



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: February 4, 2022

HCR22-001

SUBJECT: Affordable Housing Preservation Update and Nominations to the City of San Diego
Preservation Collaborative Stakeholder Group

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Wendy DeWitt (619) 578-7590

REQUESTED ACTION:

Confirm nomination categories and representative organizations to serve on the first Preservation Collaborative Stakeholder Group.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On May 28, 2020, the San Diego Housing Commission (Housing Commission) published the report “Preserving Affordable Housing in the City of San Diego,” which included 10 recommendations to successfully implement an affordable housing preservation strategy in the City of San Diego.
- After receiving input and direction from the City Council’s Land Use and Housing Committee, the Housing Commission developed seven actions to implement a strategy for affordable housing preservation, which the City Council approved on October 27, 2020.
- The seven actions included the creation of an initial Interagency Preservation Working Group and a Preservation Collaborative, to be convened by the Housing Commission no later than one year after the initial Interagency Preservation Working Group first met.
- The Housing Commission convened the Interagency Preservation Working Group, which first met on April 8, 2021, and included representatives from the office of Mayor Todd Gloria, City Planning, Urban Division, Development Services, Economic Development Division, County of San Diego Housing and Community Development, State of California Housing and Community Development, California Tax Credit Allocation Committee, and the U.S. Department of Housing and Urban Development’s (HUD) Field Office.
- Housing Commission staff is recommending that the Housing Commission Board of Commissioners confirm the nomination categories and representative organizations to serve on the first Preservation Collaborative Stakeholder Group and authorize the Housing Commission’s President & CEO, or designee, in consultation with each organization confirmed, to select the individual representing each organization who will serve on the Preservation Collaborative Stakeholder Group.
- The Preservation Collaborative will have the following objectives: Reach out to property owners and operators of naturally occurring affordable housing (NOAH) and deed-restricted properties at risk of expiration; educate community members, NOAH property owners and stakeholder groups about preservation resources and available funding; revise the Prioritization Matrix over time, as necessary, to align with changing city goals and priorities; and augment efforts to meet the city’s preservation goals through community engagement and outreach efforts.



REPORT

DATE ISSUED: January 27, 2022

REPORT NO: HCR22-001

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of February 4, 2022

SUBJECT: Affordable Housing Preservation Update and Nominations to the City of San Diego Preservation Collaborative Stakeholder Group

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

Confirm nomination categories and representative organizations to serve on the first Preservation Collaborative Stakeholder Group.

STAFF RECOMMENDATION:

That the San Diego Housing Commission confirm the nomination categories and representative organizations to serve on the first Preservation Collaborative Stakeholder Group for the City of San Diego and authorize the Housing Commission's President & Chief Executive Officer, or designee, in consultation with each organization confirmed, to select the individual representing each organization who will serve on the Preservation Collaborative Stakeholder Group.

SUMMARY:

Under the leadership of former City Council President Georgette Gómez, the Chair of the City Council's Smart Growth and Land Use (SGLU) Committee at the time, the SGLU Committee identified "Preserve Existing Affordable Housing" as one of its priorities in its 2018 work plan. The potential actions identified in the SGLU Committee work plan included designating a Housing Preservation Coordinator. The Housing Commission hired this coordinator in 2019. Housing Commission President & CEO Richard C. Gentry also directed Housing Commission staff to create a database of all existing affordable rental housing in the City. In addition, staff were directed to gather additional information and data and commission a comprehensive study to enhance the understanding of the City's entire affordable housing stock, including naturally occurring affordable housing (NOAH); review best practices around the country; and provide a framework for the development of a strong preservation strategy in the City for City Council consideration.

On May 28, 2020, the Housing Commission published the report "Preserving Affordable Housing in the City of San Diego." The preservation report included a Strategy Framework with 10 recommendations to successfully implement a comprehensive affordable housing preservation strategy in the City of San Diego.

The City Council accepted the report on June 2, 2020, and referred it to the Land Use and Housing Committee (previously known as SGLU) for further action. On June 24, 2020, the Land Use and

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Housing Committee directed Housing Commission staff to return to the Committee in September with a recommended implementation strategy with detailed policy options.

On September 17, 2020, the Housing Commission proposed an implementation strategy for affordable housing preservation to the Land Use and Housing Committee. The Committee unanimously approved the Housing Commission staff's five recommended actions, with an amendment to the first action related to directing former redevelopment funds to affordable housing preservation activities. Housing Commission staff took the input from Committee members and made additional amendments related to setting goals for funding an affordable housing preservation program and including non-governmental stakeholders in a preservation collaborative.

The seven actions to implement a strategy for affordable housing preservation:

1. Direct Residual Redevelopment Property Tax Trust Funds (RPTTF) to affordable housing preservation in one-year increments and within the framework of the City's budget process.
2. Establish a strategic goal, with actual appropriations subject to the City's annual budget process, of using at least 20 percent of the Fiscal Year (FY) 2021 RPTTF as an annual basefigure, and any additional growth of the RPTTF in future years for affordable housing preservation. This goal would not bind a future City Council to a specific future appropriation.
3. Establish a Small Sites Rehabilitation Program funded with RPTTF to provide an incentive to owners of existing Naturally Occurring Affordable Housing (NOAH) properties to preserve affordability.
4. Provide initial seed funding using RPTTF to create a public-private Affordable Housing Preservation Fund, to be operated by a qualified Community Development Financial Institution, and serve as a dedicated long-term source of funding for preservation activities such as the acquisition and rehabilitation of existing deed-restricted and NOAH properties.
5. Develop an Affordable Housing Preservation Ordinance to require that owners of deed-restricted affordable housing properties who wish to sell their property provide a notice of intent to sell to the City of San Diego, the Housing Commission, and qualified nonprofit affordable housing developers; and to further provide both a right of first offer and a right of first refusal, to qualified nonprofit affordable housing developers.
6. Authorize the establishment of an initial Interagency Preservation Working Group, to be convened by the Housing Commission, for the purpose of building public agency consensus and preservation priorities.
7. Authorize the establishment of a Preservation Collaborative, to be convened by the Housing Commission, no later than one year after the initial Interagency Preservation Working Group

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(IAWG) first meets. The Collaborative would include representatives of affordable housing property owners, for-profit and nonprofit real estate developers, housing advocates and tenants' rights groups.

To date, Housing Commission staff have taken the following actions to implement the preservation strategy:

Actions 1 and 2 – Housing Commission staff pursued inclusion of the set-aside of RPTTF funding in the City's Fiscal Year (FY) 2022 and 2023 budget process, with the goal of using at least 20 percent of the FY 2021 RPTTF as a base figure, plus any additional growth in future years. Due to the budget uncertainties created by the COVID-19 pandemic, this has been deferred to a future City budget cycle.

Action 3 – The Housing Commission issued a Notice of Funding Availability (NOFA) in August 2020, for a Small Sites Rehabilitation Program for NOAH, performed capacity building with online webinars, and issued a second NOFA on June 28, 2021, with additional technical assistance for potential applicants.

Actions 4 and 5 – Action 4 is awaiting RPTTF seed funding to create a dedicated public-private Affordable Housing Preservation Fund. For Action 5 regarding developing an Affordable Housing Preservation Ordinance, a draft ordinance is anticipated to be completed in 2022, subject to stakeholder input and subsequent presentation to the Land Use and Housing Committee.

Action 6 – The Housing Commission convened the first meeting of the Interagency Preservation Working Group on April 8, 2021. Members of the group included representatives from the office of Mayor Todd Gloria, City Planning, Urban Division, Development Services, Economic Development Division, County of San Diego Housing and Community Development, State of California Housing and Community Development, California Tax Credit Allocation Committee, and the U.S. Department of Housing and Urban Development's (HUD) Field Office. Meetings occurred quarterly throughout the 2021 calendar year. The IAWG created a preservation prioritization matrix, which is a tool to guide preservation priorities. The IAWG provided a framework for establishing strategic preservation goals: *"Prioritize the Preservation of deed-restricted units only, at a level commensurate with existing resources; phase in additional NOAH units when a local dedicated resource is estimated to exist, and compound efforts in subsequent years as local resources grow."* The preservation goals will mirror the current Regional Housing Needs Assessment and Housing Element Cycle (currently 2021-2029) and consider available resources, timing of expiring covenants and historical preservation activity.

Action 7 – This is the subject of the staff-recommended action in this report for the Housing Commission Board of Commissioners.

The IAWG proposed the composition for the Preservation Collaborative Stakeholder Group, which will be tasked with the following objectives.

- Reach out to property owners and operators of NOAH and deed-restricted properties at risk of expiration.

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- Educate community members, NOAH property owners and stakeholder groups about preservation resources and available funding.
- Revise the Prioritization Matrix over time, as necessary, to align with changing city goals and priorities.
- Augment efforts to meet the city’s preservation goals through community engagement and outreach efforts.

Members would serve for a two year term; meetings would be held quarterly. The IAWG approved the nomination categories and the representative organizations for the Preservation Collaborative Stakeholder Group and recommended that the Housing Commission’s Executive Leadership Team, in consultation with each organization, select the individual who would serve on the Preservation Collaborative Stakeholder Group on behalf of each organization. . All members of the Preservation Collaborative Stakeholder Group should have experience in housing, affordable housing, affordable housing finance, facilitating public/private partnerships, or are affordable housing stakeholders.

The purpose of the Preservation Collaborative Stakeholder Group is:

“While building public capacity and aligning governmental priorities is a critical initial step, preserving San Diego’s housing stock requires partnering with private stakeholders. These include affordable housing owners, for-profit and nonprofit real estate developers, housing advocates and tenants’ rights groups. The institutional commitment to preservation developed by the interagency preservation working group needs to be supplemented by an equal commitment to preservation outside of government.” (“Preserving Affordable Housing in the City of San Diego,”)

The nomination categories and representative organizations submitted for the Housing Commission Board’s consideration are:

CATEGORY		REPRESENTATIVE ORGANIZATION
Collaborative Members		
1.	SRO Owner or Stakeholder Representative	Proposed: Downtown San Diego Partnership
2.	Affordable Housing Development Community	Proposed: San Diego Housing Federation
3.	Tenants’ Rights Organization	Proposed: Legal Aid Society of San Diego
4.	Community Lending	Proposed: City-County Reinvestment Task Force Member – Local Initiatives Support Corporation (LISC) San Diego
5.	Multifamily Housing Owners	Proposed: Southern California Rental Housing Association

6.	At-Large Member	Proposed: Member, Community Planning Group – Barrio Logan
7.	At-Large Member	Proposed: General member with interest and/or expertise

CATEGORY		REPRESENTATIVE ORGANIZATION
Technical Support		
1.	Housing Liaisons	Proposed: City of San Diego - Economic Development
2.	Housing Administrator	San Diego Housing Commission

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested action.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On June 2, 2020, the City Council accepted the “Preserving Affordable Housing in the City of San Diego” report 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 directed Housing Commission staff to return to the Committee in September with a recommended implementation strategy that includes detailed policy options and best practices for recommendations 2, 4, and 5 of the Housing Commission’s preservation report.

On September 17, 2020, the Land Use and Housing Committee approved the Housing Commission’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.

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).

ENVIRONMENTAL REVIEW:

The proposed action to confirm the nominations for the Preservation Collaborative Stakeholder Group is not a project as defined in California Environmental Quality Act (CEQA) 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, therefore are not subject to CEQA pursuant to Section 15060(c)(3) of the State CEQA Guidelines.

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Any and all, future actions to implement a San Diego Affordable Housing Preservation Strategy will be subject to CEQA review at such a time details are developed, funding proposed, and implementation responsibilities are defined. This review will be accomplished as required by the appropriate Section 15004 of the guidelines, as subsequently determined by City of San Diego for compliance under CEQA. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,

Approved by,

Wendy De Witt

Jeff Davis

Wendy DeWitt

Jeff Davis

Vice President of Preservation

Deputy Chief Executive Officer

Real Estate Division

San Diego Housing Commission

Docket materials are available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org