



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: July 2, 2008

REPORT NO.: RA-08-19

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of July 8, 2008

SUBJECT: Housing Enhancement Loan Program (HELP) in the San Ysidro
Redevelopment Project Area

REQUESTED ACTION:

1. That the Redevelopment Agency adopt the San Ysidro Redevelopment Project Area Housing Enhancement Loan Program (HELP) Guidelines.
2. That the Redevelopment Agency authorize the expenditure of up to \$500,000 from the San Ysidro Redevelopment Project Area low- and moderate-income housing funds for the implementation of the San Ysidro Redevelopment Project Area Housing Enhancement Loan Program (HELP).
3. That the Redevelopment Agency approve the Agreement By and Between the Redevelopment Agency of the City of San Diego and the City of San Diego Housing Commission in Connection with the San Ysidro Redevelopment Housing Enhancement Loan Program.

STAFF RECOMMENDATION:

Approve the requested actions.

SUMMARY:

The San Ysidro Redevelopment Plan (the "Plan") was adopted on April 16, 1996. The Plan identifies various redevelopment priorities including the creation and rehabilitation of affordable housing units. San Ysidro's Third Five-Year Implementation Plan adopted on July 19, 2006 identifies the need for rehabilitation of existing low and moderate-income dwelling units.

The proposed San Ysidro Redevelopment Project Area Housing Enhancement Loan Program (HELP Program) fulfills the objectives of the Redevelopment Plan by advocating for the rehabilitation of existing dwellings to improve physical deficiencies and preserve positive neighborhood characteristics of the Redevelopment Project Area. The HELP Program is expected to provide significant community enhancement for the San Ysidro Redevelopment Project Area, as well as act as a catalyst for further improvements in the area.

The HELP Program provides one-time only forgivable Housing Enhancement Loans of up to \$25,000 at an annual simple interest rate of 3% to San Ysidro Redevelopment Project Area owner-occupants of one-unit and two-unit properties, whose gross household income are no greater than 100% of the Median Area Income. A map of the San Ysidro Project Area is included as Attachment 1.

The loans will be used to address interior and exterior conditions of properties to repair health and safety hazards and to rehabilitate, repair and install improvements, including improvements not eligible in existing rehabilitation programs such as fencing, sidewalks and landscaping. The loans may be increased up to an additional \$5,000 for qualifying energy and/or water conserving landscape improvements.

A 10-year deed restriction will be imposed as a condition of the loans. The deed restriction will require that the owner maintain residence at the property for not less than 10 years, or limits sale of the property to persons who will occupy the property and whose gross household income at the time of the sale is no greater than 100% of the Median Area Income. Commencing with the sixth year twenty percent of the loan will be forgiven each year to the tenth year. After ten years the loan will be forgiven. The Program guidelines are included as Attachment 2.

The Agency proposes to enter into an Agreement with the Housing Commission to administer and provide outreach services for the Program. By entering this Agreement, the Agency is delegating several responsibilities to the Housing Commission, including but not limited to: eligibility determination of the owner-occupant, eligibility determination of the properties, evaluation and determination of each loan amount, eligibility of proposed improvements, ongoing compliance monitoring, certification of insurance compliance, final project inspection, management of Agency funds allocated toward the Program, reporting and expenditure of Agency funds, execution of the Memorandum of Lien Affecting Real Property to be recorded against assisted properties, approving or disapproving a borrower's refinancing, sale, or transfer of a subject property or any interest therein, approving or disapproving further encumbrances recorded against an assisted property, management over borrower defaults, and processing all required financial documents with respect to each loan.

The Housing Commission successfully manages similar programs for the City Heights, Crossroads, and Linda Vista Redevelopment Project Areas. The agreement between the Agency and the Housing Commission is included as Attachment 3.

It is the goal of Agency staff to create consistent HELP Program Guidelines agency-wide. This may involve revisions to existing HELP Program Guidelines in the City Heights, Crossroads, Grantville, Linda Vista, Mount Hope and Southcrest programs. Staff anticipates presenting said revisions to these existing programs to the Agency Board within 3-6 months.

FISCAL CONSIDERATIONS:

This agreement proposes to expend up to \$500,000 from the San Ysidro Housing low- and moderate-income housing fund to support the Program. These funds are currently budgeted in the unallocated FY 2008 San Ysidro Redevelopment low- and moderate-income housing funds. The Housing Commission's cost for outreach and administration are 15% of the loans funded,

which is included as part of the \$500,000. This will result in approximately, fourteen (14) rehabilitation loans.

The loans will be subordinate to prior or concurrent mortgages and home equity lines of credit secured by a deed of trust. There is a risk that the Agency could lose some or all loan funds should a borrower have a foreclosure or surrender a deed of title in lieu of foreclosure to a senior lender.

PREVIOUS AGENCY and/or COUNCIL ACTION:

On May 20, 2008, the Agency adopted the Redevelopment Agency Budget for Fiscal Year 2009, which included \$100,000 specifically set-aside for the San Ysidro Home Rehabilitation Program and an additional \$2,206,174 in unallocated low- and moderate-income housing funds.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On January 15, 2008, the San Ysidro Planning and Development Group voted 11-0-1 to recommend the approval of the Housing Enhancement Loan Program Guidelines and the \$500,000 expenditure from the San Ysidro low- and moderate-income housing funds for the Program.

KEY STAKEHOLDERS and PROJECT IMPACTS:

The potential beneficiaries of these loans are up to fourteen (14) low- and moderate-income, owner-occupants of residences located within the San Ysidro Redevelopment Project Area. The San Ysidro HELP Program area is located in Council District 8.

ALTERNATIVE:

Do not approve the Agreement by and between the Redevelopment Agency of the City of San Diego and the City of San Diego Housing Commission and do not approve the expenditure of San Ysidro Redevelopment Project Area low- and moderate-income housing set-aside funds for the San Ysidro HELP Program.

Respectfully submitted,

Janice Weinrick
Deputy Executive Director
Redevelopment Agency

Approved: William Anderson
Assistant Executive Director
Redevelopment Agency

- Attachments: 1. Map of the San Ysidro Redevelopment Project Area
2. San Ysidro Housing Enhancement Loan Program Guidelines
3. Agreement between the Agency and the Housing Commission