



Good Neighbors

San Diego
Housing Commission

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REPORT

DATE ISSUED: January 2, 2004

ITEM 102

REPORT NO.: HCR04-03
For the Agenda of January 9, 2004

SUBJECT: Housing Rehabilitation Program in the City Heights Redevelopment Project Area (Council Districts 3, 4 & 7)

SUMMARY

Issue: Should the Housing Commission recommend approval of revisions to the existing contract between the Housing Commission and City Redevelopment Agency to extend the contract and increase funding for the administration of the City Heights Redevelopment Project Area Housing Rehabilitation Program [the Program]?

Recommendation: Recommend Housing Authority authorization for the Chief Executive Officer to execute the revised Agreement (ATTACHMENT 1) with the City Redevelopment Agency to extend the contract from one year to five years and to incorporate an additional \$685,000 in the Fiscal Year 2004 Housing Rehabilitation owner-occupied loan budget.

Fiscal Impact: This action would increase the Housing Commission's FY 2004 Housing Rehabilitation loan budget by \$685,000 for a total of \$1,035,000 to fund and administer the City Heights Housing Rehabilitation Program. An administrative fee of 15% will be provided from these funds for each rehabilitation loan funded to offset staff costs in the administration of the program.

Affordable Housing Impact: An additional \$685,000 would fund 40 combined Home Repair and Exterior Enhancement loans up to \$15,000, plus 15% administrative costs, for homeowners earning up to 100% of Median Area Income as adjusted for family size (\$59,900 for a family of four).

Previous Related Action: On September 12, 2003 (HCR03-071) and September 23, 2003 (HA-2004-5) (ATTACHMENT 2), the Housing Commission and Housing

Authority respectively approved the execution of the contract between the Housing Commission and City Redevelopment Agency for the administration and initial funding of the City Heights Redevelopment Area Housing Rehabilitation Program.

BACKGROUND

The Housing Commission began administering the Program in early October 2003. The City Redevelopment Agency included a flyer describing the new Housing Rehabilitation Program in a mass mailer sent to thousands of City Heights residents on October 1, 2003. The response to that marketing has resulted in over 200 eligibility-screened homeowners requesting loan assistance. The initial funding of \$350,000 to establish the program will provide loan assistance for approximately twenty (20) homeowners, plus administrative costs. As a result of the demand and obvious success of the program, the Redevelopment Agency would like to provide more funds during this fiscal year from recently approved bond proceeds to assist additional City Heights homeowners on the waiting list, and to extend the existing contract with the Housing Commission to administer the program from one year to five years.

DISCUSSION

The original approval of the Program was limited by contract to one year and \$350,000 in tax-increment housing set-aside funds. In the previous report it was stated that, if successful, and more funding became available, the contract might be revised for multi-year administration. Very early in the administration of this program it became obvious that the program is popular, the demand is high, and there is a strong desire to improve the residences in City Heights. The availability of new funding has resulted in this proposal to revise the existing contract to extend the administration of the program by the Housing Commission from one to five years and to provide additional funds during this fiscal year in the amount of \$685,000 to assist 40 more homeowners and cover administrative costs of 15% for each loan funded. If approved, the combined funds provided by the Redevelopment Agency for this program in Fiscal Year 2004 will total \$1,035,000, sufficient to assist 60 City Heights homeowners with loans totaling \$900,000 and provide \$135,000 for administrative costs at 15% of the loans funded.

ALTERNATIVES

1. Do not authorize execution of the revised Agreement nor the budget revision.
2. Authorize execution of the revised Agreement to extend the contract period, but not approve the budget revision.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**



Jack D. Farris
Housing Finance & Development Manager

Elizabeth C. Morris
Chief Executive Officer

INFORMATION: L. Knudson (619)578-7521

- Attachments:
1. Revised Agreement for the Administration of the City Heights Housing Rehabilitation Program.
 2. Housing Commission Report HCR03-071.

*Limited distribution. Copies are available for review at the San Diego Housing Commission office located at 1625 Newton Avenue and at the Office of the City Clerk, 2nd Floor, 202 C Street.

