



Good Neighbors

San Diego  
Housing Commission

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## REPORT

**DATE ISSUED:** January 23, 2004

**ITEM 102**

**REPORT NO.:** HCR04-11  
For the Agenda of January 30, 2004

**SUBJECT:** FY2004 Budget Revision for the Rental Housing Production Program  
(Citywide)

### SUMMARY

**Issue:** Should the Housing Commission recommend authorization by the Housing Authority to enter into a contract with California Housing Finance Agency (CalHFA) to secure a funding reservation of \$1,300,000 of HELP Program funds and revise the Fiscal Year 2004 Rental Housing Production budget for the addition of those funds?

**Recommendation:** That the Housing Commission recommend approval to enter into a HELP Program contract with CalHFA and revise the FY2004 budget as presented in the Attachment to include the \$1,300,000 in HELP funds..

**Fiscal Impact:** Approval of this amendment would increase the Housing Commission's FY2004 Rental Housing Production budget from \$15,071,223 to \$16,371,223.

**Previous Related Actions:** On September 12, 2003, the Housing Commission approved an application for funding from CalHFA's FY2004 HELP Program to continue a bridge financing program (Housing Commission Report No. HCR03-067) and authorized the Chief Executive Officer to execute any and all documents necessary to obtain the CalHFA loan, subject to the approval of General Counsel.

The initial FY2004 budget was approved by the Housing Commission and the Housing Authority on April 11, 2003, and June 10, 2003, respectively.

### BACKGROUND



A state agency authorized by the City of San Diego

The San Diego Housing Commission's Rental Housing Production program is administered by the eleven-person staff of the Housing Finance and Development Department. Approximately \$10,000,000 is budgeted in FY2004 for the program to fund the construction, rehabilitation, and acquisition of rent-restricted multi-family housing. To date, the Housing Commission has added \$700,000 of HELP Program funds to the FY2004 Rental Housing Production budget's Loans and Grants line item.

## **DISCUSSION**

The HELP Program's primary objective is to provide affordable housing opportunities through program partnerships with local government entities, consistent with their affordable housing priorities. The primary stipulation is that the HELP Program funds will be used to directly produce affordable housing units. The maximum HELP award is \$2 million per application. HELP funds are available as unsecured loans to local government entities for up to ten years at three percent simple interest per annum and are held by CalHFA until they can be disbursed on a project-by-project basis. Government entities do not provide property or other resources as collateral. Repayment is required, in full, no later than ten years from the date an agreement with CalHFA is executed. Proposals for use of the funds are subject to Housing Commission approval, and Housing Authority approval when applicable.

The Housing Commission's initial agreement with CalHFA, approved by the Housing Commission on March 21, 2003, authorizes the Housing Commission to re-loan HELP funds at below-market rates to pay for property acquisition and construction. This allows developers using tax credit financing to postpone tax credit contributions, thereby increasing ultimate yields from the sale of those credits. The Housing Commission borrowed \$700,000 of the approximately \$1.6 million allotment of HELP funds awarded in FY2003 and expects to borrow the balance of those funds in early 2004.

In the first of two competitive rounds for FY2004, CalHFA received \$12 million in applications for \$10 million available. The Housing Commission's application resulted in an award of \$1.3 million. This funding commitment is conditioned upon CalHFA's receipt of a HELP Loan contract from the Housing Commission by April 1, 2004. There is no administrative component to assist the Housing Commission in paying the costs of the program. However, administration of the program is not expected to have a significant cost.

## **ALTERNATIVE**

Decline acceptance of the funding award. This action would forego the possibility of using HELP funds for the development of affordable housing locally.

Respectfully submitted,

**Signature on File  
With Original Document**

Cissy Fisher  
Acting Manager  
Housing Finance & Development

Approved by,

Elizabeth C. Morris  
Chief Executive Officer

Attachments: 1. FY2004 Rental Housing Production Budget

Information: Dan Cady; (619) 578-7594

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ATTACHMENT 1

FY2004 Budget  
Rental Housing Production

	Current Budget	Proposed Revision	Revised Budget
Salaries & Benefits	1,094,580	0	1,094,580
Temporary Employment Agency	500		500
Total Salaries & Benefits	1,095,080		1,095,080
Services & Supplies			
Legal	116,500		116,500
Training	6,050		6,050
Travel	6,032		6,032
Audit	4,758		4,758
Contract/Consultant	129,079		129,079
Office Rent	45,522		45,522
Data Processing	1,750		1,750
Sundry	22,389		22,389
Total Services & Supplies	332,080	0	332,080
Housing Programs			
PILOT & Property Taxes	2,150		2,150
Loans & Grants	10,116,830	1,300,000	11,416,830
Relocation	16,040		16,040
Site Acquisition & Hsing Development	3,506,189		3,506,189
Total Housing Programs	13,641,209	1,300,000	14,941,209
Equipment	2,854	0	2,854
Reserves	0		0
Total Budget	15,071,223	1,300,000	16,371,223