



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: April 23, 2026

REPORT NO: HAR26-002

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of June 29, 2026

SUBJECT: Establish an Affordable Housing Preservation Fund and Amend the San Diego Housing Commission Fiscal Year 2026 Budget to Accept City of San Diego Neighborhood Enhancement Fee Funds for Affordable Housing Preservation

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the San Diego Housing Commission (SDHC) to establish an affordable housing preservation fund and amend SDHC's Fiscal Year 2026 budget to accept \$5,913,554 in City of San Diego Neighborhood Enhancement Fee funds that would be transferred from the City of San Diego to SDHC to be deposited into SDHC's Affordable Housing Preservation Fund.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Authorize the San Diego Housing Commission (SDHC) to establish an affordable housing preservation fund.
- 2) Amend SDHC's Fiscal Year (FY) 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.

SUMMARY

On April 10, 2025, at the request of Council President Pro Tem Kent Lee, the Chair of the Land Use and Housing Committee (Committee), SDHC staff presented an informational report about the potential for the creation of an affordable housing preservation fund and options for its implementation. The Committee asked SDHC staff to return with an analysis of and recommendations for preservation fund models going forward.

SDHC staff returned to the Committee on September 4, 2025, and presented a range of strategies to create and implement an affordable housing preservation fund. The Committee unanimously approved

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recommending that the City Council take the staff-recommended actions detailed in the staff report to establish an affordable housing preservation fund. An amendment to SDHC's FY 2026 budget is needed to authorize SDHC to accept \$5,913,554 in City NEF funds to establish the affordable housing preservation fund.

This budget amendment is the foundational step in establishing the preservation fund. The 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.

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 Neighborhood Enhancement Fee fund to the affordable housing preservation fund.

Since that Council action, the Neighborhood Enhancement Fee fund has grown to \$5,913,554, as additional new developments paid into the fund.

SDHC staff have worked with the 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 Neighborhood Enhancement Fee fund to SDHC.

The FY 2026 sources and uses of funds proposed for approval in this staff report 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 Neighborhood Enhancement Fee fund for affordable housing preservation fund activities to acquire and preserve both deed-restricted and naturally occurring affordable housing (NOAH) properties.

- Funding Sources
 - Neighborhood Enhancement Fee fund: \$5,913,554
- Funding Uses
 - Affordable Housing Preservation Fund: \$5,913,554

SDHC STRATEGIC PLAN

This item relates to Strategic Priority 3 in SDHC's Strategic Plan for Fiscal Years (FY) 2026 – 2030: Create and Preserve Housing.

NONDISCRIMINATION ASSURANCE

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

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PREVIOUS COUNCIL AND COMMITTEE ACTIONS

On June 2, 2020, the City Council accepted SDHC's report, "Preserving Affordable Housing in the City of San Diego" and referred it to the Land Use and Housing Committee for further action (Resolution No. R-313066).

On June 24, 2020, the Land Use and Housing Committee provided input and directed SDHC staff to return to the Committee in September with a recommended implementation strategy that included detailed policy options and best practices for recommendations 2, 4, and 5 of SDHC's preservation report (Report No. LUH20-001).

On September 17, 2020, the Land Use and Housing Committee approved SDHC's recommendation for five actions to implement an affordable housing strategy, with an amendment to the first action related to directing former redevelopment funds to affordable housing preservation (Report No. LUH20-004).

On October 27, 2020, the City Council approved the seven actions proposed to implement a strategy for affordable housing preservation in the City of San Diego (Resolution No. R-313276).

SDHC convened the Interagency Working Group, which held its first meeting on April 8, 2021, and met quarterly throughout 2021. On February 4, 2022, the SDHC Board of Commissioners approved the nomination categories and representative organizations to serve on the first Preservation Collaborative Stakeholder Group. This group is ongoing and meets quarterly.

On March 2, 2023, SDHC staff presented an informational update about the City Council-Approved Preservation Strategy Action items to the Land Use and Housing Committee. The Committee directed SDHC staff to return to the Committee by the end of the year to present parameters for a deed-restricted preservation ordinance that provides a right of first offer and right of first refusal to qualified entities, including nonprofit and for-profit organizations and individuals, for consideration.

On February 25, 2025, the City Council unanimously approved the Affordable Housing Preservation Ordinance (O-21917). This ordinance applies when an assisted housing development is listed for sale, requiring owners to notify qualified entities and providing those entities with a right of first offer and a right of first refusal to acquire the property.

On April 10, 2025, SDHC staff presented an informational report to the Land Use and Housing Committee about the potential for the creation of an affordable housing preservation fund and options for its implementation. The Committee requested SDHC staff to:

- Explore the necessary steps to start an affordable housing preservation fund, subject to approvals from the SDHC Board of Commissioners, the Housing Authority of the City of San Diego and/or the San Diego 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.

On June 23, 2025, the City Council approved the City of San Diego's FY 2026 Budget (Resolution R-316263), including \$5,000,000 from Neighborhood Enhancement Fee fund for the affordable housing preservation fund.

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On September 4, 2025, the City Council's Land Use and Housing Committee unanimously approved forwarding to the City Council recommendations to establish an affordable housing preservation fund (Report No. LUH25-005).

On November 7, 2025, the SDHC Board voted 5-0 to recommend that the Housing Authority authorize SDHC to amend its FY 2026 budget and accept and expend Neighborhood Enhancement Fee funds for affordable housing preservation activities.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Amending the budget to accept Neighborhood Enhancement Fee funds is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b) (4) as a government fiscal activity that does not involve commitment of funds to a specific project and Section 15378(b) (5) as an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c) (3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required.

National Environmental Policy Act

National Environmental Policy Act (NEPA) review is not required as no federal funds are involved in this action.

Respectfully submitted,

Francis Barraza

Francis Barraza
Vice President, Policy and Land Use
San Diego Housing Commission

Approved by,

Lisa C. Jones

Lisa C. Jones
President and Chief Executive Officer
San Diego Housing Commission

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO ESTABLISH AN AFFORDABLE HOUSING PRESERVATION FUND, ACCEPT CITY OF SAN DIEGO NEIGHBORHOOD ENHANCEMENT FEE FUNDS FOR DEPOSIT IN THE AFFORDABLE HOUSING PRESERVATION FUND, AMEND THE SAN DIEGO HOUSING COMMISSION'S FISCAL YEAR 2026 BUDGET, AND RELATED ACTIONS.

RECITALS

The Housing Authority of the City of San Diego (Housing Authority) adopts this Resolution based on the following:

A. On April 10, 2025, at the request of Council President Pro Tem Kent Lee, San Diego Housing Commission (Housing Commission) staff presented an informational report to the Land Use and Housing Committee (Committee) regarding the potential to create an affordable housing preservation fund and options for its implementation. The Committee asked Housing Commission staff to return with an analysis of and recommendations for preservation fund models going forward.

B. By Resolution R-316263 (Jun. 23, 2025), the Council of the City of San Diego (Council) adopted the City of San Diego Fiscal Year 2026 Budget which included a non-general fund expenditure and resource modification for an Affordable Housing Preservation Fund, supported by Neighborhood Enhancement Fee Revenue (NEF) in the amount of \$5,000,000. The NEF has increased to \$5,913,554 because new developments have paid into the fund.

C. On September 4, 2025, Housing Commission staff presented to the Committee a range of strategies to create and implement an affordable housing preservation fund. The Committee unanimously approved recommending that the Council take the recommended actions detailed in the staff report for the Housing Commission to establish an affordable housing preservation fund.

D. Housing Commission staff have worked with City staff to transfer NEF to the Housing Commission to deposit in an affordable housing preservation fund.

E. An amendment to the Housing Commission's Fiscal Year 2026 Budget is needed to authorize Housing Commission to accept \$5,913,554 in NEF to establish the affordable housing preservation fund.

F. The Housing Commission will present the policy strategies for the affordable housing preservation fund to the Housing Authority and Council for approval at a later date.

G. Housing Commission staff determined this activity is not a project as defined by the California Environmental Quality Act (CEQA) section 21065 and CEQA Guidelines section 15378(b)(4) as it is a government fiscal activity which does not involve any commitment to a specific project and section 15378(b)(5) as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment; and National Environmental Policy Act (NEPA) review is not required because no federal funds are involved in this action.

H. The Office of the City Attorney has drafted this Resolution based on the information provided by Housing Commission staff, and verified by the Housing Commission's General Counsel, with the understanding that this information is sufficient to allow for a proper and complete analysis of this matter.

ACTION ITEMS

Be it resolved by the Housing Authority of the City of San Diego:

1. The Housing Commission is authorized to establish an affordable housing preservation fund.
2. The Housing Commission is authorized to accept 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 transfers from the NEF fund as approved by the Council.
3. The Housing Commission is authorized to amend the Housing Commission Fiscal Year 2026 Budget in the amount of \$5,913,554 in NEF for affordable housing preservation activities.
4. The President and Chief Executive Officer of the Housing Commission, or designee, is authorized to execute all documents and instruments that are necessary and appropriate to implement these approvals, in a form approved by and upon advice of the General Counsel, and take such actions as are necessary and appropriate to implement these approvals.
5. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the documents or instruments, and any other required documents and instruments, including amendments to any documents or instruments.

APPROVED: HEATHER FERBERT, General Counsel

By _____
Hilda R. Mendoza
Senior Deputy General Counsel

HRM:nja
April 24, 2026
Or. Dept: SDHC
Doc. No. 4407814



The City of San Diego
Item Approvals

Item Subject: Approval of Next Steps to Establish a San Diego Affordable Housing Preservation Fund

Contributing Department	Approval Date
DOCKET OFFICE	08/15/2025
ENVIRONMENTAL ANALYSIS	08/18/2025
FINANCE	08/25/2025

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	08/14/2025
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	08/19/2025