



Good Neighbors

San Diego  
Housing Commission

# REPORT

**DATE ISSUED:** May 10, 2004

**ITEM 103**

**REPORT NO.:** HCR04-037  
For the Agenda of May 14, 2004

**SUBJECT:** Affordable Housing Fund FY2005 Annual Plan (Citywide)

## SUMMARY

**Issue:** Should the Housing Commission hold a public hearing and approve submission of the proposed Affordable Housing Fund (AHF) FY2005 Annual Plan as described in this Report?

**Recommendation:** That the Housing Commission: 1) hear public testimony on the Affordable Housing Fund FY2005 Annual Plan; and 2) approve submission to City Council of the proposed AHF FY2005 Annual Plan (Attachment 1), including the proposed use of Inclusionary Housing Funds for a condominium conversion purchase assistance program.

**Fiscal Impact:** None with this action. The FY2005 Affordable Housing Fund Annual Plan budget of \$4,234,107 is incorporated into the Housing Commission's budget, which is the subject of another report on today's agenda.

**Affordable Housing Impact:** Should all anticipated FY2005 revenues be collected and allocated as proposed, the estimated production would be: 1) operating support for 450 transitional housing beds for formerly homeless individuals and families with incomes at/below 30-50 percent of area median income (AMI); 2) issuance of grants and loans to 115 home owners for rehabilitation and preservation of single family homes and mobilehomes, primarily at or below 50 percent of AMI; 3) assistance to 13 homebuyers at/below 80 percent of AMI; 4) assistance to 60 condo conversion purchasers with incomes at/below 100 percent of AMI; 5) development of 20 rental units affordable to families at or below 50 percent of AMI; and 6) development of 25 units to provide permanent or transitional housing for persons with special needs whose incomes are primarily at/below 30 percent of AMI. See Attachment 2 for current AMI limits.



A state agency authorized by the City of San Diego

**Future Related Action:** As required by Municipal Code Section 98.0509, the recommendations of the Housing Commission will be forwarded to the City Council for final action.

**BACKGROUND**

In June 2003, the San Diego City Council revised Municipal Code Chapter 9, Article 8, Division 5 to create an Affordable Housing Fund. The Affordable Housing Fund is a permanent and annually renewable source of revenue to meet part of the housing needs of the City’s very low, low, and median income households. The Affordable Housing Fund has two main accounts, the Inclusionary Housing Fund and the San Diego Housing Trust Fund (HTF).

Section 98.0507 of the Municipal Code requires that an Affordable Housing Fund Annual Plan (Attachment 1) be prepared that describes the programs to be funded, the intended beneficiaries of the programs, and the anticipated revenues and allocation of those revenues, including the amount of funds budgeted for administrative expenses, exclusive of legal fees.

**DISCUSSION**

The AHF Annual Plan allocates anticipated revenues among eligible activities and updates or adds programs for future activities (Model Programs). The Ordinance provides the framework for use of the AHF revenues, but allows some flexibility within this framework. Specifics regarding the ordinance requirements for the HTF and Inclusionary Housing Fund are described on pages five and six of Attachment 1.

The proposed allocation of FY2005 AHF revenues by activity is as follows:

Activity	FY05 Allocation	FY05 Target (% of Total)
Rental Housing Development	\$551,437	13 %
Special Purpose Rental Housing	\$677,042	16 %
Homeownership	\$990,000	23 %
Rehabilitation	\$711,101	17 %
Transitional Housing Operations	\$700,000	17 %
Nonprofit Capacity Bldg	\$60,000	1 %
Administration	\$444,527	10 %
Legal	\$80,000	2 %
Reserves/Targets	\$20,000	1 %
Total	\$4,234,107	100 %

FY2005 Revenue Forecast

The FY2005 Affordable Housing Fund budget for new activities is \$4,234,107 which consists of anticipated revenues from Housing Linkage Fees (\$1.7 million), Inclusionary Housing In-lieu Fees (\$1 million), loan repayments (\$522,242), plus estimated uncommitted FY04 carryover (\$978,484).

The Housing Trust Fund revenue projections are similar to last year and reflect low Linkage Fee collections (compared to prior years) due to less commercial development activity within eligible areas. New revenue of \$1 million is expected to be received from Inclusionary Housing In-Lieu fee payments. It is anticipated that at least \$2,152,263 will be collected from current development projects in the pipeline; however, since fees are not collected until building permit issuance, not all of this revenue will be received in FY2005. As of April 2, 2004, \$102,169 has been collected by the City of San Diego and recently transferred to the Housing Commission. These projections are conservative estimates and actual revenues may exceed these estimates.

In addition to these revenues, the Housing Commission (on behalf of the City of San Diego) received a one-time \$2 million grant award from the California Department of Housing and Community Development under the Local Housing Trust Fund Matching Grant program (Assembly Bill No. 1891 utilizing funds from Proposition 46). Grant funds must be utilized in the rental housing production program and used as loans with matching funds from Housing Trust Fund Linkage fees. This \$2 million is not reflected in the Annual Plan; it is included in the Housing Commission's proposed FY2005 Budget.

Comparison of FY2003 thru and FY2005 Allocations

Activity	FY03	FY04	FY05
Rental Housing Development	\$1,140,000	\$200,000	\$551,437
Special Purpose Rental Housing	600,000	150,000	\$677,042
Homeownership	200,000	100,000	\$990,000
Rehabilitation	330,000	477,015	\$711,101
Transitional Housing Operations	700,000	700,000	\$700,000
Nonprofit Capacity Building	200,000	80,000	\$60,000
Administration/Legal	280,000	287,013	\$524,527
Reserves/Targets	200,000	46,566	\$20,000
Total	\$3,650,000	\$2,040,594	\$4,234,107

Revenues for FY2005 are higher due to the new Inclusionary Housing program and approximately \$1 million in carryover funds collected late in FY2004. Both the rental housing development and homeownership activities receive funding from other sources, thus there is additional revenue being dedicated to these important programs.

Included in the Homeownership activity for FY2005 is \$890,000 of Inclusionary Housing funds to provide shared equity purchase assistance to tenants at risk of eviction due to condo conversion. It should be noted that the priority for expenditure of Inclusionary Housing Funds is for the construction of new affordable housing stock; however, allocating these funds to other programs administered by the Housing Commission is allowed if approved by the City Council in the AHF Annual Plan. Staff is recommending \$890,000 for condo conversion purchase assistance because of the urgent need for condo conversion purchase assistance to alleviate involuntary displacement and the impact on the rental housing market. Also, the limited amount of funds collected to date are insufficient in any one location to effectively fund a rental housing development although the Inclusionary Housing Ordinance encourages monies to be used where collected.

#### The Housing Commission Budget as Context for the Affordable Housing Fund Annual Plan

The Affordable Housing Fund is one of several flexible funding sources included in the Housing Commission proposed FY2005 Budget. As such, the AHF budget should be considered in the context of those funds as well as in the context of the full Housing Commission budget.

Unrestricted funding for FY2005 allocated to housing programs is approximately \$31.8 million. Sources include Rental Rehabilitation loan payments, local funds (fees for service, rental income), HTF, Inclusionary Housing, and HOME funds. It should be noted that the AHF Annual Plan includes revenues from the Housing Rehabilitation Trust Fund whereas the Housing Commission Budget classifies these funds as local restricted funds. In addition, the AHF Annual Plan does not show the allocation of administrative expenses among activities as the Housing Commission Budget does. Thus, there are differences between the two documents.

The allocation of unrestricted funds in the Housing Commission's FY2005 budget is as follows:

<u>Programs</u>	<u>AHF</u>	<u>Other HC programs</u>	<u>Total Budget</u>
Rental Hsg Devel/Capacity Bldg	\$1,617,164	\$14,362,049	\$15,979,213
Special Purpose Housing	1,477,708	813,486	2,291,194
Homeownership	117,930	4,095,811	4,213,741
Portfolio Servicing	45,000	834,200	879,200
Rehabilitation-Owner	226,871	1,421,527	1,648,398
Property Management	0	464,113	464,113
Rehabilitation-Rental	0	129,016	129,016
<u>Program &amp; Contingency Reserves</u>	<u>110,000</u>	<u>6,183,031</u>	<u>6,293,031</u>
Total	\$3,594,673	\$28,303,233	\$31,897,906

Changes in the Model Programs

The Model Programs were revised to show a more comprehensive picture of the programs that are being utilized to provide affordable housing to San Diego's residents. The Model Programs include some programs that do not receive funding from the Affordable Housing Fund, but that receive funding from other sources closely related to Affordable Housing Fund programs. These include bridge financing for multifamily rental housing development and the Exterior Accessibility Grants for Renters (EAGR) with Disabilities program. The Model Programs also include programs that are not proposed for funding in FY2005.

The AHF Model Programs seek to meet community needs that are not being met by other programs. An example of this approach is the Condo Conversion Ordinance that became effective April 7, 2004. Renters are being displaced because of the conversion of apartment units to condominium units. While the Condo Conversion Ordinance provides relocation assistance (three times the tenant's monthly rent) paid by the owner to households at or below 100 percent of area median income (see Attachment 2) when the vacancy rate is below 7 percent (currently 4.3 percent), it does not provide any purchase assistance to the tenants. Thus, a condo conversion purchase assistance program is proposed to meet this need.

There are a significant number of units in the conversion pipeline and due to the limited availability of other homeownership assistance currently available, \$890,000 of FY2005 Inclusionary Housing funds is proposed to fund a shared equity program to assist condo conversion tenants to purchase their units. These funds would provide \$15,000 second trust deeds for households earning 80 to 100 percent of area median income. The loans will be zero percent interest and require no monthly payments of principal. The loan will be due at the end of 30 years or upon resale; however, if the property is sold within the first 15 years, the equity

in the property will be shared with the Housing Commission on a pro-rata basis according to Section 142.1309(e)(3) of the Inclusionary Housing Ordinance (Ordinance O-19189).

The Model Programs are meant to be a guide to available programs, they are not intended to limit or preclude investment in an opportunity or community need that is not specifically described in the Model Programs section. Community needs requiring programs not covered in the Model Programs can be addressed during the year. The Model Programs have been updated to reflect current programs, practices, and funding source information.

#### Geographic Areas Served by the Inclusionary Housing Fund

The Municipal Codes requires that priority for spending Inclusionary Housing funds shall be given to the Community Planning Area from which the funds were collected. As detailed in the Annual Plan, it is anticipated that \$1,000,000 will be collected from various Community Planning Areas in FY2005. It is recognized that sufficient funds must be collected and development opportunities generated in specific geographic areas for a precise match between the area of collection and the use of funds to occur in this manner. Based on the amount of funds expected from current projects, it may prove difficult to reinvest small amounts of revenues by community area. For the 2005 Plan Year, to ensure that funds are available to assist with condo conversions where they occur, it is recommended that the provision to use Inclusionary Housing Funds in the Community Planning Area of origin be removed.

#### Public Participation

In March of 2004, public hearings were held in City Heights, Southeastern San Diego, Linda Vista, and at the Community Planners Committee meeting to solicit and collect suggestions on the programs to be funded by the Affordable Housing Fund. Suggestions can also be submitted throughout the year. All comments and suggestions were considered in the preparation of the Annual Plan and a summary of comments are included in Attachment 3. Today's discussion of this Housing Commission Report will serve as an additional public hearing.

In accordance with the Ordinance, the AHF Annual Plan will be submitted to City Council for their consideration and approval prior to July 31, 2004.

**ALTERNATIVE**

The Housing Commission or City Council can redirect the distribution of funds among housing activities or modify specific model programs. However, any redistribution of funds would be subject to the Affordable Housing Fund Ordinance requirements and limitations regarding the percentage of funds that can be allocated to benefit recipients with very low, low, and median incomes.

Respectfully submitted,

Approved by,

Cissy Fisher  
Manager, Housing Finance & Development

Elizabeth C. Morris  
Chief Executive Officer

**Signature on File  
With Original Document**

Attachments:

1. Draft Affordable Housing Fund Annual Plan and Model Programs
2. Area Median Income Limits\*
3. Summary of Public Comments

\* - Distribution of this attachment is limited. A copy is available for review at the Housing Commission office at 1625 Newton Avenue and the office of the City Clerk, 2<sup>nd</sup> floor, 202 "C" Street.

KERN: \HTF\ANNUAL PLAN\ANNUAL PLAY FY05 HC

Information: A. KERN 578-7582

**ATTACHMENT 1**

**SAN DIEGO AFFORDABLE HOUSING FUND**

**ANNUAL PLAN**

**Fiscal Year 2005  
(July 1, 2004 - June 30, 2005)**

**Table of Contents**

INTRODUCTION ..... 1

ESTIMATES OF CURRENT HOUSING NEEDS..... 2

SAN DIEGO HOUSING TRUST FUND ACCOUNT ..... 3

    Purpose and Use ..... 3

    Revenue Forecast ..... 4

    Fund Allocation and Production..... 4

    HTF Ordinance Compliance Tests ..... 5

INCLUSIONARY HOUSING FUND ACCOUNT ..... 6

    Purpose and Use ..... 6

    Revenue Forecast ..... 6

    Fund Allocation and Production..... 6

    Geographic Distribution ..... 8

MODEL PROGRAMS OVERVIEW ..... 9

MODEL PROGRAMS ..... Attachment A

Rental Housing Development

        New Rental Housing Production .....A-1

        Existing Rental Housing: With and Without Rehabilitation .....A-2

        Special Purpose Rental Housing.....A-3

        Bridge Financing .....A-4

Home Ownership

        Shared Equity Loan Program .....A-5

        Condo Conversion Shared Equity Loan Program.....A-6

        Downpayment/Closing Cost Assistance Program .....A-6

        Moving On Program.....A-6

        First-Time Homebuyers: Acquisition with Rehabilitation.....A-7

        Limited Equity Cooperatives .....A-8

        Resident Ownership Mobile Home Parks .....A-9

Rehabilitation

        Owner-Occupied Rehabilitation.....A-10

        Nonprofit Owner-Occupied Rehabilitation.....A-12

        Mobile Home Rehabilitation Loan Program .....A-12

        Mobile Home Repair Grants .....A-13

        Accessibility Grant for Tenants with Disabilities .....A-13

        Exterior Accessibility Grant for Renters with Disabilities.....A-13

<u>Transitional Housing</u>	
Operations.....	A-14
<u>Nonprofit Capacity Building</u>	
Project-Based Predevelopment Financial Assistance .....	A-15
Emergency Loan Fund Program .....	A-16
Nonprofit Technical Assistance .....	A-16
Nonprofit Support.....	A-17
<u>Miscellaneous Programs</u>	
Targets of Opportunity .....	A-18
Project-Based Rental Assistance .....	A-18

## **SAN DIEGO AFFORDABLE HOUSING FUND**

### **FY 2005 ANNUAL PLAN**

#### **INTRODUCTION**

The City of San Diego's Affordable Housing Fund is a permanent, annually renewable source of funds to help meet the housing assistance needs of the city's very low-, low-, and median-income households. The City Council expressed this intent in Municipal Code Sections 98.0501-98.0518. In general, the Affordable Housing Fund's purposes are to:

- 1) Meet a portion of the need for housing affordable to households with very low, low, and median incomes;
- 2) Leverage every one dollar of City funds with two dollars of non-City subsidy capital funds;
- 3) Support the Balanced Communities Policy by fostering a mix of family incomes in projects assisted by the Fund and to disperse affordable housing projects throughout the City;
- 4) Preserve and maintain renter and ownership affordable housing; and
- 5) Encourage private sector activities that advance these goals.

The Annual Plan implements the Council's intent by adopting an overall strategy for use of Affordable Housing Fund moneys. Development of this Annual Plan is guided by the Housing Commission's annual Budget process, as well as the Consolidated Plan, which is required by the federal Department of Housing and Urban Development. The Consolidated Plan identifies priority needs, describes a process to produce coordinated neighborhood and community objectives, establishes the City's housing and community development strategies, and describes specific programs that satisfy federal statutory goals.

The Affordable Housing Fund contains two main revenue accounts: the Housing Trust Fund account and the Inclusionary Housing account. Information for both accounts is provided including revenue forecasts and fund allocation and production.

Allocation of Affordable Housing Fund resources takes into consideration the policy parameters set by the Affordable Housing Fund Ordinance, the availability and requirements of other funding sources, and Housing Commission goals and objectives set forth in the Housing Commission's FY2005 Budget, FY2004-2006 Business Plan and FY2004-2006 Strategic Plan.

The FY2005 Annual Plan includes an estimate of housing needs; the suggested allocation of Housing Trust Fund and Inclusionary Housing Fund forecasted revenues for FY2005; an Ordinance Compliance Analysis for the Housing Trust Fund; and a description of model programs and beneficiaries.

## ESTIMATES OF CURRENT HOUSING NEEDS

The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census for the U.S. Department of Housing and Urban Development provides detailed information on housing needs by income level for different types of households. Detailed CHAS data based on the 2000 Census follows:

**Housing Needs of Low and Moderate Income Households**

Household by Income and Housing Problem	Renters				Owners		Total Hhds
	Elderly	Small Families	Large Families	Total Renters	Elderly	Total Owners	
Ext. Low Income (0-30% MFI)	17%	31%	14%	19%	44%	5%	12%
% with any housing problem	68%	87%	95%	82%	69%	74%	80%
% with cost burden > 50% only	46%	44%	6%	48%	49%	54%	49%
% with cost burden >30% to 50% only	16%	6%	2%	6%	19%	12%	8%
Low Income (31-50% MFI)	15%	35%	18%	16%	48%	6%	11%
% with any housing problem	72%	81%	91%	85%	50%	68%	80%
% with cost burden > 50% only	35%	19%	5%	28%	30%	38%	30%
% with cost burden >30% to 50% only	32%	31%	8%	29%	20%	17%	26%
Moderate Income (51-80% MFI)	9%	34%	14%	21%	39%	12%	17%
% with any housing problem	60%	61%	80%	63%	31%	57%	61%
% with cost burden > 50% only	17%	5%	1%	8%	15%	23%	13%
% with cost burden >30% to 50% only	38%	30%	10%	33%	30%	23%	30%
Total Households	10%	35%	12%	50%	13%	50%	100%
% with any housing problem	55%	51%	80%	52%	26%	34%	43%

Abbreviation: Hhds = Households.

Source: Comprehensive Housing Affordability Strategy (CHAS), 2003.

Housing problems include: 1) units with physical defects (lacking complete kitchen or bathroom); 2) overcrowded conditions (housing units with more than one person per room); 3) housing cost burden, including utilities, exceeding 30 percent of gross income; or 4) severe housing cost burden, including utilities, exceeding 50 percent of gross income. The types of problems vary according to household income, type, and tenure. The data shows that:

- In general, renter households had a higher level of housing problems compared to owner households (52 percent vs. 34 percent).
- Large family households had the highest level of housing problems regardless of income level. Almost all of the extremely low-income (95 percent) and low-income (91 percent) large family renters experienced housing problems. Cost burden was a major housing problem for large families.
- A high percentage of elderly households also experienced housing problems. Approximately 68 percent of the extremely low-income and 72 percent of the low-

income elderly renters experienced a housing problem. Housing issues of elderly households relate more to cost burden issues rather than to overcrowding.

- Extremely low-income households experienced a disproportionate housing need. In this income group, 80 percent of all households had housing problems. Approximately 48 percent of extremely low-income renter households and 54 percent of extremely low-income owner households paid more than 50 percent of their income for housing.
- Approximately 80 percent of all low-income households (31-50 percent of AMI) experienced one or more housing problems. Again, renters experienced a greater need compared to owners, as 85 percent of low-income renters experienced some type of housing problem, compared to 68 percent of low-income owner households in this income group.
- Comprising only 17 percent of the City population, 61 percent of all moderate-income households (51-80 percent AMI) experienced housing problems. Again, renters experienced a greater need compared to owners, as 63 percent of renters experienced some type of housing problem, compared to 57 percent of owner households in this income group. Specifically, moderate-income elderly renter households experienced more housing problems (60 percent) compared to moderate-income elderly owner households (31 percent) in general.

## SAN DIEGO HOUSING TRUST FUND ACCOUNT

### Purpose and Use

The San Diego Housing Trust Fund was created by the San Diego City Council on April 16, 1990 pursuant to Ordinance O-17454.

Funds from the Housing Trust Fund account may be used in any manner, through loans, grants, or indirect assistance for the production and maintenance of assisted units and related facilities. To comply with the Ordinance, Housing Trust Fund monies shall be allocated:

- At least 10 percent to Transitional Housing;
- At least 60 percent to very low-income households (defined as households with incomes at or below 50 percent of area median income);
- No more than 20 percent to housing for low-income households (defined as households with incomes between 50 percent and 80 percent of area median income) and
- No more than 10 percent to median income first-time homebuyers.

Revenue Forecast

Approximately \$3.2 million is expected to be available in FY2005, consisting of \$2.2 million in new revenue (Housing Impact Fees, HTF CDBG loan repayments, and Housing Rehabilitation Trust Fund loan repayments) and \$978,484 in estimated carryover.

Fund Allocation and Production

Funding recommendations are made in accordance with established Housing Commission policies and require Housing Commission or Housing Authority approval of specific projects and activities. Some discretionary transfer of funds between eligible activities is permitted, but all funding recommendations must be consistent with the Annual Plan.

The proposed allocation of Housing Trust Fund funds for FY2005 is as follows:

PROGRAM	BUDGET	% OF BUDGET	PRODUCTION
Rental Housing Development New Rental Housing Existing Rental Housing	\$551,437	17%	20 units
Special Purpose Rental Housing	\$677,042	21%	25 units
Homeownership Shared Equity Program Downpayment/Closing Cost Assistance Pgm Acquisition with Rehabilitation	\$100,000	3%	13 downpayment grants
Rehabilitation Owner-occupied Rehabilitation Nonprofit Owner-Occupied Mobile Home Repair Grant Accessibility Grants for Tenants with Disabilities	\$711,101	22%	115 units
Transitional Housing Operations	\$700,000	21%	450 beds
Nonprofit Capacity Building Predevelopment Financial Assistance Emergency Loan Fund Program Nonprofit Technical Assistance Nonprofit Support	\$60,000	2%	4 projects
Reserves & Targets of Opportunity	\$20,000	1%	
Administration	\$354,527	11%	
Legal	\$60,000	2%	
<b>TOTAL</b>	<b>\$3,234,107</b>	<b>100%</b>	

Since the inception of the Housing Trust Fund in 1991, over \$60 million has been invested in San Diego communities, leading to the production of over 6,800 affordable units and funding an average of approximately 450 transitional housing beds per year.

HTF Ordinance Compliance Tests

Municipal Code Section 98.0504 sets forth the allocation boundaries for the Housing Trust Fund. To comply with the Ordinance, Housing Program Funds must be allocated:

- At least 10 percent to Transitional Housing;
- At least 60 percent to very low-income households (defined as households with incomes at or below 50 percent of area median income);
- No more than 20 percent to housing for low-income households (defined as households with incomes between 50 percent and 80 percent of area median income) and
- No more than 10 percent to median income first-time homebuyers.

Housing Program Funds are defined as those funds allocated to direct investment in housing. Administration, legal expenses, nonprofit capacity building and uncommitted reserves are excluded from the calculation.

For the FY05 Strategy, the calculation would be as follows:

Total Funds	\$3,234,107
Less Administration, Legal	(414,527)
Less Capacity Building	(60,000)
Less Uncommitted Reserves/Targets	<u>( 20,000)</u>
Equals Housing Program Funds	\$2,739,580

<u>Program</u>	<u>Allocation</u>	<u>Percent of HPF</u>
Transitional Housing	\$ 700,000	25%
Very Low-Income (Excluding Transitional Housing)		
Rental Housing Development	551,437	
Special Purpose Rental	677,042	
Rehabilitation	<u>711,101</u>	
	\$1,939,580	71%
Low-Income (estimated)		
Rehabilitation	-0-	
Homebuyers	\$100,000	4%
Median-Income Homebuyers	-0-	

The FY05 HTF proposed allocation meets the ordinance compliance requirements.

## INCLUSIONARY HOUSING FUND ACCOUNT

On June 3, 2003, the San Diego City Council adopted an Inclusionary Housing Program, pursuant to Ordinance O-19189.

### Purpose and Use

Priority for the expenditure of funds from the Inclusionary Housing Fund shall be given to the construction of new affordable housing stock. The funds may also be used for other programs administered by the Housing Commission if approved by the City Council in the Affordable Housing Fund Annual Plan.

Priority shall also be given to spending revenues in the Community Planning Area from which the funds were collected, in support of the City's goal of providing economically balanced communities. Should no opportunities for development exist in the Community Planning Area from which funds were collected, staff will make every effort to utilize funds in the nearest Community Planning areas. Funds will be utilized in accordance with the Model Programs.

### Revenue Forecast

As of April 2, 2004, there are approximately 148 projects subject to the Inclusionary Housing Ordinance. It is anticipated that at least \$2,152,263 will be collected from these projects; however, since fees are not collected until building permit issuance, not all of this revenue will be received in FY2005. Approximately \$1 million of Inclusionary Housing In-Lieu Fee payments is expected to be collected and available for investment in FY2005. As of April 2, 2004, \$102,169 has been collected by the City of San Diego and recently transferred to the Housing Commission.

Inclusionary Housing Projects	Discretionary	Ministerial
Number of Projects Submitted	53	167
Exempted Projects	2	70
Projects Subject to the Ordinance	51	97
Projects Expected to Pay the In-Lieu Fee	37	87
Amount of Fees Anticipated	unknown	\$2,152,263
Amount of Fees Collected to Date	0	\$102,169

### Fund Allocation and Production

The Affordable Housing Fund Ordinance specifies that priority for spending the Inclusionary Housing Funds shall be given to the Community Planning Area from which the funds were collected, thus promoting the City's balanced communities policy. The ordinance also specifies that priority will be given to the construction of new affordable housing stock, but also allows funds to be spent on other programs administered by the Housing Commission. Funding recommendations are made in accordance with established Housing Commission policies and may require Housing Commission or Housing Authority approval of specific projects and activities.

A new Condo Conversion program became effective April 7, 2004. The program requires condo conversion applicants to comply with inclusionary housing requirements and also provide relocation assistance (three times the tenant's monthly rent) to tenants at or below 100 percent of area median income (currently \$63,400 for a family of four) when the vacancy rate is below 7 percent. Under State law, current tenants must be offered the first right to purchase their units. The tenant relocation assistance can be used as a down payment, but additional assistance is needed to help lower-income tenants buy their units.

Because of the significant number of units in the conversion pipeline and due to the limited availability of other homeownership assistance currently available as well as limited utility of less than \$1 million for rental housing development, \$890,000 of FY05 inclusionary housing funds is allocated to fund a shared equity program to assist condo conversion tenants purchase their units. The resale/shared equity provisions of the Inclusionary Housing Program shall apply.

The proposed distribution of Inclusionary Housing funds for FY2005 is as follows:

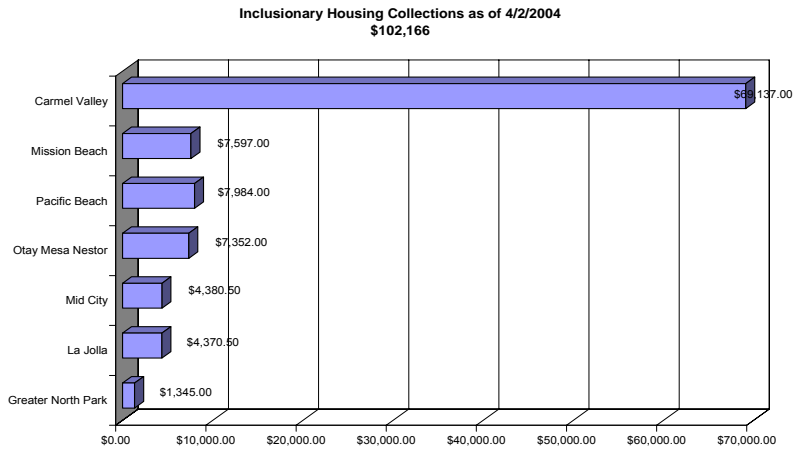
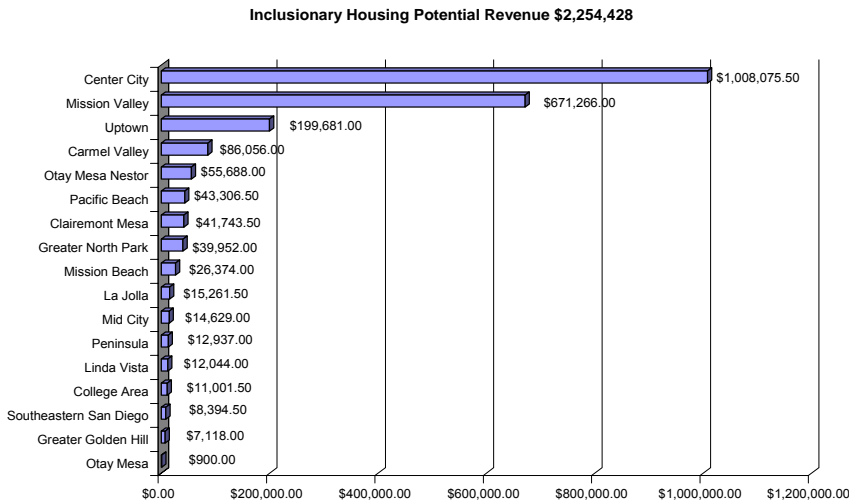
PROGRAM	BUDGET	% OF BUDGET	PRODUCTION
Rental Housing Development New Rental Housing Existing Rental Housing	\$0	0%	
Homeownership Shared Equity Program/Condo Conversion Assistance	\$890,000	89%	60 households
Administration	\$90,000	9%	
Legal	\$20,000	2%	
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>100%</b>	

Discretionary transfer of funds between eligible activities is permitted, but all funding recommendations must be consistent with the Annual Plan. Should FY2005 Inclusionary Housing revenues exceed \$1 million, staff will evaluate the demand for the condo conversion purchase assistance program; should there be sufficient condo conversion assistance, any additional inclusionary housing collections will be earmarked for new construction of multifamily rental housing in the geographic area of origin.

A maximum of 11 percent of the funds in the Inclusionary Housing Fund may be used each year by the Housing Commission to cover costs of administering the Inclusionary Housing Fund. These costs include those associated with investing the funds through loans or grants including project solicitation/marketing, underwriting, and the preparation of legal documents.

Geographic Distribution

Priority for spending Inclusionary Housing funds shall be given to the Community Planning Area/Council District from which the funds were collected; however it is recognized that in order to assist with condo conversion purchases where they occur, the geographic limitations may be waived. As noted earlier, based on current projects, it is anticipated that \$2,152,263 will be collected when building permits are issued. The following bar charts show the amounts expected by community area and the amounts collected to date.



The Housing Commission will maintain records regarding the amount of money collected from each recognized Community Planning Area/Council District and attempt to invest monies in the area of origin. It is recognized that sufficient funds must be collected and investment opportunities generated in specific geographic areas/Council Districts for a precise match between the area of collection and the use of funds to occur in this manner. Based on the amount of funds expected from current projects, it is unlikely that a “match” will occur between revenues collected and investment in condo conversion purchase assistance. For the FY2005 Plan Year, to ensure that funds are available to assist with condo conversion where they occur, investment in affordable housing outside the community areas/Council Districts is likely; however the location of investments will not significantly adversely impact the City’s geographic balanced community objectives.

## **MODEL PROGRAMS OVERVIEW**

Funding is allocated on an annual basis among the various activities authorized by Chapter 9, Article 8, Division 5 of the San Diego Municipal Code.

To assure that the City serves its residents in the best possible manner, the Housing Commission continues to solicit ideas for improving the Model Programs to better respond to community needs for affordable housing and quality neighborhoods. As such, Model Programs may change from time to time; they are not intended to preclude investment in an opportunity that is not specifically described in the Model Programs Section.

The following is a general description of the possible investment activities planned for FY2005. These activities are described more fully in Attachment A.

### Rental Housing Development

Advantageous financing to developers of units with below-market rents. Program includes deferred loans, interest write-downs, and matching funds for State, Federal, and private financing. Activities within this program are classified as projects subject to community planning group review.

### Special Purpose Rental Housing

Advantageous financing to developers of transitional housing or affordable units with related services that serve persons qualifying under federally or locally determined Special Needs or Special Purpose categories. Program includes deferred loans, revocable grants, land banking, matching funds for State, Federal and private financing. Activities within this program are classified as projects subject to community planning group review.

### First-Time Homebuyers

Junior loan/grant and new construction programs targeted toward first-time homebuyers in communities seeking homeownership as a means of neighborhood revitalization or stabilization.

### Housing Rehabilitation

Rehabilitation programs that provide below-market interest rate amortizing loans for the rehabilitation of deteriorated or functionally obsolete units. Units must be owner-occupied, single family to four-plex or mobilehome. Activities within this category that finance the rehabilitation of more than 25 units are classified as projects and are subject to community planning group review.

### Transitional Housing Operations

Grants and loans to nonprofit agencies for operation of transitional housing, acquisition or leasing of facilities, or improvements to facilities. No more than 25 percent of Transitional Housing Program funds may be used for administration and supportive services. At least 10 percent of Housing Trust Fund program funds must be dedicated to Transitional Housing activities (operations and development).

### Nonprofit Capacity Building

Programs for nonprofit developers include project-based financial assistance and technical assistance.

### Rental Assistance

A program designed to assist low-income residents achieve self-sufficiency by providing limited amounts of rental assistance.

### Reserves and Targets of Opportunity

A reserve fund that provides flexibility to transfer resources among eligible activities and to take advantage of low-income housing opportunities that present themselves during the course of the year. The reserve fund also provides for a contingency reserve and allows for reimbursement of housing impact fees when building permits expire without the commencement of work.

### Administration

A fund established to provide reasonable compensation to the City of San Diego and the Housing Commission for services related to the administration of the Affordable Housing Fund and related housing programs.

### Legal

Expenses to obtain legal services and prepare loan and grant agreements and any related documents.

**ATTACHMENT A**

**SAN DIEGO AFFORDABLE HOUSING FUND**

***DRAFT* MODEL PROGRAMS**

**Fiscal Year 2005  
(July 1, 2004 - June 30, 2005)**

## MODEL PROGRAMS

### Table of Contents

RENTAL HOUSING DEVELOPMENT .....	A-1
New Rental Housing Production .....	A-1
Existing Rental Housing: With and Without Rehabilitation .....	A-2
Special Purpose Rental Housing .....	A-3
<i>Bridge Financing</i> .....	<i>A-4</i>
HOME OWNERSHIP .....	A-5
Shared Equity Loan Program .....	A-5
<i>Condo Conversion Shared Equity Loan Program</i> .....	<i>A-5</i>
Downpayment/ <i>Closing Cost</i> Assistance Program .....	A-6
Moving On Program .....	A-6
First-Time Homebuyers: Acquisition with Rehabilitation .....	A-7
Limited Equity Cooperatives .....	A-8
Resident Ownership Mobile Home Parks .....	A-9
REHABILITATION .....	A-10
Owner-Occupied Rehabilitation .....	A-10
Nonprofit Owner-Occupied .....	A-12
Mobile Home Rehabilitation <u>Loan Program</u> .....	A-12
Mobile Home Repair Grants .....	A-13
Accessibility Grant for Tenants with Disabilities .....	A-13
<i>Exterior Accessibility Grant for Renters with Disabilities</i> .....	<i>A-13</i>
TRANSITIONAL HOUSING OPERATIONS .....	A-14
NONPROFIT CAPACITY BUILDING .....	A-15
Project-Based <i>Predevelopment</i> Financial Assistance .....	A-15
Emergency Loan Fund Program .....	A-16
Nonprofit Technical Assistance .....	A-16
Nonprofit Support .....	A-17
MISCELLANEOUS PROGRAMS .....	A-18
Targets of Opportunity .....	A-18
Project-Based Rental Assistance .....	A-18
AREA MEDIAN INCOME CHART .....	A-19

**RENTAL HOUSING DEVELOPMENT PROGRAMS**

<b>New Rental Housing Production Program</b>		HTF	INCL	HOME	REDEV	STATE
Scope:	Below-market interest rate, deferred payment junior mortgage and construction loan program to increase the stock of lower income rental units in non-impacted neighborhoods. Loans to be made to developments wherein at least 20 percent of the units are affordable to households at or below 80 percent of median income. Proposals with rents affordable to households with incomes at or below 50 percent of median family income will receive a preference. Proposals accepted from impacted areas only with demonstrated community support.	●	●	●		●
Target Population / Beneficiaries	Very low- and low-income households <del>who will reside in communities that do not have their fair share of affordable housing.</del>					
Loan Terms	Term to maturity is 55 years. Repayment of principal and interest is amortized or due and payable as a balloon payment or as residual receipts, due and payable at maturity <del>but may be forgiven upon extension of affordability requirements.</del> Loan may be originated as a construction loan and converted into long term financing.					
Loan Underwriting	Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.					
Leveraging	<del>Preference given to projects receiving subsidy from other funding sources (such as the Federal Home Loan Bank Board's Affordable Housing Program) or achieving affordability levels with lowest Housing Trust Fund investment.</del>					
Application Method Request for Proposals (RFPs)	Funds for program to be made available through RFPs or Notice of Funding Availability (NOFA). RFP/NOFA requires applicant to stipulate the rent schedule for the project.					

Existing Rental Housing Program: With and Without Rehabilitation		HTF	INCL	HOME	REDEV	STATE
Scope	An acquisition/rehabilitation and refinancing program providing below-market-rate, deferred payment junior mortgages to increase the stock of lower income rental units in non-impacted neighborhoods. Loans are made to owners of existing developments in return for (at least) 20 percent of the units being made affordable to households at or below 80 percent of median income. Proposals with rents affordable to households with incomes at or below 50 percent of median family income will receive a preference. Proposals accepted from impacted areas only with demonstrated community support. Proposals may not result in significant displacement of moderate-income households.	●	●	●		●
Target Population/ <i>Beneficiaries</i>	Very low- and low-income households who, <del>by paying considerably more than 30 percent of income in rent, reside in communities that do not meet their fair share of affordable housing.</del>					
Loan Terms	Term to maturity is 55 years. Repayment of principal and interest is amortized or due and payable as a balloon payment or as residual receipts, due and payable at maturity <del>but may be forgiven upon extension of affordability requirements.</del> Loan may be originated as a rehabilitation loan and converted into long term financing.					
Loan Underwriting	Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.					
Leveraging	<del>Preference given to projects receiving subsidy from other funding sources or achieving affordability levels with lowest Housing Trust Fund investment.</del>					
<i>Application Method Request for Proposals (RFPs)</i>	Funds for program to be made available through RFPs or Notice of Funding Availability (NOFA). RFP/NOFA requires applicant to stipulate the rent schedule for the project.					

<b>Special Purpose Rental Housing</b>		HTF	INCL	HOME	REDEV	STATE
Scope	A loan and grant program for nonprofit developers of transitional housing and developers of permanent housing provided in conjunction with appropriate supportive services designed to maximize the ability of persons with disabilities to live independently. Loans and grants may be used for the development, acquisition or long-term leasing of housing facilities as well as improvements to existing facilities.	●		●		●
Target Population/ <i>Beneficiaries</i>	Very low and low-income populations identified as needing permanent housing in a service-enhanced environment; selection of populations to be generally compatible with requirements of federal funding sources.					
Loan Terms	Term to maturity is 55 years. Payment of loan principal and interest is due and payable as a residual receipts loan or as a balloon payment at maturity but may be forgiven upon extension of affordability requirements. Loan may be originated as a rehabilitation loan and converted into long term financing.					
Loan Underwriting	Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.					
Grant Terms	Grant Terms: Subject to revocation/repayment for nonperformance.					
<i>Leveraging</i>	<del>Preference given to projects receiving subsidy from other funding sources.</del>					
<i>Application Method Request for Proposals (RFPs)</i>	Funds for program to be made available through RFPs or Notices of Funding Availability (NOFA).					

<b>Bridge Financing</b>		HTF	INCL	HOME	REDEV	STATE
<i>Scope</i>	<i>A short-term loan program for developers of permanent multifamily rental housing to pay for property acquisition and construction.</i>					●
<i>Target Population/ Beneficiaries</i>	<i>Very-low and low-income households earning ≤ 60% AMI.</i>					
<i>Loan Terms</i>	<i>Repayment of loan principal and three percent simple interest is due upon permanent financing.</i>					
<i>Loan Underwriting</i>	<i>Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.</i>					
<i>Application Method</i>	<i>Funds to be made available through the Rental Housing Development Notice of Funding Availability (NOFA).</i>					

HOMEOWNERSHIP PROGRAMS						
Shared Equity <del>Loan</del> Program		HTF	INCL	HOME	REDEV	STATE
Scope	A <del>second trust deed loan program</del> for <del>median-income and</del> low-income first-time homebuyers that bridges the gap between what households earning <del>400</del> 80 percent of median income or less can afford and the actual cost of acquiring a home. (Second <del>trust deed</del> , not to exceed the lesser of 25 percent of purchase price or <del>\$72,580</del> <del>\$70,184</del> .) <del>Program may be limited to federally targeted census tracts (census tracts wherein 70 percent of population earns less than 80 percent of median income).</del>	●		●		●
Target Population/ <i>Beneficiaries</i>	Households earning less than <del>80</del> 400 percent of median income that meet usual bank underwriting criteria for first mortgages.					
Loan Terms	<del>The loans are zero percent interest and require no monthly payments of principal. The loan term is 30 years; however, if the property is sold within the first 15 years, the equity in the property is shared with the Housing Commission.</del> Pre-approval from institutional lender required.					
Loan Underwriting:	Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.					
<i>Application Method</i> <del>Request for Proposals (RFPs)</del>	<del>Purchasers apply through participating Lenders. Lenders Program sponsors to be selected through an RFP. Portion of funds may be allocated directly to the Housing Commission.</del>					

Deleted: silent

Deleted: mortgage

Deleted: mortgage

Deleted: \$40,000

<b>Condo Conversion Shared Equity Loan Program</b>		HTF	INCL	HOME	REDEV	STATE
<b>Scope</b>	<i>A second trust deed loan program for tenant-purchase of condominium conversion units. Second trust deed not to exceed \$15,000.</i>		●			
<b>Target Population/ Beneficiaries</b>	<i>Households earning 80 to 100 percent of median income that meet usual bank underwriting criteria for first mortgages.</i>					
<b>Loan Terms</b>	<i>The loans are zero percent interest and require no monthly payments of principal. The loan is due at the end of 30 years or upon resale; however, if the property is sold within the first 15 years, the equity in the property is shared with the Housing Commission. Pre-approval from institutional lender required.</i>					
<b>Loan Underwriting:</b>	<i>Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.</i>					
<b>Application Method</b>	<i>Purchasers apply through participating Lenders. Lenders to be selected through an RFP.</i>					
<b>Downpayment/Closing Cost Assistance Program</b>		HTF	INCL	HOME	REDEV	STATE
<b>Scope</b>	<i>A revocable grant program for first-time homebuyers that pays up to four percent of the purchase price (not to exceed <del>\$7,500</del>) towards down payment and closing costs). The four percent assistance will be comprised of two percent for the down payment with the balance used for closing costs.</i>	●				
<b>Target Population/ Beneficiaries</b>	<i>Households earning less than 100 percent of median income that meet usual bank underwriting criteria for first mortgages.</i>					
<b>Grant Terms</b>	<i>Repayment is required if the home is sold or transferred within the first six years of ownership. Program is used with conventional loans.</i>					
<b>Moving On</b>		HTF	INCL	HOME	REDEV	STATE
<b>Scope</b>	<i>A program to provide homebuyer education and financial counseling, savings accounts, and other assistance to potential homebuyers (including access to current Housing Commission programs).</i>	●				
<b>Target Population/ Beneficiaries</b>	<i>Households residing in properties owned by nonprofit developers.</i>					

Deleted: \$5,000

<b>First-Time Homebuyers: Acquisition with Rehabilitation</b>		HTF	INCL	HOME	REDEV	STATE
Scope	<p>A silent second mortgage program for first-time homebuyers purchasing homes in need of rehabilitation or modernization. Second mortgage bridges the gap between what households earning less than <del>400</del> 80 percent of median income can afford and the actual cost of acquiring and rehabilitating a home. All or part of the second mortgage is funded into a rehabilitation fund control. Funds may not be released from the fund control without authorization from the agency responsible for completion of rehabilitation (Nonprofit or Housing Commission).</p> <p>Households earning less than <del>400</del> 80 percent of median area income <del>but</del> that meet other usual bank underwriting criteria for first mortgages.</p> <p>Payment of principal and interest is deferred; <del>and</del> due and payable at resale or maturity. Pre-approval from institutional lender required.</p> <p>Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.</p>	●		●		
Target Population/ <i>Beneficiaries</i>						
Loan Terms						
Loan Underwriting	<p><del>Program sponsors to be selected through an RFP. A portion of the funds may be allocated directly to the Housing Commission. Applications for purchase plus rehabilitation loans to be accepted on an ongoing basis after initial Notice of Funding Availability (NOFA).</del></p> <p><i>Applications for purchase plus rehabilitation loans to be accepted on an ongoing basis after initial Notice of Funding Availability (NOFA).</i></p>					
<i>Application Method</i> <del>Request for Proposals (RFPs)</del>						

<b>Limited Equity Cooperatives</b>		HTF	INCL	HOME	REDEV	STATE
Scope	An acquisition/new construction program for nonprofit corporations wishing to sponsor the creation of limited equity cooperatives and for limited equity cooperatives positioned to acquire or construct cooperative housing.					
Target Population/ <i>Beneficiaries</i>	Households earning less than 80 percent of median income; a minimum of 20 percent of the units must be affordable to households earning less than 50 percent of median income as adjusted by household size. All initial and subsequent members of cooperatives developed with assistance from the Housing Trust Fund must be first-time homebuyers as defined in the Housing Trust Fund Ordinance.					
Loan Terms	Term to maturity is 55 years. Compliance with all applicable provisions of state law regarding limited equity housing cooperatives including Section 1.25 of California Condominium and Planned Development Practice as amended, Health and Safety Code Section 33007.5 and Business and Professions Code Section 1103.4. Resale restrictions that maintain affordability for subsequent buyers are required.					
Loan Underwriting	As required by the policies of the San Diego Housing Commission.					
Leveraging	Preference given to projects receiving subsidy from other funding sources.					
Requests for Proposals (RFPs)	Funds for program to be made available through RFPs. RFP requires applicant to stipulate the number of units for each tier and the level of subsidy. Applications may also be submitted under the Targets of Opportunity Program.					

<b>Resident Ownership: Mobile Home Parks</b>		HTF	INCL	HOME	REDEV	STATE
Scope	<p>A "junior mortgage" program which bridges the gap between what a lower income mobile home coach owner can afford using normal bank underwriting criteria and the actual cost of acquiring the mobile home pad;</p> <p style="text-align: center;">or</p> <p>A "land trust" program that bridges the gap between what mobile home coach owners can collectively afford and the actual cost of acquiring the mobile home park. A contingency of Housing Trust Fund financing is that land acquired with Housing Trust Fund assistance would be established as a trust for low-income coach owners or low-income housing.</p>	●				
Target Population/ <i>Beneficiaries</i>	Very low- and low-income residents of mobile home parks wherein over 66 percent of all park residents have expressed an interest in resident ownership.					
Loan Terms	Term to maturity is the earlier of 55 years or sale, conveyance, alienation or transfer of the property. Payment of principal and contingent interest is due and payable as a balloon payment at the end of the term or according to an amortization schedule. Loan funding depends on financial feasibility.					
<i>Application Method</i> Request for Proposals (RFPs)	Funds for conversion to resident ownership will be distributed through RFPs that specify a deadline for submission of proposals. Applications will be rated and ranked. Applications may also be submitted under the Targets of Opportunity Program.					

REHABILITATION PROGRAMS						
Owner-Occupied Rehabilitation Program		HTF	INCL	HOME	REDEV	STATE
Scope	<p><b>CITYWIDE PROGRAMS</b></p> <p>Below-market interest rate (BMIR) rehabilitation loans for lower income homeowners (one to four units, owner-occupied) throughout San Diego.</p> <p>Current loan products include:</p> <ul style="list-style-type: none"> <li>➤ A three percent amortizing (fifteen year) loan; or</li> <li>➤ A partially deferred three percent amortizing (fifteen year) loan; and</li> <li>➤ No-interest, fully deferred loans (maximum amount \$10,000) available to eradicate health and safety hazards for very low income owner-occupied (&lt;60% AMI), one-unit properties.</li> <li>➤ Lead paint reduction no-interest, fully deferred loans at \$5,000 per unit up to \$15,000 per multifamily property.</li> </ul>	●		●		
Target Population/ <i>Beneficiaries</i>	Low- and very low-income borrowers throughout the City of San Diego.					
Loan Terms and Underwriting	Three percent loans have a <b>A</b> -maximum <del>loan</del> of \$35,000 for single unit properties and \$50,000 for 2-4 unit properties is established. At a minimum, terms should meet Housing Commission Rehabilitation Program standards; minor modifications to terms may be approved by a loan committee appointed by the Housing Commission Board.					
<i>Application Method</i> <del>Notice of Funding Availability (NOFA)</del>	Applications for rehabilitation loans to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability (NOFA).					

<b>Owner-Occupied Rehabilitation Program (continued)</b>		HTF	INCL	HOME	REDEV	STATE
Scope	<p><b><u>SPECIAL TARGET AREA PROGRAMS:</u></b></p> <p><b><u>Conditional Grants:</u></b></p> <ul style="list-style-type: none"> <li>➤ \$5,000 Exterior Enhancement Grant. 20% of principle forgivable per year over five years to 1- and 2-unit owner-occupants &lt;100% AMI.</li> <li>➤ \$5,000 Home Repair Grant. 20% of principle forgivable per year over five years to 1- and 2-unit owner occupants &lt;80% AMI.</li> </ul> <p><b><u>Deferred or Amortized loans:</u></b></p> <ul style="list-style-type: none"> <li>➤ Three percent loans up to \$35,000 fully deferred for 15 years, or if owner desires and qualifies for a zero interest, principal only payment loan for 15 years.</li> </ul>				•	
Target Population/ Beneficiaries	Low and Moderate income owner-occupants of 1- and 2-unit properties in the Mt. Hope and Southcrest Redevelopment Areas.				•	
Scope	<p><b><u>Forgivable Loans:</u></b></p> <ul style="list-style-type: none"> <li>➤ Three percent Exterior Enhancement Loan up to \$5,000. 20 percent of principal forgiven per year over 5 years.</li> <li>➤ Three percent Home Repair Loan up to \$10,000. Repay 100% of principal plus 3% interest if sold within first five years. Beginning sixth year through tenth year 20 percent of principal forgiven per year.</li> </ul>				•	
Target Population	Low and Moderate Income (<100% AMI) owner-occupants of 1- and 2-unit properties in City Heights Redevelopment Area.				•	
Application Method <del>Notice of Funding Availability (NOFA)</del>	Applications for rehabilitation loans to be accepted by program sponsor on an ongoing basis after an initial Notice of Funding Availability.					

<b>Nonprofit Corporations: Owner-Occupied Rehabilitation</b>		HTF	INCL	HOME	REDEV	STATE
Scope	A flexible program developed to allow nonprofit corporations to operate rehabilitation loan programs. Program provides funding for rehabilitation, administrative support and technical assistance. Levels of funding within eligible activities are established by proposals submitted by nonprofit corporations. Proposals must leverage other funding sources.	●				
Target Population/ <i>Beneficiaries</i>	Very low and low-income homeowners either residing in substandard housing or desiring to acquire and rehabilitate substandard housing; nonprofit and community development corporations.					
<i>Application Method Request for Proposals (RFPs)</i>	Funds for program to be made available through RFPs. RFP to require that applicants indicate the type and level of assistance requested, the structure of proposed program, and how assistance will be utilized in a timely manner.					
<b>Mobile Home Rehabilitation Loan Program</b>		HTF	INCL	HOME	REDEV	STATE
Scope	A partially deferred no-interest rehabilitation loan program to allow low-income mobile home coach owners to reside in safe, sanitary, and decent housing. <b><i>This program is currently dormant and has not been marketed since 1996. It will be used under special circumstances as directed by Council.</i></b>	●				
Target Population	Owner-occupants of older mobile home coaches at or below 60 percent of median income.					
Loan Terms	Mobile home owners are offered interest-free partially deferred loans up to a maximum of \$12,000 for rehabilitation or up to \$15,000 for purchase and rehabilitation of a replacement mobile home. Loans are due on sale, transfer of title, or fifteen years after the loan date. Minimum monthly payment is \$25.					
Notice of Funding Availability (NOFA)	Applications for mobile home rehabilitation loans to be accepted on an ongoing basis after an initial NOFA.					

<b>Mobile Home Repair Grant Program</b>		HTF	INCL	HOME	REBEI	STATE
Scope	A small repair grant program to allow very low-income households permanently residing in mobile homes to address "health and safety" issues.	●				
Target Population/ <i>Beneficiaries</i>	Very low-income (<60% AMI) owner-occupants of mobile homes within the City of San Diego.					
Grant Terms	A maximum of \$3,500 except in a designated Distressed Park (\$5,000 maximum).					
<i>Application Method Notice of Funding-Availability-(NOFA)</i>	Applications for mobile home repair grants to be accepted on an ongoing basis after an initial NOFA until all funds are exhausted.					
<b>Accessibility Grant for Tenants with Disabilities</b>		HTF	INCL	HOME	REBEI	STATE
Scope	A small grant program to rental tenants with disabilities to allow modifications or repairs to their rental unit to make it more accessible and improve their quality of living.	●				
Target Population/ <i>Beneficiaries</i>	Very low-income (<50% AMI) tenants with disabilities living in rental units within the City of San Diego.					
Grant Terms	A one-time only non-repayable grant to a maximum of \$1,000 toward costs of material and labor for accessibility modifications.  The ACCESS Center of San Diego refers tenant applicants.					
<b>Exterior Accessibility Grant for Renters with Disabilities</b>		HTF	INCL	HOME	REBEI	STATE
Scope	<i>Grant program to provide exterior accessibility improvements to rental property occupied by low-income tenants with disabilities or to landlords with vacant units desiring to rent to tenants with disabilities.</i>					●
Target Population/ <i>Beneficiaries</i>	<i>Low-income tenants (&lt;80% AMI) with disabilities renting private property citywide, or landlords with vacant units desiring to rent to tenants with disabilities.</i>					
Grant Terms	<i>Grant up to \$3,000 per unit and \$7,000 for common areas up to a maximum of \$25,000 per multifamily project.</i>					

## TRANSITIONAL HOUSING

Operations Program		HTF	INCL	HOME	REDEV	STATE
Scope	A grant and loan program for nonprofit operators of transitional housing. Grants and loans may be used for the short-term leasing or operation of transitional housing facilities as well as improvements to existing leased facilities. No more than 25 percent of grant funds may be used for administration and support services.	●				
Target Population/ <i>Beneficiaries</i>	Very low-income homeless families and individuals who, through temporary residency in a service-enhanced housing environment, are expected to be able to move into permanent housing.					
Grant Terms	A maximum grant of \$15 per bed/night.					
<i>Application Method Request for Proposals (RFPs) and Notices of Funding Availability (NOFA)</i>	Funds for program to be made available through RFPs or NOFA.					

## NONPROFIT CAPACITY BUILDING PROGRAMS

Project-Based <i>Predevelopment</i> Financial Assistance		HTF	INCL	HOME	REDEV	STATE
Scope	<p>Predevelopment Financial Assistance includes the following:</p> <ol style="list-style-type: none"> <li>1. <u>Early Assistance Loans to Nonprofit Developers</u>: A maximum of \$10,000 is available for preliminary feasibility activities such as appraisal, site control, and Phase I environmental studies. Early Assistance loans can be considered for forgiveness if the project does not proceed. The total of all outstanding Early Assistance Loans cannot exceed \$50,000 at any time.</li> <li>2. <u>Project Support Grants</u>: When the Early Assistance due diligence has been completed, funds may be available for paying predevelopment costs (staff and consultant or administrative expenses) for an identified project through a Project Support Grant. Minimum grant is \$10,000; grant requests of \$15,000 or less will be approved by the Loan Committee; grant requests over \$15,000 will be approved by the Housing Commission.</li> <li>3. <u>Predevelopment Loans</u>: If approved, the Early Assistance Loan can be incorporated into a Predevelopment Loan to include additional predevelopment expenses, i.e., architectural, engineering, consultant and legal fees, site preparation, environmental assessments, purchase options, long-term escrow earnest money and project-specific professional housing development staff time. A Predevelopment Loan without Early Assistance may be appropriate in some cases. Typically, the Predevelopment Loan is repaid out of a project's permanent financing.</li> </ol>	●				
Target Population/ <i>Beneficiaries</i>	<p>Nonprofit corporations and limited equity cooperatives whose express purpose is the development, acquisition, or rehabilitation of housing that will be predominately occupied by very low- and low-income households.</p>					
Loan Underwriting	<p>No specified underwriting criteria. Proposals to be considered on an ongoing basis. Generally, applicants must: 1) have been in existence for two years; 2) provide evidence of multi-year organizational ability or that principals have suitable experience to complete the project; 3) develop a feasible work program which identifies how the organization will reach its objective; 4) meet the Housing Commission Minimum Organization Standards for Nonprofit Loan Applicants; and 5) and be expected to complete the project.</p>					

<p><i>Application Method</i> <del>Notice of Funding Availability- (NOFA):-</del></p>	<p>Applications for predevelopment loans to be accepted on an ongoing basis after an initial NOFA.</p>					
<p><b>Emergency Loan Fund Program</b></p>		HTF	INCL	HOME	REDEV	STATE
<p><i>Target Population/ Beneficiaries</i></p>	<p>The target populations and loan underwriting conditions of Project-Based <i>Predevelopment</i> Financial Assistance apply.</p> <p>In addition, the following eligibility restrictions apply: 1) applicant has a demonstrated pipeline of development projects located in the City; 2) applicant has not received an emergency loan from the Trust Fund within the past three years, or has repaid such loan(s) in full; 3) applicant's need for emergency loan is based on a cash flow problem where funds anticipated to repay the loan can be identified.</p> <p>Borrowers are required to demonstrate ability to repay.</p>	●				
<p><b>Nonprofit Technical Assistance Program</b></p>		HTF	INCL	HOME	REDEV	STATE
<p>Scope</p> <p><i>Target Population/ Beneficiaries</i></p> <p>Grant Terms</p> <p><i>Application Method Request for Proposals- (RFPs)</i></p>	<p>A technical assistance program that will assist nonprofit corporations and limited equity cooperatives in developing affordable housing. Program to provide "hands on" technical assistance in such areas as concept development, site assessment and acquisition, feasibility analysis, specification writing, bid packaging and review, permit procedures, construction oversight, grants and application preparation, and record keeping required by funding sources.</p> <p>Nonprofit corporations and limited equity cooperatives with limited housing experience.</p> <p>Grant is for the delivery of technical assistance services to nonprofit housing developers. Scope of work will be articulated in contract documents.</p> <p>Funds to be made available through RFP or Housing Commission contract policy.</p>	●				

<b>Nonprofit Support Program</b>		HTF	INCL	HOME	REDEV	STATE
Scope	A multi-year operating support program for nonprofit corporations attempting to acquire, rehabilitate or develop affordable housing for low-income households. Program provides annual grants for administrative costs, including compensation and proportional overhead of staff directly assigned to expanding housing opportunities such as housing construction, acquisition, rehabilitation, transitional housing development, or shared housing programs. Program is intended to build the capacity of nonprofit corporations to both develop affordable housing and identify administrative support for this purpose.	●				
Target Population/ <i>Beneficiaries</i>	Nonprofit corporations and community based organizations, the purposes of which include the provision of affordable housing to very low- and low-income households.					
Selection Criteria	<p>As funding permits, a Notice of Funding Availability (NOFA) will be issued inviting applications. Applicants will be selected based upon criteria which includes the following:</p> <ul style="list-style-type: none"> <li>➤ the ability of the applicant's personnel to perform the administrative, managerial and operational functions necessary to develop and support a housing program;</li> <li>➤ the applicant's past experience and success in developing and operating non-housing programs;</li> <li>➤ the applicant's work program which includes specific management and fund development and production activities, objectives, and projected accomplishments.</li> </ul>					

<b>MISCELLANEOUS PROGRAMS</b>						
<b>TARGETS OF OPPORTUNITY PROGRAM</b>		HTF	INCL	HOME	REDEV	STATE
Scope	A program developed to allow the Board the flexibility to take advantage of opportunities for affordable housing that cannot be funded through other Housing Trust Fund programs.	●				
Target Population/ <i>Beneficiaries</i>	Very low- and low-income households that will reside in housing made available through this program.					
Loan Terms	For acquisition, term to maturity is 55 years. Payment of principal and interest due to be determined.					
Loan Underwriting	Subject to loan policies of the San Diego Housing Commission unless specific exception as authorized by the Housing Commission.					
<i>Application Method Notice of Funding-Availability- (NOFA)</i>	Project selection for this program will be on a case-by-case basis subsequent to an initial NOFA advising that applications will be accepted at any time for projects that do not qualify under other Housing Trust Fund programs or that have time constraints that preclude following the RFP calendar.					
<b>PROJECT-BASED RENTAL ASSISTANCE PROGRAM</b>		HTF	INCL	HOME	REDEV	STATE
Scope	A small rental assistance program for working households in non-impacted communities. The program utilizes Housing Trust Fund earnings and interest to lease units in existing buildings for an intermediate term. Units are then subleased to working households whose income is anticipated to increase as a result of job training. Enrollment in job training program to the point where the household may assume the master lease.	●				
Target Population/ <i>Beneficiaries</i>	Households earning between 50 percent and 80 percent of median income with an expectation of income increases. Applicants to be drawn from a pool of applicants established by the Housing Commission of households that do not meet the federal criteria of paying more than 50 percent of income in rent.					
<i>Application Method Notice of Funding-Availability (NOFA)</i>	Proposals to be received from owners of rental units on an ongoing basis after an initial NOFA.					

**Public Comment related to the Affordable Housing fund Annual Plan**

- Not supportive of the Limited Equity Coop Program as the program is difficult.
- Concern regarding the availability of homeownership programs in Linda Vista.
- Supportive of funding new rental housing development with Inclusionary Housing funds, not homeownership.
- Consider a new program called the Grand Families program.
- Supportive of homeownership and housing rehabilitation loan programs. Not supportive of the rental housing production program to increase the stock of affordable rental housing in non-impacted neighborhoods.

Much of the public comment and dialogue were general in nature and dealt with issues not directly related to the preparation of the Affordable Housing Annual Plan or its Model Programs.

**General Public Comment**

- Not supportive of funding affordable housing.
- Concerned about demolishing historic structures.
- Supportive of increasing revenues for the Housing Trust Fund by increasing the Housing Linkage Fees and eliminating the granting of waivers.
- Concern about the loss of affordable housing in the City Heights community.
- Concern that over-concentration of affordable housing is occurring in City Heights and south of Highway 8. Encourage providing affordable housing throughout the City in compliance with the City's balanced community policy. Suggest that a ratio be implemented so that communities build their fair share of affordable housing in proportion to their low-income population and that no community is over-burdened with affordable housing. This would guarantee that once a neighborhood has reached its limit, no more affordable housing will be focused in that neighborhood until all other communities have reached their limit.
- Belief that Inclusionary Housing In-lieu Fees are too low. Supportive of City requiring that developers build the affordable housing.

- Concern regarding the School District taking of property through eminent domain and funding for the Model Schools program in the City Heights community.
- Concern about the quality of Housing Commission servicing of shared equity loans.
- Request for more detailed information regarding the location of affordable housing developments.
- Concern about ethnicity of beneficiaries of Inclusionary Housing programs
- Concern regarding property management issues and Housing Commission oversight and monitoring of properties receiving Housing Commission assistance.
- Concern about higher densities.
- Concern about developers taking advantage of the programs and creating a “welfare” program for developers.