



EXECUTIVE SUMMARY

MEETING DATE: March 14, 2025

HCR25-019

SUBJECT: Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission regarding the City of San Diego's Administration of the Federal HOME Investment Partnerships Program

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

REQUESTED ACTION:

Recommend that the Housing Authority of the City of San Diego approve the execution of a Memorandum of Understanding and a Subrecipient Agreement, in a form approved by General Counsel, between the City of San Diego and the San Diego Housing Commission regarding the City's administration of the federal HOME Investment Partnerships Program.

EXECUTIVE SUMMARY OF KEY FACTORS:

- HOME funds are awarded annually from the U.S. Department of Housing and Urban Development (HUD) as formula grants to participating jurisdictions.
- The City is the participating jurisdiction for this HUD grant, and the San Diego Housing Commission (SDHC) is the Subrecipient, as defined by the HUD HOME regulations.
- HOME funds can be used for grants, loans or rental assistance and security deposits and have historically been used to fund the development of affordable rental housing, first-time homebuyer programs, and housing rehabilitation programs.
- SDHC has administered the HOME program for the City since 1991.
- If approved, the Memorandum of Understanding (MOU), as described in this report, will have a retroactive effective date of July 1, 2024, and will expire on June 30, 2029.
- On June 24, 2024, the City Council passed Resolution No. R- 315633, which authorized the Mayor, or designee, on behalf of the City, to negotiate and enter into an MOU with SDHC for the administration of the HOME program for the term of July 1, 2024, through June 30, 2029.
- SDHC received a copy of the draft MOU from City of San Diego staff on January 28, 2025, for review and comment. SDHC staff and legal counsel reviewed the MOU prior to recommending for approval.
- Due to federal HOME regulations, SDHC is required to expend prior year entitlement and program income first. As a result, SDHC has not expended any FY 2025 HOME funds and will not expend until the new MOU is executed and a purchase order for FY 2025 HOME entitlement funds is received from the City.
- The term of the proposed MOU is consistent with the City's Five-Year Consolidated Plan, Fiscal Years (FY) 2025-2029.
- The proposed Subrecipient Agreement will be a one-year agreement, expiring at the end of Fiscal Year (FY) 2025. The City requires that a new Subrecipient Agreement be executed annually.
- There is no fiscal impact related to these actions. Actions requested in this report include the authorization to enter into an MOU. No funding is being allocated to a specific program or activity.



REPORT

DATE ISSUED: March 6, 2025

REPORT NO: HCR25-019

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of March 14, 2025

SUBJECT: Memorandum of Understanding between the City of San Diego and the San Diego
Housing Commission regarding the City of San Diego's Administration of the Federal
HOME Investment Partnerships Program

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Recommend that the Housing Authority of the City of San Diego approve the execution of a Memorandum of Understanding and a Subrecipient Agreement, in a form approved by General Counsel, between the City of San Diego and the San Diego Housing Commission regarding the City's administration of the federal HOME Investment Partnerships Program.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) recommend that the Housing Authority of the City of San Diego take the following actions:

- 1) Approve the execution of a Memorandum of Understanding (MOU) and Subrecipient Agreement, in a form approved by General Counsel, between the City of San Diego (City) and SDHC regarding the City's administration of the federal HOME Investment Partnerships Program (HOME):
 - a. Delegating the administration, planning, coordination, operation, and oversight of the City's HOME program to SDHC;
 - b. Authorizing SDHC's President and Chief Executive Officer (President and CEO), or designee, to execute all necessary documents required by the U.S. Department of Housing and Urban Development (HUD) and the regulations of the HOME program; and
 - c. Authorizing SDHC's President and CEO, or designee, subject to approval as to form and legality by SDHC's General Counsel, to execute any and all documents within the scope of the powers delegated to the Housing Commission in the MOU and Subrecipient Agreements relating to HOME, including but not limited to, grants and loan agreements.
- 2) Authorize SDHC's President and CEO, or designee, to execute the final negotiated MOU and Subrecipient Agreement and any and all amendment(s) thereto, in a form approved by General Counsel, and to take all actions necessary to implement these approvals. 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

HOME funds are awarded annually from HUD as formula grants to participating jurisdictions. The City is the participating jurisdiction for this HUD grant, and SDHC is the Subrecipient, as defined by the HUD HOME regulations. The HOME program is dedicated to the establishment of affordable housing for low-income households. Funds can be used for grants, loans or rental assistance and security deposits and have historically been used to fund the development of affordable rental housing, first-time homebuyer programs, and housing rehabilitation programs. SDHC has administered the HOME program for the City since 1991.

On June 26, 2012, the City and SDHC entered into an MOU, setting forth the roles and responsibilities of the City and SDHC for the management, administration and monitoring of the City's HOME program for the term of July 1, 2011, through September 30, 2014.

On July 24, 2013, HUD published a Final Rule in the Federal Register to amend the HOME program regulations. HUD's goal in releasing the programmatic updates was to provide participating jurisdictions and their partners with regulatory guidance to enhance the efficiencies and effectiveness of the HOME program.

On October 6, 2014, the City and SDHC entered into an MOU, setting forth the roles and responsibilities for the City and SDHC for the management, administration and monitoring of the City's HOME program for the term of July 1, 2014, through June 30, 2019.

On July 1, 2019, the City and SDHC entered into an MOU, setting forth the roles and responsibilities for the City and SDHC for the management, administration and monitoring of the City's HOME program for the term of July 1, 2019, through June 30, 2024.

If approved, the MOU, as described in this report, will have a retroactive effective date of July 1, 2024, and will expire on June 30, 2029. SDHC received a copy of the draft MOU from City of San Diego staff on January 28, 2025, for review and comment. SDHC staff and legal counsel reviewed the MOU prior to recommending for approval. Due to federal HOME regulations, SDHC is required to expend prior year entitlement and program income first. As a result, SDHC has not expended any FY 2025 HOME funds and will not expend until the new MOU is executed and a purchase order for FY 2025 HOME entitlement funds is received from the City.

The City and SDHC propose that SDHC continue to administer the City's HOME program, as well as plan, coordinate, operate, administer and implement programs for the operation of the City's HOME program.

The term of the proposed MOU is consistent with the City's Five-Year Consolidated Plan, Fiscal Years (FY) 2025-2029. The proposed Subrecipient Agreement will be a one-year agreement, expiring at the end of Fiscal Year (FY) 2025. The City requires that a new Subrecipient Agreement be executed annually.

FISCAL CONSIDERATIONS

There is no fiscal impact related to these actions. Actions requested in this report include the authorization to enter into an MOU. No funding is being allocated to a specific program or activity.

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in SDHC's Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions. SDHC is in the process of developing a new Strategic Plan.

AFFORDABLE HOUSING IMPACT

Approval of this action will allow for SDHC's administration of the HOME program and the continued funding of eligible activities under the HOME program, consistent with the City's Five-Year Consolidated Plan.

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 discrimination.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On December 19, 1991, the City Council passed Resolution No. R-279138, assigning administration of the City's affordable housing programs funded under the federal HOME program to SDHC.

On July 26, 1994, the City Council passed Resolution No. R-284352, confirming the delegation of the HOME program to SDHC.

On December 4, 1995, the City Council passed Resolution No. R-286709, approving the delegation of the HOME program to SDHC.

On June 26, 2012, the City and SDHC entered into an MOU, setting forth the roles and responsibilities of the City and SDHC for the management, administration and monitoring of the City's HOME program for the term July 1, 2011, through September 30, 2014.

On April 30, 2014, the City Council passed Resolution R-308904, removing authorization for SDHC to draw down HOME funds, as previously authorized by City Council resolutions, to comply with new HOME regulations. The resolution also confirmed authorization for SDHC to continue to plan, coordinate, operate, administer and implement programs for operation of the City's HOME program.

On September 30, 2014, the City Council passed Resolution No. R-309245, approving the MOU between the City and SDHC related to the City's HOME Program.

On October 6, 2014, the City and SDHC entered into an MOU, setting forth the roles and responsibilities of the City and SDHC for the management, administration and monitoring of the City's HOME program for the term July 1, 2014, through June 30, 2019.

On April 23, 2019, the City Council passed Resolution No. R-312442, approving the MOU between the City and SDHC related to the City's HOME Program.

On July 1, 2019, the City and SDHC entered into an MOU, setting forth the roles and responsibilities of the City and SDHC for the management, administration and monitoring of the City's HOME program for the term July 1, 2019, through June 30, 2024.

On June 24, 2024, the City Council passed Resolution No. R- 315633, which authorized the Mayor, or designee, on behalf of the City, to negotiate and enter into an MOU with SDHC for the administration of the HOME program for the term of July 1, 2024, through June 30, 2029.

KEY STAKEHOLDERS and PROJECTED IMPACTS

The beneficiaries of HOME activities are individuals and households earning a maximum of 80 percent of area median income in the City of San Diego. Residential developers, nonprofit housing providers, and real estate lenders and agents may also be impacted by program changes. The proposed MOU and proposed Subrecipient Agreement will comply with the HOME Final Rule and City policies.

ENVIRONMENTAL REVIEW

Approval of the proposed MOU and proposed Subrecipient Agreement is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is a governmental administrative activity 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. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,

Liliana Caracoza

Liliana Caracoza
Housing Programs Analyst
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Deputy 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.