



INFORMATIONAL REPORT

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REPORT NO: HCR10-016
SUBJECT: 2009 ANNUAL HIGHLIGHTS REPORT

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The following report summarizes the activities and progress made by the Housing Commission in 2009 toward its overall goal of expanding affordable housing in the City of San Diego.

BACKGROUND

On July 2009, the Commission also marked its 30th anniversary, a milestone that allowed us to reflect on our accomplishments.

It was a year of significant changes both internally and externally, as the Housing Commission positioned itself to address the region's growing need for affordable housing.

The Commission's Board, the City Council, acting as the Housing Authority, and the Mayor provided crucial support and guidance as the agency launched its most ambitious plan in more than a decade to expand affordable housing in the City of San Diego.

Our goals are to remain economically viable and fiscally prudent, while at the same time, delivering quality services that benefit the greatest number of San Diego residents.

Highlights of the Commission's activities and accomplishments in 2009 are summarized below.

INCREASING AGENCY-OWNED AFFORDABLE HOUSING UNITS

- On September 11, the agency received Board approval to implement an innovative plan to parlay the equity of its existing properties into additional affordable multi-family housing units for low- and moderate-income families, including seniors, within the city boundaries of San Diego. The Housing Commission's ability to borrow against the equity of its public housing inventory is the result of a September 2007 agreement with the U.S. Department of Housing and Urban Development (HUD). The 2007 agreement further required the Commission to leverage the equity of its properties to create a minimum of 350 additional affordable housing units.

The plan envisions boosting the Housing Commission's portfolio of multi-family rental housing by more than 1,000 units over the next three to five years. When completed, the number of affordable housing units owned by the agency will increase from 1,371 to approximately 2,400.

The new affordable units may be rented to those earning no greater than 80 percent of the San Diego Area Median Income (AMI). A family of four may qualify if household earnings are less than \$66,100 annually. Seniors qualify at 50 percent (AMI) with an income up to \$28,900 annually.

- On December 30, the Commission took the first major step in the expansion plan by securing \$37 million in 30-year mortgage loans backed by Fannie Mae. This capital funding will allow the agency to initially acquire and convert an array of properties into affordable housing. The agency will spend \$3 million annually to repay the loans, which are secured by the equity from 566 multi-family units already owned by the Commission.
- The Housing Commission approved three acquisitions totaling \$18.4 million that will produce 292 new affordable housing units, which will count toward the 350-unit goal defined by HUD. Those properties are:
 1. The Sanford Hotel, an historic rehabilitation of a 130-unit SRO for extremely low-income senior citizens in downtown San Diego (Council District 2)
 2. Riverwalk, a new construction of a 50-unit multifamily development in the Nestor area (Council District 8)
 3. Arbor Village, an acquisition/rehab project for 112 multifamily units in the Logan Heights area of the city (Council District 4)

The average contribution for the acquisition/rehab units is \$58,000 and \$90,000 for the new construction property.

The majority of the units (78%) are restricted to residents earning 50% and 60% of AMI.

INCREASING AFFORDABLE HOUSING UNIT THROUGH PARTNERSHIPS

- Over the past year, the Housing Commission assisted in the creation of 664 affordable housing units in Council Districts 2, 3 and 8 by granting close to \$9 million in loans, issuing close to \$80 million in bond financing and through the city's density bonus program.

The projects were as follows:

16th & Market Apts
The Boulevard Apts
Arbor Terrace
Averil Road Apts
Los Vientos
Colina Park North Apts
La Entrada Family Apts
Studio 15

FIRST-TIME HOMEBUYER PROGRAMS

- The Commission awarded approximately \$5 million in grants and loans to help 129 low- and moderate-income families purchase, and in some cases renovate, their first homes. The majority, 111 clients, qualified under our citywide first-time home buyer program. Another 18 qualified under the Neighborhood Stabilization Program that targets areas hardest hit by foreclosures. The agency's resources leveraged properties with a total value of approximately \$27 million.

In May the agency launched a new variation of our first-time homebuyer program, thanks to a \$9.4 million federal grant obtained by the City of San Diego, which turned the bulk of the funds over to the Commission. The funds came from the Neighborhood Stabilization Program (NSP), a federal effort aimed at preserving communities severely impacted by the foreclosure crisis.

Under NSP, the Commission processed 151 applications, resulting in pre-approval for 98 prospective first-time homebuyers whose annual income is no greater than 120 percent of the San Diego AMI. By the end of the year, 18 low-income families had successfully bid on foreclosures and are now happy homeowners; six others are currently in escrow. In addition, the agency used NSP funds to purchase outright three homes, which will be resold to first-time homebuyers. More direct purchases are in the works that will be offered for sale to eligible NSP buyers.

HOUSING REHABILITATION PROGRAMS

- On behalf of the City of San Diego, the Commission was awarded \$7 million in federal grants for its Lead Safe San Diego Program, an effort to remove lead paint hazards in homes occupied or visited frequently by children under the age of six. The goal is to make homes with lead-based paint safer for 516 households over the next three years.

After launching the program in April, the Commission provided \$395,000 in grants and assisted 45 households whose homes were made safer.

- The Commission provided \$1.7 million in deferred-payment loans, which enabled 60 low-income households to spruce up homes that had fallen into disrepair. This 30-year-old program is intended to prevent blight and enhance neighborhoods. Homeowners may use the loans to repair leaking roofs, faulty plumbing, electrical or heating systems, broken windows, flooring, exterior or interior paint, or lead paint removal.
- The Commission also provided \$68,000 in grants that financed the retrofitting of 19 properties to make them more accessible to persons with disabilities. The agency also awarded \$5,500 in grants to fix health and safety hazards at 82 mobile homes.

PROGRAMS TARGETING THE HOMELESS AND SPECIAL POPULATIONS

- The Housing Commission and Housing Authority approved \$8.5 million in funding for three new supportive housing developments:
 1. Provided loan for construction of a 140-unit high rise at 15th and Commercial to be operated by Father Joe's Villages. The project will include a mix of transitional and permanent supportive housing;
 2. Provided loan for purchase of the North Park Inn, a motel property that will be refurbished to create 18 units for substance abuse recovery clients. The facility will be operated by Pathfinders, a nonprofit rehabilitation agency; and
 3. Provided loan to Townspeople, a nonprofit agency, for the purchase of the 34th Street Apartments. The property will be refurbished and configured to have 12 units (out of 34) for families living with HIV/AIDS and Mental Health Services Act (MHSA) support.

Note: The City's Redevelopment Agency also contributed funding to both the 15th & Commercial project and the North Park Inn project.

- The Commission applied for and won renewal of \$2 million in Shelter Plus Care grants. Acting as administrator of the funds, the agency partners with nonprofit agencies to preserve permanent supportive housing at various sites citywide for approximately 185 extremely low-income individuals with chronic disabilities.
- The agency allocated approximately \$200,000 of its "HOME" program funding from HUD to support rental subsidies for 18 families who graduated from domestic violence

transitional programs. This program is approximately eight months old and represents a novel use of the federal HOME program, which has been ongoing for 20 years.

- In the 4th quarter of 2009, the agency launched a cutting-edge homeless prevention program, Homeless Prevention and Rapid Re-housing (HPRP). The three-year, \$5.7 million federal program targets families in danger of ending up on the streets as a result of the economic downturn. Eligible families may receive up to 12 months of housing assistance such as security deposits, back payment of rent and future rents payable to the landlord. The Commission is administering the funds on behalf of the City of San Diego.

To carry out the program, the Commission recruited a team of nonprofit social service agencies, which screened more than 400 low-income families at risk for becoming homeless. By year's end, 30 were awaiting final approval for housing assistance. Currently, 16 families have been qualified for assistance and have found housing or are searching for housing.

RENTAL ASSISTANCE PROGRAMS

- Our federally funded Rental Assistance Program helped over 14,000 low-income families afford to live in reliable, safe, clean and suitable housing. Of that number, 7,500 are elderly or disabled, including 5,500 who are living on fixed incomes.

Approximately 75% of the population served by this program are individuals and families whose annual income is at or below 30 percent of the San Diego County Area Median Income, which HUD classifies as "extremely low income."

Partnering with more than 6,000 local property owners, in 2009, the Commission disbursed more than \$140 million in rental subsidy payments that fueled the private sector economy.

- The Commission became a "greener" agency by installing an electronic document filing system for staff in our Rental Assistance Department.
- As one of only 32 Housing Authorities invited to participate in HUD's Moving to Work program, the Housing Commission was given administrative flexibility to address local needs. As a result, the Rental Assistance Department significantly streamlined its internal processes and created a local program to help end the cycle of poverty. The initiatives are aimed at helping those receiving rental assistance become more self-sufficient, create opportunities for them to leave areas of high poverty and, for some, even become

homeowners. In 2009, there were 490 rental voucher recipients enrolled in various self-improvement programs. Twenty-five were able to graduate and five were able to purchase homes.

Finally, the Commission earned its first credit rating (AA-) from Standard & Poor's, which is the highest rating the rating firm currently awards to public housing agencies.

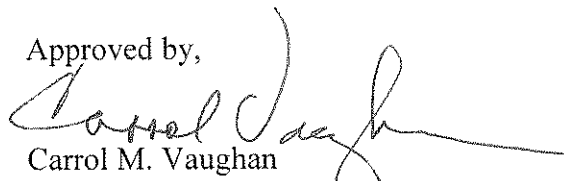
Even with all these accomplishments in 2009, I feel confident our best work is still to come. Supported by a talented staff and momentum, I am optimistic we can achieve our goals in 2010.

Respectfully submitted,



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Approved by,



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