



THE CITY OF SAN DIEGO  
Redevelopment Agency's Report

DATE ISSUED: July 23, 2003 REPORT NO. RA-03-22

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of July 29, 2003

SUBJECT: Housing Rehabilitation Program in the City Heights Redevelopment  
Project Area.

SUMMARY:

Issue - Should the Redevelopment Agency allocate City Heights tax increment housing set-aside monies to fund a housing rehabilitation program for owner occupied units within the City Heights Redevelopment Project Area and approve the City Heights Housing Rehabilitation Guidelines?

Executive Director's Recommendation - That the Redevelopment Agency authorize the expenditure of City Heights housing set-aside funds and approve the Program Guidelines.

Fiscal Impact - This Agreement proposes to expend up to \$350,000 in currently budgeted City Heights Redevelopment tax increment set-aside funds. The Agency would fund the outreach and administration of the rehabilitation program, as well as provide the loan pool. The program will include Home Repair Loans of up to \$10,000 and Exterior Enhancement Loans of up to \$5,000 to City Heights Redevelopment Project Area owner-occupants of one- and two- unit properties; whose gross household income is no greater than 100% of the Median Area Income. The terms and conditions of the program are outlined in detail in Attachment A. Adequate existing City Heights Redevelopment tax increment housing set-aside funds are currently available for the proposed program.

Environmental Impact - This activity is not a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3).

BACKGROUND

The Housing Subcommittee was established by the City Heights Redevelopment Project Area Committee (PAC) to determine the best use of housing set aside funds for the project area. The first priority for the subcommittee was to establish a first-time homebuyer program to assist residents of City Heights buy their first home. The program was implemented November 2001 and, as a result, ten families are now first-time home owners in the community.

The subcommittee is now focusing on a home rehabilitation program. They determined that there were many owner-occupied properties in the project area in need of repairs; both to the dwelling units and to the exterior of the properties. The proposed rehabilitation program was created to meet this need.

It also meets the objective to “improve existing housing in the Project Area while maintaining its affordability,” which is part of the Housing goal outlined in the City Heights Redevelopment Plan, adopted in 1992. The Agency proposes to initiate a Housing Rehabilitation Program for very low- and low- income homeowners occupying one- and two- unit properties in the City Heights Redevelopment Project Area. The program is designed to facilitate the improvement of owner occupied units, by providing those individuals, who do not qualify with existing programs, an alternative resource to improve their homes.

## DISCUSSION

The City Heights Project Area Committee (PAC) approved the Housing Rehabilitation Program guidelines presented by the Housing Subcommittee, on April 14, 2003. In addition, on May 12, 2003 the PAC approved the recommendation to use City Heights Redevelopment Project Area tax increment housing set-aside funds to implement the program. The recommendation allows for a total of \$350,000 in set-aside funds to be used towards administration of the program, and towards two types of housing rehabilitation loans: 1) Home Repair up to \$10,000 and 2) Exterior Enhancement up to \$5,000; or a combination of the two. The loans will be available to City Heights’ residents whose gross household income is no greater than 100% of the Median Area Income. Each loan is a one-time only, forgivable loan, with an annual interest rate of 3%. The Home Repair loan will be forgiven incrementally over a 10-year period, while the Exterior Enhancement loan will be forgiven over a 5-year period. However, if the owner fails to comply with the guidelines, within the 5-10-year forgivable period, respectively, then the Agency may require the repayment of the unforgiven portion of the loan and accrued interest.

The Agency proposes to enter into an agreement with an organization that possesses the qualifications to administer and provide outreach services for the housing rehabilitation program as defined in the guidelines, attached as Attachment A.

Respectfully submitted,

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Todd Hooks  
Executive Deputy Director

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Approved: Hank Cunningham  
Assistant Executive Director

Attachments: A. City Heights Redevelopment Project Area Rehabilitation Program Guidelines.

HOOKS / LEON / KENNEDY