



REPORT

DATE ISSUED: January 6, 2003, for the Agenda of January 10, 2003 **ITEM 101**

REPORT NO.: HCR03-003

SUBJECT: Collaborative Housing Strategy Redevelopment Agency Notice of Funding Availability (Citywide)

SUMMARY

Issue No. 1: Should the Housing Commission endorse policies and procedures contained in the Collaborative Housing Strategy Redevelopment Agency Notice of Funding Availability (Redevelopment NOFA) as outlined in this Report?

Recommendation No. 1: That the Housing Commission review the attached draft Redevelopment NOFA and endorse or provide any comments or concerns to the Redevelopment Agency.

Issue No. 2: Should the Housing Commission appoint the current Housing Commission Board Chair, Mr. Sal Salas, or his designee to serve on the Executive Loan Committee for the Redevelopment NOFA process?

Recommendation No. 2: It is so recommended.

Fiscal Impact: No direct impact on the Housing Commission budget.

Affordable Housing Impact: The housing production goal for this NOFA is approximately 2,200 units affordable at 50 percent to 120 percent of Area Median Income.

Previous Related Action: On April 17, 2002, HCR02-030, "Status Report on Citywide Affordable Housing Strategy" was issued to report on the efforts undertaken to date to create a citywide housing strategy.



BACKGROUND

On November 28, 2001, the City Council Committee on Land Use and Housing directed the staffs of the various city agencies with affordable housing development responsibility to meet and coordinate their plans. Meetings were convened by the Assistant City Manager and have included representatives from the Housing Commission (with responsibility for affordable housing citywide), Centre City Development Corporation (responsible for downtown redevelopment), Southeastern Economic Development Corporation (with redevelopment responsibility in the communities of Mount Hope, Central Imperial, Gateway Center, Southcrest) and the City’s Redevelopment Agency staff, which is responsible for overall City redevelopment policy and implementation of nine redevelopment project areas. These entities (the “Collaborative”) are now engaged in an effort to promote the production of affordable housing in the City.

On August 6, 2002, the City Council declared a Housing State of Emergency in the City of San Diego. Following that action, the Council approved a proposal by the Collaborative to leverage redevelopment low- and moderate-income set-aside funds to create up to \$55 million in affordable housing financing. Redevelopment set-aside funds are derived from property tax payments in Redevelopment Areas. Controlled by State law, these funds are used to produce or preserve affordable housing that directly benefits the Redevelopment Areas. The goal of this NOFA is to promote the development of approximately 2,185 new affordable housing units citywide within the next five years.

DISCUSSION

Solicitation of proposals using the Notice of Funding Availability (NOFA) process is the initial step of the Collaborative implementation plan. In this NOFA, the Redevelopment Agency’s priorities are as follows:

AFFORDABILITY LEVELS	NUMERIC GOALS	SHOWN IN ORDER OF PRIORITY
Very- Low Income (<50% AMI)	1,200 units (55%)	1. Small families (1 & 2 bdrm units) 2. Large families (3+ bdrm units) 3. Individuals; Seniors; & Special Purpose (SRO, studio, & loft units)
Low-Income (<80% AMI)	655 units (30%)	1. Small families (1 & 2 bdrm units) 2. Large families (3+ bdrm units) 3. Individuals & Seniors (SRO, studio, & loft units)
Moderate-Income (<120% AMI)	330 units (15%)	1. Home ownership for families 2. Rentals for large families

The goal of the Redevelopment Agency NOFA is to increase the City's inventory of new units affordable to residents with incomes that are very low, low, and moderate. Proposals may be for residential or mixed-use development, all affordable (rent-restricted) or mixed income, for sale or rental. Preferences include new construction and small family-sized units. Projects located outside redevelopment project areas must demonstrate benefit to the project area where the funds originated.

Of the estimated \$55 million in funding, approximately 85 percent of the NOFA funds are to be used for investment in projects providing rental housing to households earning no more than 80 percent of area median income (currently \$60,100 for a family of four). The remaining 15 percent of the funds will target home buying opportunities. [Note: The source of repayment funds for the bond financing is Redevelopment Tax Increment Set Aside funds. As of this writing, there is a possibility that the planned bond issuance will be in some way impacted by the State budget crisis and proposed recapture of Tax Increment Set Aside funds.]

Proposals will be accepted from private developers, nonprofit housing development organizations, and private developers in partnership with nonprofit service providers or developers.

The NOFA features a collaborative review process and an abbreviated appeal process, both designed to shorten and simplify the application process. Project management will be provided by the relevant redevelopment agencies, depending on the location of the proposed project, or by the Housing Commission if projects are located outside of redevelopment areas. An Executive Review Committee, consisting of the City Manager's representative and appointees from the Redevelopment Division, Southeastern Redevelopment Agency, Centre City Redevelopment Agency, and the Housing Commission will determine which projects are to be recommended to the Redevelopment Agency for funding.

The first NOFA release date is anticipated to be early February 2003. Two annual pre-submittal conferences will be held for interested proposers; applications will be accepted throughout the year. A preliminary draft NOFA is attached for review and comment.

CONCLUSION

As part of the City's Collaborative Housing Strategy, the Redevelopment Agency NOFA will provide significant funding opportunities for the development of affordable housing in the City. In addition, the Development Services Department is organizing its staffing and workload to prioritize the review and approval process for affordable housing development. Collaborative members will continue to develop additional measures to enhance these efforts to provide funding and services that improve affordable housing options for area families.

For the Agenda of January 10, 2003
Redevelopment Agency NOFA
Page 4 of 4

Comments or concerns about the Redevelopment Agency NOFA will be forwarded to the Collaborative for consideration.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Jack D. Farris, Manager
Housing Finance & Development

Elizabeth C. Morris
Chief Executive Officer

Attachment: Draft NOFA

F: CoStrategyNOFA03HCR