



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: June 1, 2005

REPORT NO. RA- 05-20
CMR- 05-119

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Honorable Mayor and Members of the City Council
Docket of June 7, 2005

SUBJECT: Linda Vista Redevelopment Project Area Housing Rehabilitation Loan
Program

SUMMARY

Issues – Should the Redevelopment Agency:

- 1) Enter into an agreement with the San Diego Housing Commission for the outreach and administration of the rehabilitation program?
- 2) Authorize and transfer the Linda Vista Redevelopment Project tax increment housing set-aside monies to the San Diego Housing Commission to fund a housing rehabilitation loan program for owner occupied units within the Linda Vista Community Plan Area, and non-housing tax increment for the outreach and administration fee for the rehabilitation program?
- 3) Approve the Linda Vista Redevelopment Project Area Housing Rehabilitation Loan Program Guidelines?
- 4) Approve the Findings of Benefit to the Linda Vista Redevelopment Project Area?

Should the City Council approve the Findings of Benefit to the Linda Vista Redevelopment Project Area?

Executive Director's Recommendations – The Redevelopment Agency should:

- 1) Enter into an agreement with the San Diego Housing Commission for the outreach and administration of the rehabilitation program.

- 2) Authorize and transfer the Linda Vista Redevelopment Project Low/Mod Funds to the San Diego Housing Commission to fund a housing rehabilitation loan program for owner occupied units within the Linda Vista Community Plan Area, and non-housing tax increment for the outreach and administration fee for the rehabilitation program.
- 3) Approve the Linda Vista Redevelopment Project Area Housing Rehabilitation Loan Program Guidelines.
- 4) The Redevelopment Agency should approve the Findings of Benefit to the Linda Vista Redevelopment Project Area.

Manager's Recommendation - The City Council should approve the Findings of Benefit to the Linda Vista Redevelopment Project Area.

Other Recommendation

The Linda Vista Community Planning Committee (LVCPC) recommended the approval of the Housing Rehabilitation Loan Program Guidelines by a vote of 12 – 2 at the March 28, 2005 meeting.

The San Diego Housing Commission voted to recommend approval of this action at their May 6, 2005 meeting.

Fiscal Impact - This Agreement proposes to transfer Linda Vista Redevelopment Project Low/Mod housing set-aside funds to the San Diego Housing Commission. The Redevelopment Agency would fund the outreach and administration of the rehabilitation program from non-housing tax increment, as well as provide the loan pool from the housing set-aside. The program includes rehabilitation loans of up to \$10,000 to Linda Vista Community Planning Area owner-occupants of properties built prior to 1950 whose gross household income is no greater than 100% of the Area Median Income. The terms and conditions of the program are outlined in detail in Attachment A. Adequate Linda Vista Redevelopment Project 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 Linda Vista Redevelopment Plan was adopted on November 21, 1972. The Linda Vista Redevelopment Project Area does not include any property zoned residential or residential land use designations. An objective of the Redevelopment Plan was “to provide for very low-, low- and moderate-income housing availability as required by County, Region, or State law and

requirements, as necessary and desirable, consistent with the goals and objectives of the community.”

A first time homebuyer’s program for the Linda Vista area was created in 1996 with the tax increment set-aside funds. This program was administered by the Housing Commission. The program was created to assist people in the low- and moderate-income range in purchasing a home in the vicinity of the Linda Vista Redevelopment Project Area. Due to the rapid rise in property values during that time it was difficult for people to qualify for home purchases. There were only eight loans provided from this program. A balance of \$51,000 remains in the account and will be incorporated into this Rehabilitation Loan program.

A goal of the most recent Linda Vista five-year implementation plan is to seek Agency Board approval to establish a Linda Vista Housing Rehabilitation Program for the use of the Linda Vista housing set-aside fund. This rehabilitation program is created to support this goal and assist residential owner-occupants in the Linda Vista Community Planning area whose property is in need of repairs. A goal of the redevelopment process is to improve existing housing in a Project Area while maintaining affordability; however, with no residential uses within the Project Area the program will assist property owners within the surrounding Community Planning area.

Agency staff and the Linda Vista Community Planning Committee (the advisory committee for the Linda Vista Redevelopment Project) are proposing to initiate this loan program in order to assist low- and moderate- income homeowners occupying properties built prior to 1950 in the Linda Vista Community Planning Area. This program is designed to facilitate the improvement of owner occupied units by providing an alternative resource to those individuals who do not qualify for existing programs.

DISCUSSION

The funds from the Linda Vista Redevelopment Project Low/Mod housing fund will enable the Redevelopment Agency to retain and improve the supply of low- and moderate-income housing. Many of the low- and moderate-income households in the Community Planning Area are customers of the Linda Vista Shopping Center (Linda Vista Redevelopment Project Area). The Linda Vista project area will benefit from the retention and improvement in the supply of low- and moderate-income housing because of the Linda Vista Community Planning Area proximity to the Linda Vista Redevelopment Project Area.

The Linda Vista Community Planning Committee reviewed the Linda Vista Housing Rehabilitation Loan Program guidelines on March 28, 2005 and voted to support the establishment of the program (12-2). Pursuant to the guidelines loans will be available to assist low- and moderate- income households offset the cost of qualified improvements. Loans may be used to eliminate any potential housing safety violations and general building and property improvements such as roofs, gutters, downspouts, furnaces, hot water heaters, exterior door and window upgrades, exterior painting or stucco, exterior waterproofing, plaster repairs, general carpentry repairs, and Universal Design. At this time \$178,000 in Low/Mod funds will be

transferred to the Housing Commission to be used toward housing rehabilitation loans. This amount will be combined with the \$51,000 currently on account with the Housing Commission from the First Time Homebuyers program to create a beginning loan pool of \$229,000. The 15% Administration fee for the program will be paid with Linda Vista non-housing tax increment to allow the maximum number of loans to be created from the Low/Mod money. The loans will be available to Linda Vista residents whose gross household income is no greater than 100% of the Area Median Income. Each loan up to \$10,000 is a one-time only, forgivable loan, with an annual interest rate of 3%. The rehabilitation loan will be forgiven over a 10-year period. However, if the owner fails to comply with the guidelines, within the 10-year forgivable period, then the Agency may require the repayment of the unforgiven portion of the loan and accrued interest. The program allows a new buyer to assume the rehabilitation loan if their gross household income is not greater than 100% of the Area Median Income.

The Agency proposes to enter into an agreement with the San Diego Housing Commission based on the experience they have with other redevelopment housing rehabilitation loan programs in the City. Currently they administer similar programs in Mt. Hope, City Heights, and Crossroads Redevelopment Project areas. They possess the qualifications to administer and provide outreach services for the housing rehabilitation program.

ALTERNATIVE

Do not approve the actions.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director
Redevelopment Agency

Hank Cunningham
Assistant Executive Director
Redevelopment Agency/ Director,
Community and Economic Development

Approved: Ellen Oppenheim
Acting Deputy City Manager

Cunningham/LD

- Attachments:
- 1.) Linda Vista Redevelopment Project Area Housing Rehabilitation Loan Program Guidelines
 - 2.) Agreement between the Redevelopment Agency and the San Diego Housing Commission
 - 3.) Findings of Benefit to the Linda Vista Redevelopment Project Area
 - 4.) San Diego Housing Commission May 6, 2005 report