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San Diego Housing Commission (SDHC)  
Affordable Housing Preservation Fund Budget Amendment  
Housing Authority of the City of San Diego Agenda Item #1  
June 29, 2026

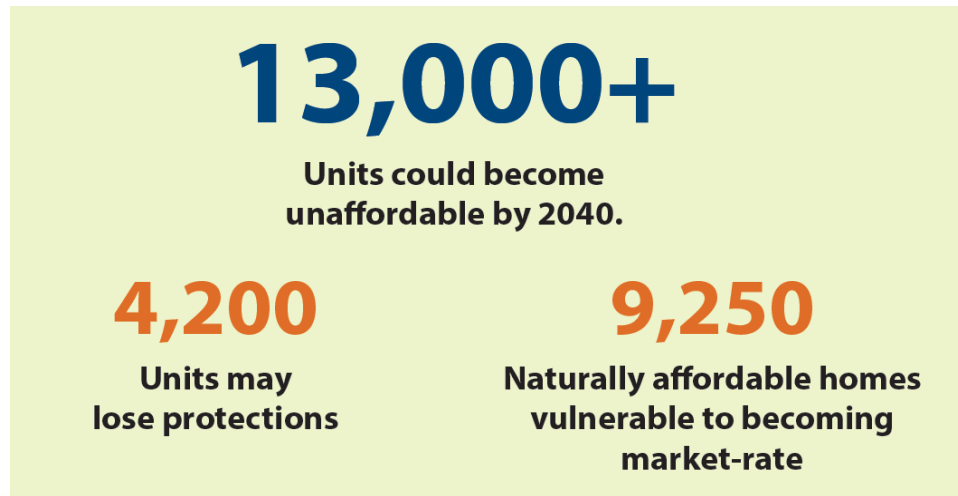
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## Introduction

- SDHC’s study, “Preserving Affordable Housing in the City of San Diego,” released in May 2020, estimated that:
  - Thousands of individuals and families are at risk of no longer being able to afford their rental homes in the City of San Diego.
  - 35% of all new production will simply replace units that lost their affordability if there is no intervention to preserve existing affordable housing.





## Introduction (Continued)

- **February 3, 2025:** City Council approved a Deed-Restricted Affordable Housing Preservation Ordinance.
- **April 10, 2025:** At the request of Council President Pro Tem Kent Lee, Chair of the Land Use & Housing Committee, SDHC staff presented to the Committee an informational report on the potential to create an Affordable Housing Preservation Fund and options for implementation.
- **September 4, 2025:** LU&H Committee directed SDHC staff to establish an affordable housing preservation fund to enable SDHC, its nonprofit affiliate, HDP, or other entity created or sponsored by SDHC or HDP to acquire and preserve both deed-restricted and naturally occurring affordable housing (NOAH) properties to serve and be affordable to households with a mix of incomes from 30% to 150% of Area Median Income.



*San Diego City Council – February 3, 2025*



## Introduction (Continued)

- **The LU&H Committee requested that staff:**
  - Explore the necessary steps to start an affordable housing preservation fund, subject to approvals from the SDHC Board of Commissioners, the Housing Authority and/or the City Council, as needed.
  - Identify what other funds may be available to be leveraged for a proposed affordable housing preservation fund.
  - Determine if there are other financing options, in addition to an affordable housing preservation fund, that would result in the preservation of affordable housing.
  - Return with an analysis of and recommendations for preservation fund models going forward.
- Staff is returning to City Council with the approvals needed to establish the fund and transfer the Neighborhood Enhancement Fee funds to SDHC.



## Fiscal Considerations

- In its approval of the City of San Diego’s Fiscal Year (FY) 2026 budget, the City Council allocated \$5,000,000 from the Neighborhood Enhancement Fee (NEF) fund to the affordable housing preservation fund.
  - Since that Council action, the NEF fund has grown to \$5,913,554, as additional new developments paid into the fund.
- SDHC staff have worked with City of San Diego staff to bring a companion item to City Council to approve a transfer of funds from the City of San Diego NEF fund to SDHC.
- The FY 2026 sources and uses of funds proposed for approval were not included in SDHC’s Housing Authority-approved FY 2026 budget.
- SDHC is requesting approval from the Housing Authority to amend SDHC’s FY 2026 budget to authorize SDHC to accept \$5,913,554 from the NEF fund for affordable housing preservation fund activities to acquire and preserve both deed-restricted and naturally occurring affordable housing (NOAH) properties.



## Additional Considerations

- SDHC’s proposed FY 2026 budget amendment does not commit funds to any specific strategy, program, or acquisition.
- All individual property acquisitions, bond authorizations, and preservation fund program approvals will be brought back to the SDHC Board of Commissioners, the Housing Authority, and/or the City Council for separate approval before any funds are expended on a specific project.
- The Housing Authority/City Council will set the final policy strategies for the preservation fund at a later date.
- As the fund grows and additional types of investment are sought, those proposals and any changes to preservation fund activities will be brought to the Housing Authority/City Council for approval.



## Staff Recommendations

- That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:
  - 1) Authorize SDHC to establish an affordable housing preservation fund.
  - 2) Amend SDHC's Fiscal Year 2026 Budget to authorize SDHC to accept City of San Diego Neighborhood Enhancement Fee (NEF) funds in the amount of \$5,913,554 from the City's NEF fund #400877 – Affordable Housing Preservation, for affordable housing preservation activities, including future annual transfers from the fund, subject to City budget approval.
  - 3) Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel. SDHC staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the documents, and other required documents, including amendments to any documents.



# Questions & Comments

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