



SAN DIEGO
HOUSING
COMMISSION

HOUSING AUTHORITY REPORT

DATE ISSUED: December 22, 2011

REPORT NO: HAR 12-003

ATTENTION: Members of the San Diego Housing Authority
For the Agenda of January 23, 2012

SUBJECT: Revision of Two San Diego Housing Commission Policies Regarding Responsibilities Related to the Inclusionary Housing Fund (IHF) and Inclusionary Housing Program (IHP), as well as Responsibilities Related to the Housing Trust Fund (HTF)

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

San Diego Housing Commission ("Housing Commission") recommends the Housing Authority of the City of San Diego ("Housing Authority") approve the proposed revisions to Policy PO-BEF-301.08, Housing Commission Responsibilities Related to the IHF and IHP, and Policy PO-BEF-301.09, Housing Commission Responsibilities Related to the Housing Trust Fund, as outlined in this report.

STAFF RECOMMENDATION:

Housing Commission recommends the Housing Authority approve the proposed policy revisions as described in this report to comply with recommendations contained in the July 29, 2009 Performance Audit of the Housing Commission.

SUMMARY:

The City Internal Auditor's Office completed a Performance Audit ("Audit") of the Housing Commission dated July 29, 2009. The Audit recommended that the Housing Commission have a policy that reflects its responsibilities related to the Inclusionary Housing Fund and the Inclusionary Housing Program. The policy should be similar to the Housing Commission policy on responsibilities related to the Housing Trust Fund. The Audit further recommended that both the new policy and the existing policy be updated to include the requirements to account for and report separately both the Inclusionary Housing Fund and the Housing Trust Fund in the audited financial statements as well as the audit for compliance with the Affordable Housing Fund Ordinances and any related policies and regulations.

The policy revisions presented in this report have been drafted to comply with the Audit recommendations and are being brought forward for approval and implementation by both the Housing Commission and Housing Authority in accordance with the Housing Commission's procedures for issuing and updating policies (Administrative Regulation AR001.000), as the Housing Commission informed the Audit Committee of the City of San Diego at its November 2011 meeting.

DISCUSSION

New Policy PO-BEF-301.08: Housing Commission Responsibilities Related to the IHF and the IHP

This new policy is specific to the Housing Commission's responsibilities and activities regarding the Inclusionary Housing Fund (IHF) and the Inclusionary Housing Program (IHP). On October 4, 2011, the Housing Commission proposed amendments to the Inclusionary Affordable Housing Regulations (Chapter 14, Article 2, Division 13 of the San Diego Municipal Code) and Inclusionary Affordable Housing Implementation and Monitoring Procedures ("Procedures Manual"). The proposed amendments were adopted by the City Council and this new policy is consistent with those amendments.

The policy, PO-BEF-301.08, shown in Attachment 1, states that the IHF fees are collected by City of San Diego and are transmitted to the Housing Commission on a quarterly basis. The IHF is part of the Affordable Housing Fund which is governed by the San Diego Municipal Code Chapter 9, Article 8, Division 5. The IHP carries out the Inclusionary Housing regulations found at San Diego Municipal Code Chapter 14, Article 2, Division 13.

The Housing Commission is responsible for oversight and support of the IHF and must retain sufficient staff to undertake the required activities. The Housing Commission must maintain and report within Housing Commission accounts a separate IHF account. The IHF account and its sub-accounts must be maintained separately from the Housing Trust Fund account. The IHF shall be reported separately from the Housing Trust Fund in the Housing Commission's audited financial statements and the audit for compliance with the Affordable Housing Fund Ordinance. The Housing Commission shall reconcile its accounts of Inclusionary Funds with City reports of Inclusionary Funds transmitted to SDHC. The reconciliations shall be performed at least quarterly.

Reporting requirements include preparation of an annual plan that details how funds will be used for the following fiscal year; and an annual report to the City Council on activities undertaken with the IHF monies within 90 days following the close of each fiscal year. The Housing Commission shall also prepare any reports legally mandated for financing sources of the IHF.

All IHF fund commitments are to be scheduled for consideration by the Housing Commission and the Housing Commission shall monitor the programs and projects which receive IHF funds to assure compliance with contract terms, particularly affordability and occupancy restrictions. Please refer to Attachment 1 for the full list of responsibilities.

Revised Policy PO-BEF-301.09: Commission Responsibilities Related To The Housing Trust Fund

Language contained in existing policy PO-BEF-301-09 regarding Housing Commission Responsibilities Related to the Housing Trust Fund has been added or revised to comply with the audit recommendation. At Section 3.1, the title "San Diego Housing Trust Fund" was added to the definition of the Housing Trust Fund (HTF).

The language of Section 3.2 was added in its entirety to specify that Linkage Fees are collected by the City of San Diego and transmitted to the Housing Commission on a quarterly basis. Section 4.3, was

clarified to state that Linkage Fee revenue accounts would be reconciled with City reports of Linkage revenue, and that reconciliations shall be performed at least quarterly. These revisions clarify the Housing Commission's responsibilities with regard to Linkage Fees and are consistent with the audit recommendations. Refer to Attachment 2 for a redline copy showing the revisions made to policy PO-BEF-301.

Both policies have been updated with the Housing Commission's new numbering system and department designation.

FISCAL CONSIDERATIONS:

None with this action. The activities required by the policies presented in this report are already in effect.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

By a unanimous vote of 6-0 with Commissioner Waring absent, the Housing Commission Board approved this item at the regular meeting of December 9, 2011.

ENVIRONMENTAL REVIEW:

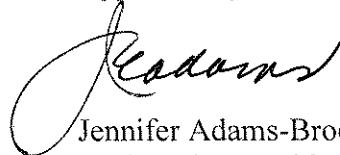
This proposed activity is not a project pursuant to Section 15378 (b)(5) of the California Environmental Quality Act Guidelines. Because no federal funding would result from this action, processing under the National Environmental Policy Act is not required.

Respectfully submitted,



Wendy G. DeWitt
Director of Policy

Approved by,



Jennifer Adams-Brooks
Senior Vice President
Administrative Services

Attachments: 1. PO-BEF-301.08 Commission Responsibilities Related to the IHF And the IHP
2. PO-BEF-301.09 Commission Responsibilities Related To The Housing Trust Fund

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.



SAN DIEGO
HOUSING
COMMISSION

POLICY

EFFECTIVE DATE: _____

NO: PO-BEF-301.08

SUBJECT: **COMMISSION RESPONSIBILITIES RELATED TO THE IHF AND THE IHP**

Page 1 of 3

1. Purpose

To state Housing Commission policy concerning general issues related to the San Diego Inclusionary Housing Fund (IHF) and the San Diego Inclusionary Housing Program (IHP). This policy shall fulfill, in part, the Housing Commission's responsibility to publish administrative rules and guidelines for the implementation of the IHF and the IHP.

2. Background

The City of San Diego's Performance Audit of the San Diego Housing Commission dated July 29, 2009 recommended that this policy be created to reflect the audit's recommendations.

IHF fees are collected by the City of San Diego and are transmitted to the Housing Commission on a quarterly basis.

3. Definitions

3.1 The IHF is part of the Affordable Housing Fund (AHF), which was established to help meet the housing needs of San Diego's very-low to moderate-income households. The AHF is governed by San Diego Municipal Code Chapter 9, Article 8, Division 5.

3.2 The IHP carries out the Inclusionary Housing regulations found at San Diego Municipal Code Chapter 14, Article 2, Division 13.

4. POLICY

4.1 The Housing Commission shall be responsible for oversight and support of the IHF in accordance with the provisions of this policy and San Diego Municipal Code Chapter 9, Article 8, Division 5.

4.2 The Housing Commission shall retain sufficient staff to undertake the activities for which it is responsible and as enumerated by this policy and San Diego Municipal Code Chapter 9, Article 8, Division 5 and Chapter 14, Article 2, Division 13.

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THE IHP

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4.3 The Housing Commission shall maintain and report within Housing Commission accounts a separate IHF account. The IHF account and its sub-accounts shall be maintained separately from the Housing Trust Fund account. The IHF shall be reported separately from the Housing Trust Fund in the Housing Commission's audited financial statements and the audit for compliance with the Affordable Housing Fund Ordinance. ~~On a quarterly basis, The Housing Commission shall reconcile its accounts of Inclusionary Funds received with City reports of Inclusionary Funds transmitted to the Housing Commission. The reconciliations shall be performed at least quarterly.~~

- A. The Housing Commission shall prepare an annual plan that details how funds will be used for the following fiscal year.
- B. The Housing Commission shall, within 90 days following the close of each fiscal year, submit an annual report to the City Council on the activities undertaken with IHF monies.
- C. The Housing Commission shall prepare any reports legally mandated for financing sources of the IHF.

4.4 The Housing Commission shall not accept direct payments of Inclusionary Fund fees. The Housing Commission shall refer any attempted payments to the City of San Diego's Development Services Department for payment.

4.5 The President & Chief Executive Officer shall schedule for consideration by the Housing Commission all IHF commitments in accordance with Housing Commission Administrative Regulation AR000.003.

4.6 The Housing Commission shall monitor programs and projects which receive monies from the IHF to assure compliance with contract terms and conditions, particularly those concerning affordability and occupancy restrictions.

4.7 The Housing Commission shall enforce terms and conditions of contracts pursuant to provisions of the Inclusionary Housing Ordinance.

4.8 In cases where Housing Commission responsibility is not specifically addressed by provisions of San Diego Municipal Code Chapter 9, Article 8, Division 5 and Chapter 14, Article 2, Division 13, its involvement in IHF related activities shall be governed by

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THE IHP

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established Housing Commission policy, including the Inclusionary Affordable Housing Implementation and Monitoring Procedures Manual.

4.9 Administration of the IHP is governed by the San Diego Housing Commission Inclusionary Affordable Housing Implementation and Monitoring Procedures manual (Attachment 1).

Approved:

Jennifer Adams-Brooks, Senior Vice President
Administrative Services

Date

Attachment 1: San Diego Housing Commission Inclusionary Affordable Housing Implementation and Monitoring Procedures manual.



SAN DIEGO
HOUSING
COMMISSION

POLICY

EFFECTIVE DATE: 8/6/1990

NO: PO-BEF-301.09

REVISION HISTORY: 12/31/03; 7/14/2010

SUBJECT: COMMISSION RESPONSIBILITIES RELATED TO THE HOUSING TRUST FUND

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1. Purpose

To state Housing Commission policy concerning general issues related to the San Diego Housing Trust Fund (HTF). This policy shall fulfill, in part, the Housing Commission's responsibility to publish administrative rules and guidelines for the implementation of HTF programs.

2. Background

The City of San Diego's Performance Audit of the San Diego Housing Commission dated July 29, 2009 recommended that this policy be updated to incorporate the audit's recommendations.

3. Definitions

3.1 San Diego Housing Trust Fund: A fund within the City of San Diego's Affordable Housing Fund. The HTF was established to help meet the housing needs of San Diego's very-low to moderate-income households.

3.2 Linkage Revenue: HTF revenue includes Housing Impact Fees, also known as "Linkage Fees," which are collected by the City of San Diego and transmitted to the Housing Commission on a quarterly basis.

4. Policy

4.1 The Housing Commission shall be responsible for oversight and support of the HTF in accordance with the provisions of this policy and San Diego Municipal Code Chapter 9, Article 8, Divisions 5 and 6.

4.2 The Housing Commission shall retain sufficient staff to undertake the activities for which it is responsible and as enumerated by this policy and San Diego Municipal Code Chapter 9, Article 8, Divisions 5 and 6.

4.3 The Housing Commission shall maintain and report within Housing Commission accounts a separate HTF account and any necessary sub-accounts. The HTF account and its sub-accounts shall be maintained separately from the Inclusionary Housing Fund account. The HTF shall be reported separately from the Inclusionary Housing Fund in the

POLICY

EFFECTIVE DATE: 8/6/1990

NO: PO-BEF-301.09

REVISION HISTORY: 12/31/03; 7/14/2010

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Housing Commission's audited financial statements and the audit for compliance with the Affordable Housing Fund Ordinance. ~~On a quarterly basis, the Housing Commission shall reconcile its accounts of HTFs received Linkage revenue with City reports of HTFs Linkage revenue transmitted to the Housing Commission. The reconciliations shall be performed at least quarterly.~~

- A. The Housing Commission shall prepare an annual plan that details how funds will be used for the following fiscal year.
 - B. The Housing Commission shall, within 90 days following the close of each fiscal year, submit an annual report to the City Council on the activities undertaken with HTF monies.
 - C. The Housing Commission shall prepare any reports legally mandated for financing sources of the HTF.
- 4.4 The Housing Commission shall not accept direct payments of ~~HTF Linkage~~ fees. The Housing Commission shall refer any attempted payments to the City of San Diego's Development Services Department.
- 4.5 The President & Chief Executive Officer shall schedule for consideration by the Housing Commission applications for: 1) variance from payment of Housing Impact Fees that are over \$15,000; and, 2) dedication of land or air rights in lieu of payment of Housing Impact Fees.
- 4.6 The President & Chief Executive Officer has authority to review and approve/deny applications for variance from payment of Housing Impact Fees that are less than or equal to \$15,000.
- 4.7 The President & Chief Executive Officer shall schedule for consideration by the Housing Commission all HTF commitments in accordance with Housing Commission Administrative Regulation AR000.003.
- 4.8 The Housing Commission shall monitor programs and projects which receive monies from the HTF to assure compliance with contract terms and conditions, particularly those concerning affordability and occupancy restrictions.

POLICY

EFFECTIVE DATE: 8/6/1990

NO: PO-BEF-301.09

REVISION HISTORY: 12/31/03; 7/14/2010

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- 4.9 The Housing Commission shall enforce terms and conditions of contracts pursuant to provisions of the HTF Ordinance.
- 4.10 In cases where Housing Commission responsibility is not specifically addressed by provisions of San Diego Municipal Code Chapter 9, Article 8, Divisions 5 and 6, its involvement in HTF related activities shall be governed by established Housing Commission policy.

Approved:

Jennifer Adams-Brooks, Senior Vice President
Administrative Services

Date