



## THE CITY OF SAN DIEGO

DATE ISSUED: July 21, 2010

REPORT NOS.: RA-10-30  
RTC-10-092

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Council President and Members of the City Council  
Docket of July 27, 2010

SUBJECT: Housing Enhancement Loan Program FY 2011 Findings of Benefit

### REQUESTED ACTIONS:

#### ***For the Redevelopment Agency:***

1. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the College Grove Redevelopment Project Area for the College Grove Redevelopment Housing Enhancement Loan Program.
2. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the Crossroads Redevelopment Project Area for the Crossroads Redevelopment Housing Enhancement Loan Program.
3. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the Grantville Redevelopment Project Area for the Grantville Redevelopment Housing Enhancement Loan Program.
4. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the Linda Vista Redevelopment Project Area for the Linda Vista Redevelopment Housing Enhancement Loan Program.
5. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the North Park Redevelopment Project Area for the North Park Redevelopment Housing Enhancement Loan Program.

#### ***For the City Council:***

1. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the College Grove Redevelopment Project Area for the College Grove Redevelopment Housing Enhancement Loan Program.
2. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the Crossroads Redevelopment Project Area for the Crossroads Redevelopment Housing Enhancement Loan Program.



### **Redevelopment Agency**

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City Planning & Community Investment



3. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the Grantville Redevelopment Project Area for the Grantville Redevelopment Housing Enhancement Loan Program.
4. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the Linda Vista Redevelopment Project Area for the Linda Vista Redevelopment Housing Enhancement Loan Program.
5. Approve and adopt findings that allow for the use of low- and moderate-income housing tax increment set-aside funds outside of the North Park Redevelopment Project Area for the North Park Redevelopment Housing Enhancement Loan Program.

STAFF RECOMMENDATIONS:

***For the Redevelopment Agency:***

Staff recommends the Redevelopment Agency approve all the requested actions.

***For the City Council:***

Staff recommends the City Council approve all the requested actions.

DISCUSSION:

Housing Enhancement Loan Program (HELP) loans are available to homeowners living in or near a redevelopment project area and whose gross household income does not exceed 100% of the San Diego Area Median Income. HELP funds come from redevelopment project area housing set-aside funds, and the program is administered by the San Diego Housing Commission on behalf of the Redevelopment Agency. The one-time loans, which range from \$5,000 to \$30,000, have an annual simple interest of 3% and are forgivable over 10 years. The homeowners must live in the home during the term of the loan.

The Redevelopment Agency created HELP as part of an overall redevelopment program to increase, improve, and preserve the supply of low- and moderate-income housing occupied by persons and families of extremely low, very low, low, and moderate income within the redevelopment project areas and the surrounding neighborhoods. The program is actively being marketed and implemented and has been very successful, and some project areas are in need of additional funds to assist more homeowners due to the high demand for these loans.

Under California Community Redevelopment Law, the Agency and Council must make findings of benefit to the redevelopment project area from which funds are derived in order to spend those funds outside of the subject redevelopment project area. Because the College Grove, Crossroads, Grantville, Linda Vista, and North Park HELP provide loans to participants who may live outside of the project areas from which the funds are derived, the Agency and Council must make findings of benefit to recapitalize these programs (see Attachments 1A–E).

Note that HELP is also available to eligible owner-occupants within the City Heights Redevelopment Project Area only. Therefore, there is no need for findings of benefit for the City Heights HELP. In addition to those in the City Heights Redevelopment Project Area, HELP is also available to eligible owner-occupants within the Area of Influence of Southeastern Economic Development Corporation (SEDC). Findings of benefit for the SEDC HELP will be processed separately when necessary.

The California Community Redevelopment Law, at California Health and Safety Code section 33334.3(d), provides in pertinent part that it is the intent of the Legislature that the amount of money spent for planning and general administration activities from the Low and Moderate Income Housing Fund not be disproportionate to the amount actually spent for the costs of production, improvement or preservation of low- and moderate- income housing. In this regard, section 33334.3(d) further provides that the Agency shall determine annually that the planning and administrative expenses associated with the development, improvement, and preservation of low- and moderate- income housing are necessary to the production, improvement, or preservation of that housing.

**FISCAL CONSIDERATIONS:**

On June 21, 2010, the Redevelopment Agency approved the Fiscal Year 2011 budget for the redevelopment project areas managed by the Redevelopment Division of the City Planning & Community Investment Department. Table 1 below summarizes the line item amounts included in the approved Fiscal Year 2011 budget to recapitalize the previously approved HELP:

**Table 1. Approved FY 2011 HELP Budget Allocations.**

<b>Project Area</b>	<b>Budgeted Amount</b>
College Grove	\$150,000
Crossroads	\$262,000
Grantville	\$50,000
Linda Vista	\$23,695
North Park	\$250,000
<b>Total</b>	<b>\$735,695</b>

Funding HELP in Fiscal Year 2011 would not hamper the Agency’s ability to pay into its Community Development Block Grant (CDBG) debt to the City and to pay into the state of California’s Educational Revenue Augmentation Fund (ERAF) upon legal obligation. These proposed expenditures have been taken into account when determining the project areas’ ability to fund their estimated portions of pending CDBG and ERAF payments.

**PREVIOUS AGENCY AND/OR COUNCIL ACTIONS:**

Table 2 on the next page summarizes the Agency and Council actions approving the implementation of HELP with findings of benefit for the following project areas:

**Table 2. Previous HELP Agency/Council Actions.**

<b>Project Area</b>	<b>Date</b>	<b>Program Approval</b>	<b>Findings of Benefit</b>
College Grove	04/21/09	R-04379	R-04380 / R-304798
Crossroads	10/28/08	R-04336	R-04337 / R-304334
Grantville	07/07/09	R-04425	R-04426 / R-305064
Linda Vista	10/28/08	R-04339	R-04340 / R-304331
North Park	07/15/08	R-04302	R-04303 / R-303917

Table 3 on the following page summarizes the Agency and Council actions approving and adopting findings of benefit on December 7, 2009, to recapitalize HELP in Fiscal Year 2010 for the following project areas:

**Table 3. FY 2010 HELP Findings of Benefit Agency/Council Actions.**

<b>Project Area</b>	<b>Date</b>	<b>Findings of Benefit</b>
College Grove	04/21/09	R-04380 / R-304798
Crossroads	10/28/08	R-04337 / R-304334
Linda Vista	10/28/08	R-04340 / R-304331
North Park	07/15/08	R-04303 / R-303917

ENVIRONMENTAL IMPACT:

This activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(2).

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On May 7, 2010, and June 21, 2010, the Redevelopment Agency held public meetings on the Fiscal Year 2011 Redevelopment Agency budget, which included proposed funding allocations for HELP.

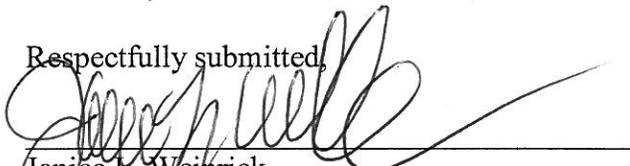
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Owner-occupants of one- and two-unit properties within the boundaries of the College Grove HELP, Crossroad HELP, Grantville HELP, Linda Vista HELP, and North Park HELP whose gross household income is not greater than 100% of the Area Median Income.

ALTERNATIVE:

The alternative to staff's recommendations is to disapprove and not adopt the findings of benefit. In such a case, HELP would continue to be offered to owner-occupants of homes strictly within the College Grove, Crossroads, Grantville, Linda Vista, and North Park redevelopment project areas, which would effectively halt HELP in those areas since there is no or very little residential development within them.

Respectfully submitted,



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 Janice L. Weinrick  
 Deputy Executive Director of Redevelopment Agency; Assistant Director of City Planning & Community Investment Department



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 William Anderson  
 Assistant Executive Director of Redevelopment Agency; Director of City Planning & Community Investment Department

- Attachments: 1A. FY 2011 Findings of Benefit for the College Grove HELP  
 1B. FY 2011 Findings of Benefit for the Crossroads HELP  
 1C. FY 2011 Findings of Benefit for the Grantville HELP  
 1D. FY 2011 Findings of Benefit for the Linda Vista HELP  
 1E. FY 2011 Findings of Benefit for the North Park HELP