



REPORT

DATE ISSUED: For the Agenda of April 12, 2002

Item 103

REPORT NO: HCR02-026

SUBJECT: City of San Diego's FY2003 Action Plan for Community Development (Citywide)

SUMMARY

Issue: Should the Housing Commission recommend City Council approval of the City's Draft FY2003 Annual Action Plan for Community Development, Attachment 2, for submission to the U.S. Department of Housing and Urban Development (HUD)?

The FY2003 Action Plan submission is the annual plan submitted pursuant to the City's adopted five-year Consolidated Plan. It is the application for federal funds for the following four HUD FY2003 formula-based programs: Community Development Block Grant (CDBG); Emergency Shelter Grant (ESG); HOME Investment Partnerships (HOME); and Housing Opportunities for Persons with AIDS (HOPWA).

Recommendation: Recommend that the Housing Commission recommend City Council approve the City's FY2003 Action Plan for Community Development for submission to HUD.

Fiscal Impact: None with this action; however, without a final HUD approved FY2003 Action Plan, the City will be ineligible to receive approximately \$30.2 million in federal funds that support affordable housing and community/economic development activities for FY2003.

Affordable Housing Impact: None with this action; however, the FY2001-2005 Consolidated Plan sets an estimated goal of providing an additional 1,500 low-income households with affordable housing services, during each of the fiscal years of the reporting period.



Previous Related Action(s): The City Council approved the City's FY2001-FY2005 Five-Year Consolidated Plan on May 1, 2000. The Planning Commission approved the City's FY2003 Action Plan for Community Development at its meeting of April 4, 2002.

Future Related Action(s): The FY2003 Action Plan will be forwarded to City Council on April 30, 2002. After City Council approval, the FY2003 Action Plan will be submitted to HUD before the May 15, 2002 deadline, for their review and approval.

BACKGROUND

As part of their effort to streamline programs and procedures, in 1994 the U.S. Department of Housing and Urban Development (HUD) began requiring entitlement jurisdictions to prepare a five-year strategic planning document entitled the Consolidated Plan, with annual applications and performance reports.

The City of San Diego's current 5-year Consolidated Plan covers Fiscal Years 2001-2005. The FY2003 Action Plan serves as the combined application for four of HUD's FY2003 formula-based programs: HOME Investment Partnerships (HOME: \$8,635,000), Community Development Block Grant (CDBG: \$18,404,000), and Emergency Shelter Grants (ESG: \$643,000). The City of San Diego will be the grantee for Housing Opportunities for Persons with AIDS funds (HOPWA: \$2,593,000), although the County of San Diego was delegated fiscal and administrative responsibility for HOPWA programs. Proposed FY2003 projects will be reported in the FY2003 Action Plan.

The City's FY2001-FY2005 Consolidated Plan sets an affordable housing goal of 7,500 new low-income households to be assisted with housing services during the reporting period, at approximately 1,500 low-income households assisted each year. This goal is in addition to serving nearly 31,500 households each year through a variety of Housing Commission Programs (rental assistance, public housing, rehabilitation, homeownership, privately-owned rental units).

HUD strongly encourages cities to prepare this application as a comprehensive strategic and action plan for community development that shows how federal monies will be leveraged as part of an overall community development strategy. HUD's philosophy is that the best strategy to community empowerment is a community-driven comprehensive approach that coordinates housing, economic development, and human needs.

DISCUSSION

Overview

The City's FY2003 Action Plan for Community Development serves a dual purpose. First, it serves as the City's comprehensive strategic year plan for community development, including affordable housing, economic development and human service activities. Second, it is the single application and spending plan for four federal entitlement programs, totaling approximately \$30.2 million each fiscal year. Annual Action Plans are required to apply for funding for each of the fiscal year funding cycles.

This draft FY2003 Action Plan has been developed as a collaborative effort between staff of the Housing Commission and the City's Community and Economic Development Department. In addition, opportunities for public input on the plan are available through a series of community presentations and hearings (see Attachment 3).

Consolidated Plan Contents

In response to comments from both the general public and the region's policymakers, effort has been made to present a document that is more user-friendly and accessible to the general public. This has been accomplished by formatting the Plan so that goals are more clearly delineated and overly technical language has been modified accordingly. The Consolidated Plan is formatted to present information on the conditions that influence the City's community development efforts. The Plan describes how the City is meeting the statutory requirements of specified federal grant programs. Those statutes require that the funds must primarily benefit low- and extremely-low income persons. The statutes set three basic goals:

1. Provide decent housing
2. Provide a suitable living environment
3. Expand economic opportunities

The major sections of the Plan are:

- **Executive Summary:** provides an overview of the Action Plan
- **Section 1, Affordable Housing:** establishes priorities and outlines available resources and production capacity in order to determine the extent to which affordable housing needs can be met.
- **Section 2, Economic Development:** describes the City's economic development strategy as it relates to the Action Plan, which includes an emphasis on shared economic growth and prosperity.

- **Section 3, Human Services:** identifies key human service components, especially for populations with special needs. These components are intended to complement efforts related to affordable housing and economic opportunity.
- **Section 4, Homeless Services:** describes the City's strategy to meet the needs of its homeless populations and establishes the priorities and programs related to this coordinated effort.
- **Section 5, Regional HIV/AIDS Housing Plan:** provides the framework for assessing and planning for the housing and housing related support services needs of persons living with HIV/AIDS and their families.
- **Section 6, Community Resources:** identifies other local, federal and state resources available to meet the needs and activities identified in the City of San Diego's Consolidated Planning process (e.g., Housing Trust Fund, Multifamily Bonds, Density Bonus).
- **Section 7, Other Information:** outlines programs and fair housing services offered in an effort to overcome the barriers to fair housing. In addition, describes the City's Balanced Communities and Deconcentration policies, designed to ensure that housing assistance will generally be provided throughout the City and that, when possible, low-income residents do not end up concentrated in any one community.
- **Section 8, Citizen Participation Plan:** describes the key components to afford the greatest possible input by the public during the planning and development stages of the Consolidated Planning process. In order to facilitate the community's involvement, this year a 2-page "Fact Sheet" has been developed and translated into other languages (Spanish and Vietnamese) to gain greater outreach into those non-English speaking communities.

Additional Affordable Housing Assistance Proposed for Fiscal Year 2003

According to data collected by the San Diego Association of Governments (SANDAG), the City of San Diego's affordable housing goal for the FY2001-2005 Consolidated Plan reporting period is approximately 7,500 new households to be assisted with affordable housing activities, through all affordable housing resources in the City.

It is estimated that during each of the five fiscal years (FY2001-FY2005) of the Consolidated Plan reporting period, approximately **1,500 additional households** will be assisted with housing services, from all affordable housing resources in the City. It is also anticipated that the City's multi-faceted strategies will provide housing assistance through the following activities:

- Rental assistance, including rental housing through a shared housing program.
- Newly created affordable rental housing; e.g. acquisition/rehabilitation and new construction, as well as preservation of existing rental units.
- Repair and rehabilitation to correct health and safety problems.
- First-time home buying financial assistance.

The Housing Commission staff has been participating in several meetings held by the Military Affairs Advisory Council, a Sub Committee of the San Diego Regional Chamber of Commerce Housing Committee, to develop as many options as practical that may provide affordable housing to military personnel in San Diego County. In order to assist in this effort, the Housing Commission is amending the shared equity program to provide for an exemption of the first-time homebuyer status for active duty military personnel. The first-time homebuyer requirement is a local not a federal requirement, with notification to HUD through the Consolidated Plan mechanism. In addition, although not a component of the Action Plan, a preference has been added to the Section 8 and Public Housing programs for active duty personnel and their families.

Approximately 75 percent of the households assisted are expected to be extremely and very low-income, whose incomes are 30 and 50 percent or less the Median Area Income, respectively.

Ongoing housing and related assistance will be continued during the year through special purpose housing for persons with HIV/AIDS; under-housed and homeless persons, families and youth; battered women; the mentally ill, and others who are disabled.

The extent to which housing assistance is provided to these groups will be influenced by local priorities and in part will be determined by the availability of funding through federal, state and local resources.

Affordable Housing Needs and Priorities

The City of San Diego's housing costs have increased so much more than incomes in recent years that, in terms of housing, San Diego continues as one of the least affordable cities in the nation. The 1990 Census indicates that approximately 107,000 low-income households in the City pay over 30% of their income for housing. Nearly 25,000 families are currently on the Commission's waiting list for rental assistance. When 2000 Census data becomes available, it is anticipated that it will show a worsening of housing conditions.

Priorities have been established to determine how resources will be allocated among the many in need. San Diego has established priorities for assistance based on several factors: the number of extremely low- and low-income families (including single-person families) paying more than 30 percent of household income for housing costs, the cost of providing affordable rental and home ownership opportunities, and guidelines. High and Medium Priorities have been identified by ranking a variety of household income and housing groups, and the activities which are targeted to those specific populations:

High Priority household and income groups include extremely low (0-30%), very low (31-50%), and low-income (50-80%) Median Area Income Households, who are: renters paying over 30 percent of income for housing or renters with physical housing defects. High priority also includes extremely low (0-30%) and very low-income (31-50%) renters with special needs or homeowners needing housing rehabilitation. Homeownership assistance to households who are earning 31-80 percent of MAI is also a high priority.

Medium Priority household and income groups include low-income (51-80%) Median Area Income Households, who are: renters with special needs or homeowners needing housing rehabilitation. Homeownership assistance to households who are earning 0-30 percent of MAI is also a medium priority.

The City's Affordable Housing Needs and Priorities will be re-evaluated when the new 2000 Census Information becomes available. It is anticipated that HUD will authorize release of census information specific to the Consolidated Plan in the next fiscal year. At that time, pursuant to HUD regulations, the City will develop a new comprehensive five-year plan to incorporate the new census data and will modify its strategy to meet the needs and priorities accordingly.

CONCLUSION

The FY2003 Action Plan will be docketed for City Council deliberation on April 30, and will be submitted to HUD after City Council approval. Following the public comment period and City Council deliberation, staff will, as appropriate, modify the draft document in preparation for submittal to HUD. HUD must receive the document by May 15.

The FY2003 Action Plan will be deemed approved 45 days after HUD receives the Plan, unless HUD notifies the City additional information is required for the Plan to meet the

criteria for approval. With that approval, the Plan will generate approximately \$30.2 million for FY2003 to implement and continue community development efforts throughout the City.

Respectfully submitted by,

Approved by,

Signature on File with Original Document

Carrol M. Vaughan
Chief Operating Officer

Elizabeth C. Morris
Chief Executive Officer

Attachments:

1. FY2003 Action Plan Summary
2. FY2003-Action Plan for Community Development*
3. Consolidated Plan Presentation Schedule (Citizen Participation)

*Limited distribution. The Plan may be accessed on the Commission's website: sdhc.net or by contacting Rob Albrecht at 578-7539.

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ATTACHMENT 3

Citizen Outreach and Consolidated Plan Presentation Schedule

This draft FY2003 Consolidated Plan was distributed to all of the City's libraries and Community Service Centers and mailed to individuals and organizations that had expressed a past interest. The availability and presentation schedule (shown below) was duly noticed in the local newspaper, for a Public Comment period, February 19 through March 29, 2002. Comments received from the public will be summarized in the Action Plan and as appropriate, incorporated into the final City Council approved document submitted to HUD by May 15, 2002 for its review and approval. Public comment will also be solicited at the following community meetings and public hearings, and considered in the finalization of the City's FY2003 Action Plan:

SCHEDULE OF PUBLIC HEARINGS RE: FY03 ACTION PLAN

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| Feb. 19 5:30 p.m. | San Ysidro Planning and Development Group Meeting 4350 Otay Mesa Road-San Ysidro School District Education Center |
| March 4 6:30 p.m. | City Heights Area Planning Committee Meeting 4310 Landis Street-Mid-City Community Police Facility |
| March 11 7:00 p.m. | Southeast San Diego Development Committee Meeting 841 S. 41 st Street-Neighborhood House Association |
| March 19 5:30 p.m. | Greater North Park Planning Committee 2901 North Park Way-North Park Christian Fellowship |
| March 25 7:00 p.m. | Linda Vista Community Planning Committee Meeting 2160 Ulric Street-Linda Vista Library |
| March 26 7:00 p.m. | Community Planners Committee Meeting 202 C Street, 12 th Floor-City Council Committee Room |
| March 29 1:30 p.m. | Citizens Review Committee Meeting 202 C Street, 12 th floor - City Council Committee Room |
| April 4 9:00 a.m. | Planning Commission Meeting 202 C Street, 12 th floor - City Council Chambers (236-6596) |
| April 12 9:00 a.m. | Housing Commission Meeting 202 C Street, 12 th floor, Committee Room (578-7539) |
| April 16 10:00 a.m. | City Council Meeting - Testimony on Proposed CDBG "Bricks and Mortar" Projects 202 C Street, 12 th floor, (533-4000) |
| April 23 10:00 a.m. | City Council Meeting - Testimony on Proposed CDBG Social Service Programs 202 C Street, 12 th floor, (533-4000) |
| April 30 10:00 a.m. | City Council Meeting 202 C Street, 12 th floor, (533-4000) |