



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: July 20, 2017

HCR17-060

SUBJECT: Clean & Green Program

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Carrie Tapia/619-578-7497

REQUESTED ACTION:

San Diego Housing Commission approval of a Clean & Green Program with deferred-payment loan assistance up to \$25,000; financing will assist homeowners to complete interior and exterior repairs with an emphasis on energy efficiency and water conservation.

EXECUTIVE SUMMARY OF KEY FACTORS:

- First-Time Homebuyers will be eligible for a 3 percent interest, deferred-payment loan up to 8 percent of the purchase price or a maximum of \$25,000
- Established homeowners will be eligible for a 3 percent interest, deferred-payment loan up to \$25,000.
- Financing terms are modeled after the San Diego Housing Commission's successful First-Time Homebuyer Program.
- Eligible improvements for this program will include: solar energy, energy efficiency, hazardous material remediation, water conservation, exterior enhancements, and indoor air quality.
- Income limits will range from 80 percent -100 percent of San Diego Area Median Income (currently \$72,750 to \$79,300 per year for a family of four) and will be determined by the funding source available at the time of application.
- The Clean & Green program will be piloted in Fiscal Year 2018 (July 1, 2017 – June 30, 2018) with assistance for eight to nine low- to moderate-income households.
- The proposed Clean & Green program is a modification to the existing Housing Rehabilitation Loan Program that has previously focused on healthy homes improvements.



REPORT

DATE ISSUED: July 20, 2017

REPORT NO: HCR17-060

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of July 28, 2017

SUBJECT: Clean & Green Program

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

San Diego Housing Commission approval of a Clean & Green Program with deferred-payment loan assistance up to \$25,000; financing will assist homeowners to complete interior and exterior repairs with an emphasis on energy efficiency and water conservation.

STAFF RECOMMENDATION:

That the San Diego Housing Commission (Housing Commission) take the following actions:

1. Approve the Housing Rehabilitation Clean & Green Program for established homeowners in the form of a 3 percent interest, deferred-payment loan up to \$25,000; and
2. Approve the First-Time Homebuyer Clean & Green Program in the form of a 3 percent interest, deferred-payment loan up to 8 percent of the purchase price or a maximum of \$25,000.

SUMMARY

The proposed Clean & Green program is a modification to the existing Housing Rehabilitation Loan Program that has previously focused on healthy homes improvements.

The new Pilot Program will be targeted to sustainability and efficiency improvements that will result in long-term reductions in energy costs for the purpose of creating decent housing and a sustainable living environment. The Clean & Green Program objectives are in support of the City of San Diego's Climate Action Plan by facilitating the installation of solar energy systems; addressing indoor air quality; and prioritizing energy and water efficiency improvements. Other objectives include providing first-time homebuyers with resources to purchase a home and make energy efficient and water conservation upgrades at the time of purchase; improving neighborhoods by encouraging community stability, beautification and development; improving interior and exterior substandard conditions; reducing energy usage, landscape water consumption, and greenhouse gas emissions; and repairing health and safety hazards including lead-based paint hazards.

The Housing Commission's program staff will review applications for eligibility, conduct in-house inspections, approve requested sustainability and efficiency improvements, execute loan agreements coordinate rehabilitation activities with the contractor on behalf of the homeowner, and monitor work activities and payments.

Eligible improvements for this program will include:

- **Solar Energy:** Roof replacement, electrical upgrades, solar system coordination and solar system installation by partners
- **Energy Efficiency:** Heating, air conditioning, lighting upgrades, windows/doors and insulation/weatherization
- **Hazardous Material:** Lead-based paint, asbestos, mold, radon, carbon monoxide and pest control
- **Water Conservation:** Toilet replacement, plumbing leak/fixtures, rain barrels, water-smart irrigation and landscaping
- **Exterior Enhancements:** Exterior painting, cleanup/debris removal, tree trimming and tree planting
- **Indoor Air Quality:** Moisture control, air filtration/ventilation, and floor covering

The proposed Clean & Green Program will meet the needs of lower income households on terms that are more favorable than the HERO program or the California Statewide Communities Development Authority (CSCDA) Open PACE Programs. Both programs require repayment through property tax assessments at higher interest rates.

The Housing Commission's proposed Clean and Green Program financing terms are modeled after the agency's successful First-Time Homebuyer Program and will offer 3 percent interest, deferred-payment loans of up to \$25,000. Loans will be deferred for 30 years with no monthly payments. Principal plus accrued interest will be due upon sale, cash-out refinance, and non-owner occupancy or upon maturity in 30 years. The assistance will be available citywide as a standalone program to established homeowners or may be used by households purchasing a home using the Housing Commissions existing First-Time Homebuyer (FTHB) program.

The income limit will range from 80 percent -100 percent of San Diego Area Median Income (currently \$72,750 to \$79,300 per year for a family of four) and will be determined by the funding source available at the time of application. The property must be an owner-occupied, single-family detached home with a value at or below the Housing Commission's currently published maximum sales price (2017/2018 limit: \$570,000). The combined loan-to-value will be limited to 105 percent. Applicants must have a debt-to-income ratio of no more than 45 percent and have acceptable credit.

AFFORDABLE HOUSING IMPACT

Assisted households will be subject to the terms of the Housing Commission's Deferred Loan Promissory Note and Deed of Trust, which require the property to be owner-occupied during the

term of the loan. The Clean & Green program will be piloted in Fiscal Year 2018 (July 1, 2017 – June 30, 2018) with assistance for eight to nine low- to moderate-income households.

FISCAL CONSIDERATIONS

In Fiscal Year 2018, \$250,000 from the Community Development Block Grant (CDBG) Revolving Loan Fund has been allocated to the Clean & Green program by the City of San Diego. These funds will be utilized in conjunction with the Housing Commission FTHB program to assist eight to nine homebuyers. In future years the program may be funded through the CDBG Revolving Loan fund, Inclusionary, or any other local or Federal funding sources as approved through the annual budget.

ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is a government fiscal activity which does not involve any commitment to any specific project. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required.

This activity is exempt from the National Environmental Policy Act pursuant to 24 CFR Part 58.34(a)(2) as related to information and financial services and Part 58.34(a)(3) as an administrative and management activity. In addition, activities to assist homebuyers purchase existing dwellings are categorically excluded pursuant to 24 CFR Part 58.35(b)(5).

Respectfully submitted,

Carrie Tapia

Carrie Tapia
First Time Homebuyer &
Housing Rehabilitation Program Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
San Diego Housing Commission

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk 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 in the “Public Meetings” section of the San Diego Housing Commission website at www.sdhc.org.