application Method | Applications for mobile home repair grants to be accepted on an ongoing basis after an initial NOFA until all funds are exhausted. |  |  |  |  |

**NONPROFIT CAPACITY BUILDING - Affordable Housing Developers**

| <b>Project-Based Predevelopment Financial Assistance</b> |  | HTF | INCL | HOME | OTHER |
|--|--|-----|------|------|-------|
| Scope  | <p>Predevelopment Financial Assistance includes the following:</p> <ol style="list-style-type: none"> <li><u>Early Assistance Loans to Nonprofit Developers</u>: A maximum of \$15,000 is available for preliminary feasibility activities such as appraisal, site control, and Phase I environmental studies. Early Assistance loans can be considered for forgiveness if the project does not proceed.</li> <li><u>Project Support Grants</u>: When the Early Assistance due diligence has been completed, funds may be available for paying predevelopment costs (staff and consultant or administrative expenses) for an identified project through a Project Support Grant. Minimum grant is \$10,000.</li> <li><u>Predevelopment Loans</u>: If approved, the Early Assistance Loan can be incorporated into a Predevelopment Loan to include additional predevelopment expenses, i.e., architectural, engineering, consultant and legal fees, site preparation, environmental assessments, purchase options, long-term escrow earnest money and project-specific professional housing development staff time. A Predevelopment Loan without Early Assistance may be appropriate in some cases. Typically, the Predevelopment Loan is repaid out of a project's permanent financing. Loan amount based on project's financial feasibility and available funding.</li> </ol> | ●   |      |      |       |
| Target Population/<br>Beneficiaries                      | Nonprofit corporations whose express purpose is the development, acquisition, or rehabilitation of housing that will be predominately occupied by very low- and low-income households.   |     |      |      |       |
| Loan Underwriting  | No specified underwriting criteria. Proposals to be considered on an ongoing basis. Generally, applicants must: 1) have been in existence for two years; 2) provide evidence of multi-year organizational ability or that principals have suitable experience to complete the project; 3) develop a feasible work program which identifies how the organization will reach its objective; 4) meet the Housing Commission Minimum Organization Standards for Nonprofit Loan Applicants; and 5) be expected to complete the project.   |     |      |      |       |
| Application Method                                       | Applications for predevelopment loans to be accepted on an ongoing basis after an initial NOFA.  |     |      |      |       |

| <b>Emergency Loan Fund Program</b>    |  | HTF | INCL | HOME | OTHER |
|---------------------------------------|--|-----|------|------|-------|
| Target Population/<br>Beneficiaries   | <p>The target populations and loan underwriting conditions of Project-Based Predevelopment Financial Assistance apply.</p> <p>In addition, the following eligibility restrictions apply: 1) applicant has a demonstrated pipeline of development projects located in the City; 2) applicant has not received an emergency loan from the Housing Trust Fund within the past three years, or has repaid such loan(s) in full; 3) applicant's need for emergency loan is based on a cash flow problem where funds anticipated to repay the loan can be identified.</p> <p>Borrowers are required to demonstrate ability to repay.</p> | ●   |      |      |       |
| <b>Nonprofit Technical Assistance</b> |  | HTF | INCL | HOME | OTHER |
| Scope                                 | A technical assistance program that will assist nonprofit corporations and limited equity cooperatives in developing affordable housing. Program to provide "hands on" technical assistance in such areas as concept development, site assessment and acquisition, feasibility analysis, specification writing, bid packaging and review, permit procedures, construction oversight, grants and application preparation, and record keeping required by funding sources.   | ●   |      |      |       |
| Target Population/<br>Beneficiaries   | Nonprofit corporations and limited equity cooperatives with limited housing experience.  |     |      |      |       |
| Grant Terms                           | Grant is for the delivery of technical assistance services to nonprofit housing developers. Scope of work will be articulated in contract documents.   |     |      |      |       |
| Application<br>Method                 | Funds to be made available through RFP or Housing Commission contract policy.  |     |      |      |       |

| <b>HOUSING INITIATIVES</b>   |   |     |      |      |       |
|--|---|-----|------|------|-------|
| <b>Homeless Programs, Permanent Supportive Housing, Transitional Housing</b> |   |     |      |      |       |
| <b>Connections Housing</b>   |   | HTF | INCL | HOME | OTHER |
| Scope  | Connections Housing is a year-round residential and service center for local homeless individuals. The Housing Commission provides funding for 150 interim housing beds and 73 permanent supportive housing units. A multi-agency service "mall" is on the ground floor for all participants to access support services to assist them in achieving housing stability and self-sufficiency. |     |      |      | ●     |
| Target Population  | Homeless Individuals.   |     |      |      |       |
| Terms  | Up to 90 days for interim housing beds. Indefinite term for permanent supportive housing units.   |     |      |      |       |

| <b>Emergency Winter Shelter Program</b>                     |  | HTF | INCL | HOME | OTHER |
|---|--|-----|------|------|-------|
| Scope   | The Housing Commission helps fund a shelter that provides 150 beds per night for homeless veterans from December through April. Non-profit partner agencies provide health-care, legal assistance and job referrals.   |     |      |      | ●     |
| Target Population   | Homeless military veterans.  |     |      |      |       |
| <b>Hotel/Motel Vouchers</b>                                 |  | HTF | INCL | HOME | OTHER |
| Scope   | When other shelter is not available, homeless families can apply for emergency hotel/motel vouchers. The Housing Commission provides funding for this program, which is administered by the County of San Diego.   |     |      |      | ●     |
| Target Population   | Elderly persons 65 or older, families with children, persons with severe disabilities, and pregnant women (on a case-by-case basis).   |     |      |      |       |
| Terms   | 14-28 days.  |     |      |      |       |
| Application Method  | Administered by the County of San Diego.   |     |      |      |       |
| <b>Neil Good Day Center</b>                                 |  | HTF | INCL | HOME | OTHER |
| Scope   | Homeless Individuals are provided with laundry facilities, showers, mail, case management and referral services. The Center serves more than 3,000 individuals annually.   |     |      |      | ●     |
| Target Population   | Homeless adults.   |     |      |      |       |
| Terms   | Daytime Year Round.  |     |      |      |       |
| <b>Regional Continuum of Care Consortium (RCCC) Support</b> |  | HTF | INCL | HOME | OTHER |
| Scope   | The Housing Commission is a member of the RCCC, and is co-lead with the County of San Diego. The RCCC has 75 members from a broad spectrum of the community including providers of services, government agencies and the private sector. It oversees homeless assistance funds for the region. |     |      |      | ●     |
| Target Population   | Programs and services for homeless San Diegans.  |     |      |      |       |
| <b>Regional Task Force on the Homeless (RTFH)</b>           |  | HTF | INCL | HOME | OTHER |
| Scope   | The Housing Commission supports the RTFH and helps fund the HMIS (Homeless Management Information System) activities for the RCCC, allowing the community and service providers to better plan and provide necessary services.   |     |      |      | ●     |

| <b>Security Deposit Program - Emergency Solutions Grant (ESG)</b>              |  | HTF | INCL | HOME | OTHER            |
|--|--|-----|------|------|------------------|
| Scope  | Program provides one-time security deposits for homeless individuals and families.   |     |      |      | ●<br>E<br>S<br>G |
| Application Method   | Clients are referred by nonprofits that provide case management.   |     |      |      |                  |
| <b>Shelter Plus Care (SPC)</b>   |  | HTF | INCL | HOME | OTHER            |
| Scope  | SPC is a federally funded HUD program which provides rental assistance for organizations providing permanent housing with services for homeless and disabled individuals and families. The Housing Commission is the grantee for the SPC program grants. Funding for new SPC grants is competitive within the Continuum of Care and the Housing Commission participates as part of the San Diego region's annual Continuum of Care NOFA. HUD's goal for permanent housing is 77% stay housed for 6 months. |     |      |      | ●                |
| Target Population  | Disabled homeless individuals.   |     |      |      |                  |
| Terms  | Indefinite (Permanent Supportive Housing)  |     |      |      |                  |
| Application Method   | HUD Continuum of Care NOFA.  |     |      |      |                  |
| <b>Sponsor-Based Voucher Program</b>   |  | HTF | INCL | HOME | OTHER            |
| Scope  | A rental assistance program for homeless individuals with diagnosed mental health or drug and alcohol disorders.   |     |      | ●    |                  |
| Application Method   | Vouchers are awarded to service providers via an RFP process.  |     |      |      |                  |
| <b>Tenant-Based Rental Assistance Program</b>                                  |  | HTF | INCL | HOME | OTHER            |
| Scope  | A small rental assistance program that provides rental assistance for an intermediate term.  |     |      | ●    |                  |
| Target Population  | Homeless individuals and families.   |     |      |      |                  |
| Terms  | Up to two years.   |     |      |      |                  |
| Application Method   | To be determined.  |     |      |      |                  |
| <b>Transitional Housing and Permanent Supportive Housing Operating Support</b> |  | HTF | INCL | HOME | OTHER            |
| Scope  | A grant and loan program for nonprofit operators of transitional housing or permanent supportive housing. Grants and loans may be used for the leasing or operation of transitional housing and permanent supportive housing facilities as well as improvements to existing leased facilities. No more than 25 percent of grant funds may be used for administration and support services.   | ●   |      |      |                  |
| Target Population  | Very low-income homeless families and individuals who receive supportive services in a transitional housing or permanent supportive housing facility.  |     |      |      |                  |

|                    |  |  |  |  |  |
|--------------------|--|--|--|--|--|
| Grant Terms        | A maximum grant of \$13 per bed/night for Transitional Housing and a maximum annual grant of \$100,000 per project for Permanent Supportive Housing. |  |  |  |  |
| Application Method | Funds for program to be made available through RFPs or NOFA.   |  |  |  |  |

| <b>Potential New Program</b>        |  |     |      |      |       |
|-------------------------------------|--|-----|------|------|-------|
| <b>Flexible Rehousing Program</b>   |  | HTF | INCL | HOME | OTHER |
| Scope                               | A grant program for homeless service and housing providers that provides for a pool of resources available to support short term rental subsidies and supportive services post placement in permanent housing for those families and individuals transitioning from homelessness. The program design allows the provider flexibility to determine the appropriate level resources dedicated to both rental subsidies and supportive services that most appropriately meet the needs of individual clients. | ●   | ●    |      |       |
| Target Population/<br>Beneficiaries | Very low- to low-income homeless families and individuals transitioning into permanent housing. The program would incentivize providers to target a portion of the resources to serve the chronically homeless.  |     |      |      |       |
| Terms                               | A pool of funds would be available to several housing and service providers. Successful outcome measurements would include the percentage of those families and individuals who remained housed one year after placement.  |     |      |      |       |
| Applic. Method                      | Funds would be available through an RFP process.   |     |      |      |       |

| <b>MISCELLANEOUS PROGRAMS</b>         |   |     |      |      |       |
|---------------------------------------|---|-----|------|------|-------|
| <b>Targets of Opportunity Program</b> |   | HTF | INCL | HOME | OTHER |
| Scope                                 | A program developed to allow the Board the flexibility to take advantage of opportunities for affordable housing that cannot be funded through other Housing Trust Fund programs.   | ●   |      |      |       |
| Target Population/<br>Beneficiaries   | Very low- and low-income households that will reside in housing made available through this program.  |     |      |      |       |
| Loan Terms                            | For acquisition, maximum term to maturity is 55 years. Payment of principal and interest due to be determined.  |     |      |      |       |
| Loan underwriting                     | Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.   |     |      |      |       |
| Application Method                    | Project selection for this program will be on a case-by-case basis subsequent to an initial NOFA advising that applications will be accepted at any time for projects that do not qualify under other Housing Trust Fund programs or that have time constraints that preclude following the RFP calendar. |     |      |      |       |

**SAN DIEGO HOUSING COMMISSION INCOME AND RENT CALCULATIONS**

U.S. Department of Housing and Urban Development 2012 SAN DIEGO MEDIAN INCOME:

**\$76,800**

Note: The table contains Income Limits for 2012 extremely low, very low and low income, as adjusted for family size and other factors adopted and amended from time to time by the U.S. Department of Housing and Urban Development (HUD). HUD adjusted San Diego Very Low Income Limits for a "high housing cost area" factor.

| Family Size | Unit Size | Extremely Low Income<br>30% AMI<br>(Adjusted by HUD) |                         |                   | 35% AMI<br>(Adjusted by HUD) |                         |                   | 40% AMI<br>(Adjusted by HUD) |                         |                   |
|-------------|-----------|--|-------------------------|-------------------|------------------------------|-------------------------|-------------------|------------------------------|-------------------------|-------------------|
|             |           | ANNUAL INCOME <sup>1</sup>                           | GROSS RENT <sup>2</sup> | TCAC <sup>3</sup> | ANNUAL INCOME <sup>1</sup>   | GROSS RENT <sup>2</sup> | TCAC <sup>3</sup> | ANNUAL INCOME <sup>1</sup>   | GROSS RENT <sup>2</sup> | TCAC <sup>3</sup> |
| ONE         | STUDIO    | \$16,900   | \$423                   | \$422             | \$19,650                     | \$491                   | \$492             | \$22,450                     | \$561                   | \$563             |
| TWO         | 1-BR      | \$19,300   | \$483                   | \$452             | \$22,500                     | \$563                   | \$527             | \$25,700                     | \$643                   | \$603             |
| THREE       | 2-BR      | \$21,700   | \$543                   | \$542             | \$25,300                     | \$633                   | \$632             | \$28,900                     | \$723                   | \$723             |
| FOUR        | 3-BR      | \$24,100   | \$603                   | \$626             | \$28,100                     | \$703                   | \$731             | \$32,100                     | \$803                   | \$835             |
| FIVE        | 4-BR      | \$26,050   | \$651                   | \$699             | \$30,350                     | \$759                   | \$815             | \$34,650                     | \$866                   | \$932             |
| SIX         | 5-BR      | \$28,000   | \$700                   | \$771             | \$32,600                     | \$815                   | \$899             | \$37,250                     | \$931                   | \$1,028           |
| SEVEN       | 6-BR      | \$29,900   | \$748                   |                   | \$34,850                     | \$871                   |                   | \$39,800                     | \$995                   |                   |
| EIGHT       |           | \$31,850   |                         |                   | \$37,100                     |                         |                   | \$42,350                     |                         |                   |

| Family Size | Unit Size | Very Low Income<br>50% AMI<br>(Adjusted by HUD) |                         |                   |                         | 60% AMI<br>(Adjusted by HUD) |                         |                   | 65% AMI<br>(Adjusted by HUD) |                         |                          |
|-------------|-----------|---|-------------------------|-------------------|-------------------------|------------------------------|-------------------------|-------------------|------------------------------|-------------------------|--------------------------|
|             |           | ANNUAL INCOME <sup>1</sup>                      | GROSS RENT <sup>2</sup> | TCAC <sup>3</sup> | "Low HOME" <sup>3</sup> | ANNUAL INCOME <sup>1</sup>   | GROSS RENT <sup>2</sup> | TCAC <sup>3</sup> | ANNUAL INCOME <sup>1</sup>   | GROSS RENT <sup>2</sup> | "High HOME" <sup>3</sup> |
| ONE         | STUDIO    | \$28,150  | \$704                   | \$703             | \$722                   | \$33,780                     | \$845                   | \$844             | \$36,550                     | \$914                   | \$920                    |
| TWO         | 1-BR      | \$32,150  | \$804                   | \$753             | \$774                   | \$38,580                     | \$965                   | \$904             | \$41,750                     | \$1,044                 | \$987                    |
| THREE       | 2-BR      | \$36,150  | \$904                   | \$903             | \$928                   | \$43,380                     | \$1,085                 | \$1,084           | \$47,000                     | \$1,175                 | \$1,187                  |
| FOUR        | 3-BR      | \$40,150  | \$1,004                 | \$1,044           | \$1,073                 | \$48,180                     | \$1,205                 | \$1,253           | \$52,200                     | \$1,305                 | \$1,362                  |
| FIVE        | 4-BR      | \$43,400  | \$1,085                 | \$1,165           | \$1,197                 | \$52,080                     | \$1,302                 | \$1,398           | \$56,400                     | \$1,410                 | \$1,500                  |
| SIX         | 5-BR      | \$46,600  | \$1,165                 | \$1,285           | \$1,321                 | \$55,920                     | \$1,398                 | \$1,542           | \$60,550                     | \$1,514                 | \$1,637                  |
| SEVEN       | 6-BR      | \$49,800  | \$1,245                 |                   | \$1,445                 | \$59,760                     | \$1,494                 |                   | \$64,750                     | \$1,619                 | \$1,774                  |
| EIGHT       |           | \$53,000  |                         |                   |                         | \$63,600                     |                         |                   | \$68,900                     |                         |                          |

| Family Size | Unit Size | 70% AMI<br>(Adjusted by HUD) |                         | 80% AMI<br>(Adjusted by HUD) |                         | 100%<br>Area Median Income (No HUD adjustment) |                         | 120% AMI<br>(No HUD adjustment) |                         |
|-------------|-----------|------------------------------|-------------------------|------------------------------|-------------------------|--|-------------------------|---------------------------------|-------------------------|
|             |           | ANNUAL INCOME <sup>1</sup>   | GROSS RENT <sup>2</sup> | ANNUAL INCOME <sup>1</sup>   | GROSS RENT <sup>2</sup> | ANNUAL INCOME <sup>1</sup>                     | GROSS RENT <sup>2</sup> | ANNUAL INCOME <sup>1</sup>      | GROSS RENT <sup>2</sup> |
| ONE         | STUDIO    | \$39,350                     | \$984                   | \$45,000                     | \$1,125                 | \$53,150                                       | \$1,329                 | \$63,750                        | \$1,594                 |
| TWO         | 1-BR      | \$44,950                     | \$1,124                 | \$51,400                     | \$1,285                 | \$60,700                                       | \$1,518                 | \$72,900                        | \$1,823                 |
| THREE       | 2-BR      | \$50,600                     | \$1,265                 | \$57,850                     | \$1,446                 | \$68,300                                       | \$1,708                 | \$82,000                        | \$2,050                 |
| FOUR        | 3-BR      | \$56,200                     | \$1,405                 | \$64,250                     | \$1,606                 | \$75,900                                       | \$1,898                 | \$91,100                        | \$2,278                 |
| FIVE        | 4-BR      | \$60,700                     | \$1,518                 | \$69,400                     | \$1,735                 | \$81,950                                       | \$2,049                 | \$98,400                        | \$2,460                 |
| SIX         | 5-BR      | \$65,200                     | \$1,630                 | \$74,550                     | \$1,864                 | \$88,050                                       | \$2,201                 | \$105,700                       | \$2,643                 |
| SEVEN       | 6-BR      | \$69,700                     | \$1,743                 | \$79,700                     | \$1,993                 | \$94,100                                       | \$2,353                 | \$112,950                       | \$2,824                 |
| EIGHT       |           | \$74,200                     |                         | \$84,850                     |                         | \$100,200                                      |                         | \$120,250                       |                         |

\* TCAC = Tax Credit Allocation Committee

1. Annual income = Gross annual income adjusted by family size for Area Median Income (AMI) level. May contain additional adjustments as determined annually by HUD.
2. Gross rent minus utility allowance = maximum cash rent. See the "San Diego Housing Commission Utility Allowance Schedule" to calculate the utility allowance based on the project's actual utility mix.
3. For projects with multiple funding sources, use the lowest rents applicable and/or apply HUD's MTSP "Hold Harmless" policy. "Low HOME" and "High HOME" rents effective February 9, 2012.

Note: Due to the Housing and Economic Recovery Act of 2008 the data presented in this chart may not be applicable to projects financed with Section 42 Low Income Housing Tax Credits (LIHTC) or section 142 tax exempt private equity bonds (MTSP). If you believe your affordable housing project is affected by this change and have questions regarding the 2012 Rent & Income limits, please contact Irma Betancourt at [irmab@sdhc.org](mailto:irmab@sdhc.org).

This general income and rental rate information is derived from the U.S. Department of Housing and Urban Development very low income figures published November 30, 2011. HOME Rents effective February 9, 2012.

**Article 8: Housing****Division 5: San Diego Housing Trust Fund**

(“San Diego Housing Trust Fund” added 4-16-1990 by O-17454 N.S.)

**§98.0501 Purpose and Intent**

- (a) It is the intent of the City Council to create an Affordable Housing Fund as a permanent and annually renewable source of revenue to meet, in part, the housing needs of the City’s *very low*, *low*, and *median income* households. There are households which are income eligible and also possess one or more of the following characteristics; (1) they are burdened by paying more than thirty percent (30%) of their gross income for housing costs; (2) they live in overcrowded conditions; (3) they live in substandard housing units; (4) they are homeless individuals and families; or (5) they consist of individuals and families with special housing needs such as the elderly, the developmentally disabled, the mentally ill, the physically disabled, single parent households and large families.
- (b) The Affordable Housing Fund will serve as a vehicle for addressing very low, low, and median income housing needs through a combination of funds as provided for in these regulations.
- (c) It is the intent of the City Council to address a significant portion of the City’s current and projected very low, low, and median income housing need by leveraging every one dollar of City funds allocated to the Fund with two dollars of non-City subsidy capital funds.
- (d) It is further the intent of the Council to foster a mix of family incomes in projects assisted by the Fund and to disperse affordable housing projects throughout the City, in accordance with its Balanced Communities Policy and its intent to achieve a balance of incomes in all neighborhoods and communities so that no single neighborhood experiences a disproportionate concentration of housing units affordable to very low, low, and median income households.
- (e) It is the purpose and intent of this part to preserve and maintain renter and ownership housing units which are affordable to low, very low, and moderate income households and are located within the City, including federally assisted units and units located in mobile home parks.

- (f) It is the further intent of the City Council to foster and encourage the private sector to join with the public sector and the nonprofit sector to further the goals of this ordinance.

*(Amended 6-3-2003 by O-19190 N.S.)*

**§98.0502 Establishment of the San Diego Affordable Housing Fund**

- (a) There is hereby established a fund to be known and denominated as the San Diego Affordable Housing Fund. The Affordable Housing Fund shall consist of funds derived from the commercial development linkage fees paid to the City pursuant to Chapter 9, Division 6, Article 8 of the San Diego Municipal Code; revenues from the Transient Occupancy Tax as provided in Section 35.0128 of the San Diego Municipal Code; funds derived from in lieu fees paid to the City pursuant to Chapter 14, Article 2, Division 13; revenues received from the use of a shared-equity program pursuant to Section 142.1309(e) of the San Diego Municipal Code; and any other appropriations as determined from time to time by legislative action of the City Council. The Affordable Housing Fund shall be administered by the San Diego Housing Commission pursuant to the provisions of this Division, the appropriation ordinances and Council policies applicable thereto.
- (b) There is also hereby established within the Affordable Housing Fund, a San Diego Housing Trust Fund account. Except for funds received from in lieu fees paid to the City pursuant to Chapter 14, Article 2, Division 13 and revenues received from the use of a shared-equity program pursuant to Section 142.1309(e) of the San Diego Municipal Code, all funds received by the Affordable Housing Trust Fund, either from special funds or general fund appropriations, shall be deposited in the Housing Trust Fund account. The administration and use of monies from the San Diego Housing Trust Fund shall be subject to all provisions under this Division related to the Affordable Housing Fund.
- (c) There is also hereby established within the Affordable Housing Fund, an Inclusionary Housing Fund account. Funds received from in lieu fees paid to the City pursuant to Chapter 14, Article 2, Division 13 and revenues received from the use of a shared-equity program pursuant to Section 142.1309(e) of the San Diego Municipal Code shall be deposited in the Inclusionary Housing Fund account. The administration and use of monies from the Inclusionary Housing Fund shall be subject to all provisions under this Division related to the Affordable Housing Fund.

*(“Definitions” repealed; “Establishment of the San Diego Housing Trust Fund and Trust Fund Account” renumbered from Sec. 98.0503, retitled and amended 6-3-2003 by O-19190 N.S.)*

**§98.0503 Purpose and Use of Affordable Housing Fund and Monies**

- (a) The Affordable Housing Fund shall be used solely for programs and administrative support approved by the City Council in accordance with Section 98.0507 to meet the housing needs of *very low income*, *low income* and *median income* households. In addition, for homeownership purposes only, these funds may be utilized to meet the housing needs of *moderate income* households where *moderate income* has the same meaning as in San Diego Municipal Code Section 113.0103. These programs shall include those providing assistance through production, acquisition, rehabilitation and preservation.
- (b) Principal and interest from loan repayments, proceeds from grant repayments, forfeitures, reimbursements, and all other income from Affordable Housing Fund activities, shall be deposited into the Affordable Housing Fund. All funds in the account shall earn interest at least at the same rate as pooled investments managed by the Treasurer. All interest earnings from the account shall be reinvested and dedicated to the account. All appropriated funds in the Affordable Housing Fund account shall be available for program expenditures as directed by the Commission and pursuant to Section 98.0507. The City’s Annual Appropriation Ordinance shall provide for the transfer of designated funds to the Affordable Housing Fund. Transfers shall be made quarterly or upon direction of the City Manager. Transferred funds shall accrue interest from the time of transfer.

*(“Establishment of the San Diego Housing Trust Fund and Trust Fund Account” renumbered to Sec. 98.0502; “Purpose and Use of Housing Trust Fund and Monies” renumbered from Sec. 98.0504, retitled and amended 6–3–2003 by O–19190 N.S.) (Amended 1-23-2009 by O-19825 N.S; effective 2-22-2009.)*

**§98.0504 Purpose and Use of San Diego Housing Trust Fund Account**

- (a) The San Diego Housing Trust Fund may be used in any manner, through loans, grants, or indirect assistance for the production and maintenance of assisted units and related facilities. The San Diego Housing Trust Fund monies shall be distributed to the target income groups according to the following guidelines:
  - (1) No less than ten percent (10%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide transitional housing for households who lack permanent housing;

- (2) Not less than sixty percent (60%) of the funds in the Trust Fund account shall be expended to provide housing to *very low income* households at *affordable housing costs*.
  - (3) No more than twenty percent (20%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide housing to *low income* households at *affordable housing costs*;
  - (4) No more than ten percent (10%) of the funds in the San Diego Housing Trust Fund account shall be expended to assist *median income* and *moderate income* first-time home buyers purchase a home at an *affordable housing cost* with special consideration given to those proposals (1) involving neighborhoods that are predominately *low income* with substantial incidence of absentee ownership, or (2) which further the goals of providing economically balanced communities. *Affordable housing cost*, as defined for moderate income home buyers, shall also be consistent with California Health and Safety Code section 50052.5 for those households at or exceeding 100 percent (100%) of area median income.
- (b) The San Diego Housing Commission shall ensure that a program to increase the capacity of nonprofit organizations to develop and operate housing for *very low, low, median and moderate income* households be included in the Affordable Housing Fund Annual Plan to be submitted to the City Council in accordance with Section 98.0507. Through such a program, the Housing Trust Fund may fund training programs for non-profit organizations, and provide funds for administrative support. Furthermore, the San Diego Housing Commission shall ensure that technical assistance related to the preparation of project proposals is made available to nonprofit organizations requesting such assistance.
- (c) Funds shall not be used for the operation of supporting services such as child care or social services unless:
- (1) The funds are used in connection with transitional housing or in neighborhoods where the addition of units will create the need for supportive services.
  - (2) The recipient can demonstrate to the Commission that other funds are not available, and
  - (3) No more than twenty-five percent (25%) of the loan, grant or assistance is designated for such services. Whenever such funds are disbursed from the Trust Fund account, the San Diego Housing Commission shall determine the terms and conditions which shall be attached to the grant or loan of those funds.

*(“Purpose and Use of Housing Trust Fund and Monies” renumbered to Sec. 98.0503; “Purpose and Use of San Diego Housing Trust Fund Account” added 6-3-2003 by O-19190 N.S.)  
(Amended 1-23-2009 by O-19825 N.S; effective 2-22-2009.)*

**§98.0505 Purpose and Use of San Diego Inclusionary Housing Fund Account**

- (a) The Inclusionary Housing Trust Fund shall be used solely for programs and administrative support approved by the City Council pursuant to the provisions of Section 98.0507.
- (b) Priority for the expenditure of funds from the Inclusionary Housing Trust Fund shall be given to the construction of new affordable housing stock. The monies may also be allowed to be expended for other programs administered by the San Diego Housing Commission if approved by the City Council in the Affordable Housing Fund Annual Plan, pursuant to the provisions of this Division.
- (c) Priority for the expenditure of funds from the Inclusionary Housing Trust Fund shall be given to the Community Planning Area from which the funds were collected. The funds shall be used to promote and support the City’s goal of providing economically balanced communities.

*(“Term of Affordability” renumbered to Sec. 98.0506; “Purpose and Use of San Diego Inclusionary Housing Fund Account” added 6-3-2003 by O-19190 N.S.)*

**§98.0506 Term of Affordability**

- (a) Whenever funds from the Affordable Housing Fund are used for the acquisition, construction or substantial rehabilitation of an affordable rental or cooperative unit, the San Diego Housing Commission shall impose enforceable requirements on the owner of the housing unit that the unit remain affordable for the remaining life of the housing unit, assuming good faith efforts by the owner to maintain the housing unit and rehabilitate it as necessary. The remaining life of the housing unit shall be presumed to be a minimum of fifty-five (55) years.
- (b) Whenever funds from the Affordable Housing Fund are used for the acquisition, construction or substantial rehabilitation of ownership housing, the San Diego Housing Commission shall impose enforceable resale restrictions on the owner to keep the housing unit affordable for the longest feasible time, while maintaining an equitable balance between the interests of the owner and the interests of the San Diego Housing Commission.

- (c) For programs funded with funds from the Affordable Housing Fund which are not described in (a) or (b) above, the Commission shall develop appropriate mechanisms to ensure affordability which shall be described in the San Diego Housing Fund Annual Plan.
- (d) The affordability restriction requirements described in this section shall run with the land and the Commission shall develop appropriate procedures and documentation to enforce these requirements and shall record such documentation in the Official Records of the Recorder of San Diego County.

*(“Three Year Program” renumbered to Sec. 98.0507; “Term of Affordability” renumbered from Sec. 98.0505 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0507 Affordable Housing Fund Annual Plan**

Prior to the commencement of the fiscal year and annually thereafter, the San Diego Housing Commission shall adopt an Affordable Housing Fund Annual Plan for the use of the Affordable Housing Fund, including the Housing Trust Fund account and the Inclusionary Housing Fund account, and present it to Council for action. This document shall plan for the following fiscal year or other appropriate time frame to ensure for accurate and effective planning and budgeting of fund revenues. The Affordable Housing Fund Annual Plan shall include:

- (a) A description of all programs to be funded with funds from the Affordable Housing Fund account specifying the intended beneficiaries of the program including the capacity building program for nonprofit organizations;
- (b) The amount of funds budgeted for loans or grants to recipients who agree to participate in Commission approved Programs;
- (c) The amount of funds budgeted for administrative expenses, exclusive of legal fees. All disbursements from the Affordable Housing Fund shall be consistent with the Affordable Housing Fund Annual Plan.

*(“Solicitation of Program Suggestions” renumbered to Sec. 98.0508; “Three Year Program Plan” renumbered from Sec. 98.0506, retitled and amended 6-3-2003 by O-19190 N.S.)*

**§98.0508 Solicitation of Program Suggestions**

Each year, the San Diego Housing Commission shall solicit suggestions on the programs to be funded by the Affordable Housing Fund account in the next fiscal year from any person who has indicated such a desire in writing to the Board of Commissioners of the San Diego Housing Commission.

*(“Preparation and Funding of Three-Year Program Plan” renumbered to Sec. 98.0509; “Solicitation of Program Suggestions” renumbered from Sec. 98.0507 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0509 Preparation and Funding of Affordable Housing Fund Annual Plan**

Each year, the San Diego Housing Commission shall hold three (3) public hearings to solicit testimony from the general public on programs to be funded by the Affordable Housing Fund account in the next fiscal year. A hearing shall be held in the North, South and Central areas of the City. The San Diego Housing Commission shall consider the suggestions from the neighborhood groups and the testimony from the public hearings, and cause a draft Annual Plan to be prepared for its consideration. The San Diego Housing Commission shall hold a public hearing to obtain public comments on the draft Affordable Housing Fund Annual Plan, make modifications as it deems appropriate and submit it to the Council for action. The City Council shall consider the Affordable Housing Fund Annual Plan as submitted by the San Diego Housing Commission, modify it if it so elects; approve it no later than July 31 of each year; and appropriate to fund the Affordable Housing Fund Annual Plan from the Affordable Housing Fund account or an other funding sources it chooses to consider for this purpose. These procedures and dates may be adjusted as necessary for the preparation of the first Affordable Housing Fund Annual Plan after the enactment of this Division.

*(“Project Selection and Disbursement of Funds” renumbered to Sec. 98.0510; “Preparation and Funding of Three-Year Program Plan” renumbered from Sec. 98.0508, retitled and amended 6-3-2003 by O-19190 N.S.)*

**§98.0510 Project Selection and Disbursement of Funds**

- (a) All projects considered for funding will be reviewed prior to Commission action by the local Community Planning Group or, in an area where there is no Planning Group, another community advisory group.
- (b) The San Diego Housing Commission may notify potential recipients that specified funds from the Affordable Housing Fund are available to be distributed as loans or grants through issuing requests for proposals and notices of fund availability.

*(“Support of Nonprofit Organizations” repealed; “Project Selection and Disbursement of Funds” renumbered from Sec. 98.0509 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0511 Regulation of Recipients**

Every recipient shall enter into a written agreement with the San Diego Housing Commission which sets forth the terms and conditions of the grant or loan. The agreement shall contain at least the following provisions:

- (a) The amount of funds to be disbursed from the Affordable Housing Fund.
- (b) The manner in which the funds from the Affordable Housing Fund are to be used.
- (c) The terms and conditions of the grant or loan.
- (d) The projected and maximum amount that is allowed to be charged in order for the assisted units to maintain an affordable housing cost.
- (e) A requirement that periodic reports be made to the Commission to assist its monitoring of compliance with the agreement.
- (f) A description of actions that the Commission may take to enforce the agreement.
- (g) Restrictions on the return on equity and developers fee recipients may receive, where applicable.

*(“Funding of Supporting Services” repealed; “Regulation of Recipients” renumbered from Sec. 98.0512 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0512 Publication of Program Documents**

The Commission shall publish such administrative rules and guidelines as are necessary and desirable to implement the programs approved by the City Council in the Annual Plan.

*(“Regulation of Recipients” renumbered to Sec. 98.0511; “Publication of Program Documents” renumbered from Sec. 98.0522 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0513 Annual Report**

- (a) The Commission shall within ninety (90) days following the close of each fiscal year prepare and submit an annual report to the City Council on the activities undertaken with funds from the Affordable Housing Fund account. The report shall specify the number and types of units assisted, the geographic distribution of units and a summary of statistical data relative to the incomes of assisted households, the monthly rent or carrying charges charged the amount of state, federal and private funds leveraged, and the sales prices of ownership units assisted. The report shall specifically contain a discussion of how well the goals of the previous year’s Annual Plan were met. The report shall also contain the information necessary to support the findings specified in Section 66001 of Chapter 5, Division 1 of Title 7 of the California Government Code.

*(“Annual Report” renumbered from Sec. 98.0523 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0514 Reserve Fund**

The Commission may establish and maintain a reserve fund account subject to approval of the City Council, adequate to preserve the ability of the Affordable Housing Fund to take maximum advantage of unforeseen opportunities in assisting housing and to ensure prudently against unforeseen expenses. The amount to be maintained in this reserve fund shall be determined by the San Diego Housing Commission. The San Diego Housing Commission shall establish procedures for maintaining such a fund.

*(“Reserve Fund” renumbered from Sec. 98.0524 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0515 Financial Management**

- (a) The City Auditor shall maintain a separate Affordable Housing Fund and any required related subsidiary funds and transfer the balance on deposit from such funds to the San Diego Housing Commission on a quarterly basis upon the direction from the Financial Management Director.
- (b) The San Diego Housing Commission shall maintain and report within their accounts a separate Affordable Housing Fund and the subsidy funds of the Housing Trust Fund, the Inclusionary Housing Fund, and any other required related subsidiary funds for all related financing transferred from the City and any related income. Such funds shall be accounted for and reported separately on the San Diego Housing Commission’s annual audited financial report, and such funds shall be audited for compliance with the Affordable Housing Fund Ordinance, Inclusionary Housing Ordinance, and related policies and regulations.

The Commission shall also prepare any other reports legally mandated for financing sources of the Affordable Housing Fund.

*(“Financial Management” renumbered from Sec. 98.0525 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0516 Equal Opportunity Program**

The San Diego Housing Commission shall apply its equal opportunity program to assure that contractors doing business with and/or receiving funds from the Affordable Housing Fund will not discriminate against any employee or applicant for employment because of race, color, religion, sex, handicap, age, or national origin and that equal employment opportunity is provided to all applicants and employees without regard to race, religion, sex, handicap, age, or national origin. The goals of the equal opportunity program are to ensure that all contracts achieve parity in the representation of women, minorities, and the handicapped in each contractor’s work force with the availability of women minorities, and the handicapped in the San Diego County labor market. The program shall apply to all vendors, grantees, lessees, consultants, banks, and independent corporations under contract with the San Diego Housing Commission.

*(“Equal Opportunity Program” renumbered from Sec. 98.0526 and amended 6-3-2003 by O-19190 N.S.)*

**§98.0517 Compliance with Antidiscrimination Laws**

Each contractor shall submit certification of compliance with Executive Order 11246, Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practice Act, and other applicable federal and state laws and regulations hereinafter enacted. Such certification shall be on forms to be provided by the Commission and shall be submitted at the time the contractor submits a bid or proposal.

*(“Compliance with Antidiscrimination Laws” renumbered from Sec. 98.0527 on 6-3-2003 by O-19190 N.S.)*

**§98.0518 Commission Powers To Enforce**

The San Diego Housing Commission may institute any action or proceeding it deems appropriate, judicial or otherwise, against recipients or other persons to carry out the provisions of this Division, to enforce the terms of any agreement related to the use of funds from the Affordable Housing Fund, or to protect the interest of the City, the San Diego Housing Commission, or intended beneficiaries of programs operated pursuant to this Division. The San Diego Housing Commission may foreclose on property assisted with funds from the Affordable Housing Fund, seek to assume managerial or financial control over property financed with funds from the Affordable Housing Fund, directly or through a receiver, seek monetary damages or seek equitable or declaratory relief.

*(“Commission Powers to Enforce” renumbered from Sec. 98.0528 and amended 6-3-2003 by O-19190 N.S.)*

Public Comments

to

FY2014  
Affordable Housing Fund  
Annual Plan

# EASTERN AREA COMMUNITIES PLANNING COMMITTEE

April 10, 2014

## **Eastern Area Communities Planning Committee (EACPC) - Comments to information in Handout related to the Housing Commission's Affordable Housing Fund FY2014 program.**

The following paragraphs A, B, and C are copied directly from the Handout related to the Housing Commission's Affordable Housing Fund program, being circulated by the San Diego Housing Commission.

### **A. AFFORDABLE HOUSING FUND – Pg 2**

The San Diego Affordable Housing Fund is a permanent, annually renewable source of funds designed to:

**3) Support the Balanced Communities Policy by fostering a mix of family incomes in projects assisted by the Fund and to disperse affordable housing projects throughout the City;**

### **B. ➤ HOUSING TRUST FUND – Pg 2**

The Housing Trust Fund (the fund) is primarily funded by Housing Impact Fees, also known as linkage fees. **A linkage fee is assessed on commercial and industrial developments. Commercial and industrial development usually results in new jobs, and additional jobs often create the need for additional housing, including housing affordable to non-professionals. The fee is used to help produce that affordable housing.**

The fund is leveraged with other funds to build new affordable housing, rehabilitate and preserve existing affordable housing, support first-time homebuyer programs, and support transitional housing programs.

### **C. PROPOSED PROGRAM CHANGES FOR FY2014 chart – Pg 4**

Preference will be given to projects that meet at least one of the following criteria:

1. qualified as transit-oriented development or workforce housing;
2. located within ¼ mile of a SANDAG designated "employment center;"
3. located in a census tract with low-income concentrations of less than 41 percent; or
4. located north of Interstate 8.

To affirmatively promote equal housing opportunity, the City of San Diego must work to remove impediments to fair housing choices. Every community in the City of San Diego should be required to provide a fair share of affordable housing as well as housing for persons with special needs, senior housing, congregate care for the elderly, housing for temporary workers and housing with supportive services such as for people with mentally illness ("Equal Opportunity Housing").

EACPC is targeting its comments here to San Diego Housing Commission's ("SDHC") Affordable Housing Fund programs ("Housing Programs"), though our comments are universal in consideration of all of the above mentioned programs.

EACPC finds that there is a disconnect between the Policies aimed at increasing the supply of low- to moderate-income housing for the workforce contained in the Housing Element of the City of San Diego General Plan, in a multitude of community plans and in a variety of other regulatory documents, as is demonstrated in the contradiction between the above sections A and B when compared to section C.

The currently over-burdened communities in the City of San Diego ("City") cannot continue to be the sites for SDHC Housing Programs without suffering economically. Over-placement of Housing Programs in the EACPC neighborhoods has caused a downward cycle on our property values which cannot be escaped if perpetuated. Much of the Housing Programs development is created with existence terms of 55 years. That is 55 years in which the development can be nothing except Housing Programs and is like a condemnation of the site. Too many such sites concentrated in a community are condemnation of that community.

There are also social costs related to the Housing Programs, such as crime, low education levels, non-English speaking populations and nuisance activities such as trash, noise and a general inconsideration of others. Too much concentration of these social problems into one area cannot be overcome.

As defined in the City of San Diego General Plan, Economic Prosperity includes many measures, very importantly, **Economic prosperity is a key component of quality of life.** We have visions of our neighborhood that include a great quality of life, one that is as good as every other community in the City. We demand an equal opportunity for the Economic Prosperity in our neighborhood as is so well defined in the General Plan. Our neighborhoods have got to be allowed to be as diverse, innovative, competitive, entrepreneurial, and sustainable as so many of the other neighborhoods in the City. Over-placement of Housing Programs negates the EACPC neighborhoods from living in a community in which Economic Prosperity is realized.

Paragraph C options 2 - "qualified as transit-oriented development" and 4 "located in a census tract with low-income concentrations of less than 41 percent" do nothing but perpetuate the current problem of the disproportionate and unfair burden in areas that have so much more Housing Programs development than other areas. The rules of the program have got to change.

In accordance with the City of San Diego General Plan, most individual Community Plans, City Council Policy 600-19 and other City Regulatory documents, EACPC recommends that every community provide its fair share of Housing Programs.

An analysis should be performed to establish current number of Housing Programs in all areas of San Diego as a baseline and to establish housing goals for all communities based upon a fair share of the Housing. Communities with Employment Center need to start providing housing for those non-professional employees.

Once these figures are available, communities that are deficient in a fair share of Housing Programs development, should be the first to have these units built. For all areas that lack sufficient Housing Programs, a plan should be established to ensure the timely provision Housing Programs with all residential and mixed-use development projects.

Fulfillment of the goals can be satisfied by:

1. Dedication of developable land of equivalent value **within that same community**, not in another community without analysis of the increase, impacts and approval of the Planning Group in that community;
2. Residential development of more than ten dwelling units **must** satisfy the City's Housing Programs requirements.
3. No community, developer or entity should be allowed to satisfy the Housing Programs requirements by donating to the City an amount of money equivalent to the cost of achieving the required level of affordability, into an NCFUA Affordable Housing Trust Account administered by the San Diego Housing Commission for development of Housing Programs in another community, without analysis of the total number, percentage and impact of Housing Programs already in that area and without approval of the specific approval of the Planning Group in that community.