



INFORMATIONAL REPORT

DATE ISSUED: November 6, 2006 Report No. HCR06-100

SUBJECT: Activity Performance Report – First Quarter FY 2007 (Citywide)

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY:

This report includes a description of goals and performance information for the period June 1, 2006 through September 30, 2006. In addition to the key performance measures described herein, (Attachment 1, Activity Performance Report), there were other achievements not easily described in statistical terms that are pertinent to the agency's activities and goals.

Agency Highlights

Smart Corner Purchase Finalized

As a result of a private/public partnership, the Housing Commission is preparing to move into its new home at Smart Corner on January 2, 2007. The facility at 1625 Newton Avenue has officially been sold to Centre City Development Corporation (CCDC), and the purchase of the Smart Corner office building at 1122 Broadway has been finalized. The new offices will allow the agency to better serve clients and work more efficiently. Smart Corner is an urban development – a mix of housing, retail and office space in a redevelopment area, conveniently integrating public transportation, set in a walkable environment, and anchoring an eastern entrance to the City. A moving contractor will relocate the agency during the regularly scheduled holiday facility closure from December 23 – January 1.

Audit

In the midst of Fiscal Year 06 year-end close, the Housing Commission was asked by the City to reaudit Fiscal Years 03 and 04 as part of the mayor's efforts to conclude the City's 03 audit process. Financial Management rose to the challenge completing both FY06 and prior year functions in short order.

Asset Management

Proposed Public Housing Program Conversion

The Housing Commission is exploring the viability of transitioning out of its public housing program. The federal subsidy to operate and maintain public housing is not only decreasing but also becoming operationally restrictive and inefficient. As a proposed solution to this problem, current public housing residents would be awarded Section 8 vouchers, which they can use toward rent in their current home or toward any rental housing that accepts Section 8 vouchers. This proposal will be presented to the Housing Commission and Housing Authority in November and January, respectively.



Rental Assistance

Attrition of families leaving the Section 8 program slowed, resulting in over subscription of vouchers. In order to achieve a year-end average lease rate of 100%, new voucher issuance was suspended during the quarter. Preparations are being made to resume issuing vouchers at year-end.

Resident Services

An award of \$390,000 was received for continuing Housing Choice Voucher FSS Coordinators. The grant is to link families participating in the Section 8 program to supportive services needed to achieve economic independence and self-sufficiency. This award will continue to fund four (4) regular FSS coordinators and two (2) homeownership FSS coordinators.

Housing Finance & Development

Affordable Housing Plan – New Programs and Practices Approved

In August, the City Council approved the Housing Commission's Fiscal Year 2007 Affordable Housing Fund Annual Plan. The plan contains several new programs and modifications to existing practices and funding sources, as summarized here:

- New homebuyer assistance programs will allow more families to qualify to purchase for-sale affordable housing and will expand assistance to displaced condo dwellers;
- Revisions (increased funding amount and decreased interest rates) to housing rehabilitation grant and loan programs;
- A new "land banking" program that allows the Housing Commission to take advantage of real estate investment opportunities. This program will enable the agency to purchase attractively priced land parcels and/or housing properties as investments that can later be used to create more affordable housing while expanding the agency's real estate portfolio.
- New Housing Trust Fund grant program for Supportive Housing.
- More flexibility for the use of in-lieu fees, which will result in:
 - A new "Balanced Communities" program to encourage developers to build affordable housing in higher income neighborhoods. This program will provide grants of \$10,000 per unit (\$1 million maximum per project) for affordable rental production.
 - "Sweeping" of collected in-lieu funds from community plan area accounts with less than \$100,000. Without the geographic restrictions, these funds can be used for the Balanced Communities and first-time homebuyer programs.

Affordable Housing Construction in the North City Inclusionary Zone

Construction of affordable housing in city's Northern corridor has continued in full force. To date, 967 inclusionary rental units and 198 for-sale units have been built in North City, with another 106 underway – totaling 1,271 altogether.

Recent completions include Fairbanks Ridge – a 204-unit complex developed by Chelsea Investment Corp. with \$27 million in Housing Commission bond financing. Fairbanks Ridge meets inclusionary requirements for an adjacent Black Mountain Ranch master-planned community. Additionally, Southern California Housing Development Corp. debuted another North City inclusionary development: Vista Terraza, a 123-unit apartment community located in

Torrey Highlands. Grand opening celebrations were recently held for both developments. Together, the developments successfully competed for a total of \$17 million in state funding from the Proposition 46 statewide bond measure.

Policy and Public Affairs

Department Restructuring

The first quarter of FY2007 brought about an internal structural change for the agency. The Communications and Strategy Department merged with the Policy group to create a new Policy and Public Affairs Department, with Todd Philips appointed as Director. As part of the change, the Housing Commission hired a new Communications Officer, Erika Rooks, to head up the agency's internal and external communications activities. Most recently, Erika was with San Diego Unified School District where she led public relations for Proposition MM, the district's \$1.51 billion school construction program. The strategic alignment of housing policy, communications, and government and media relations within one department will ensure consistent messaging, enhanced relationships with stakeholders, and overall efficiencies.

Support for Affordable Housing Campaign

Housing Commission policy and public affairs staff assisted the San Diego Housing Federation with public education about Prop.1C – the \$2.85 billion state housing bond measure that would fund numerous affordable housing activities. As part of the campaign effort, the Housing Commission participated in a Prop. 1C press conference with Mayor Jerry Sanders at Veterans Village of San Diego. Commissioner Todd Gloria spoke on behalf of the Agency. Also, in response to the *San Diego Union-Tribune's* editorial stance on Proposition 1C, Councilmember Toni Atkins, Elizabeth Morris, and Commissioner Sal Salas submitted a joint letter to the editor to explain the positive impact Prop. 1C would have on the region if passed (see attached).

Respectfully submitted,

**Signature on File
With Original Document** Approved by,

Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Elizabeth C. Morris
President & Chief Executive Officer

Attachments 1. Activity Performance Report
2. Letter to *Union-Tribune*

ACTIVITY PERFORMANCE REPORT FY07

Attachment 1

Activity: Goal	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Comments
Rental Assistance: Assist 12,469 families. ¹	Total: 12,505				CURRENT: 12,505
Rehabilitation/Private Property: Oversee physical improvement of 780 dwelling units (280 Owner Occupied/500 CDBG): Rental Property: 140 lead-based paint reduction ²	94				YTD: 78/16
Major Renovations:					
<ul style="list-style-type: none"> • Complete 806 Capital Improvements at Commission owned and managed units 	297				YTD: 297
<ul style="list-style-type: none"> • 1,800 maintenance quality assurance program inspections 	166				YTD: 166 Scheduling will ensure completion of all units by fiscal year-end.
Rental Development: Facilitate development or preservation of 600 affordable units. ³	Starts: 71 Completions: 0				YTD: Starts – 71 YTD: Completions – 0
Homeowner: Assist 100 first-time homebuyers. ⁴	Homeowners: 11				YTD: 11 Program changes made in first quarter are expected to aid program utilization
Resident Services: Aid 550 assisted families in self-sufficiency programs. ⁵	426				This quarter included 32 enrollments and 6 graduates.
Housing Management:					
<ul style="list-style-type: none"> • Own/Manage/Maintain 1,726 units.⁶ 	1,726				CURRENT: 1,726
<ul style="list-style-type: none"> • Maintain 99% occupancy rate.⁷ 	99.55				YTD: 99.55
<ul style="list-style-type: none"> • Complete 12,500 work orders for property repair/improvement.⁸ 	5,351				YTD: 5,351
<ul style="list-style-type: none"> • Respond to emergency resident requests for work within 12 hours. 	Mean Hours: 10.82				AVERAGE: 10.82
Special Purpose Programs: Provide housing opportunities for 695 persons. ⁹	6				YTD: 562

Note 1: All data shown is incremental for the reporting quarter only, unless otherwise indicated.

¹ “Rental Assistance” includes all tenant-based and project-based rental housing assistance administered by the San Diego Housing Commission, including Section 8 (Certificates, Vouchers, New Construction, and Moderate Rehabilitation). Project-based and sponsor-based assistance for persons with special needs is reported under Special Purpose Programs, below.

² “Rehabilitation/Private Property” includes housing units repaired and/or rehabilitated at publicly owned complexes, and privately owned rental, mobile home and other owner-occupied units rehabilitated with financial assistance from the San Diego Housing Commission.

- ³ “Rental Development” includes newly affordable housing units with enforceable rental restrictions constructed, acquired and/or acquired and rehabilitated, and extension of affordability restrictions that would otherwise be terminated. Goal reflects only units utilizing direct HC loans. Starts include projects for which a financing mechanism was approved by the appropriate authority. Completion is when authority is received to occupy the units or equivalent. Recent experience shows that for each 10 units started, about 6 units are completed, with the balance of the projects being canceled.
- ⁴ “Homeowners” includes newly developed for-sale units and first-time homebuyers receiving assistance in acquiring a home using one or more of the tools administered by the San Diego Housing Commission. Each first-time homebuyer may receive more than one form of assistance (e.g., down payment grant plus shared equity loan). Completion is defined as the point when the homebuyer assumes title, except when the only form of assistance in issuance of a Mortgage Credit Certificate (MCC); completion of MCC-only is defined as the point when the MCC is issued, which may be later than close of escrow and assumption of title.
- ⁵ “Resident Services” includes families resident in publicly owned affordable housing or receiving rental assistance enrolled in family self-sufficiency programs administered by the San Diego Housing Commission.
- ⁶ “Housing Management” includes all housing units owned, managed or maintained by the San Diego Housing Commission.
- ⁷ “Occupancy Rate” reflect all units managed by the agency.
- ⁸ Work orders are not considered complete until final billing is received from contractors or agency staff has completed all work. Delays in contractor billing can result in changes to the number of work orders reported after the end of the fiscal quarter.
- ⁹ “Special Purpose Programs” includes transitional housing units and beds supported through financing of operations or development, and project-based or sponsor-based rental assistance for persons with special needs. All tenant-based assistance is reported above in Rental Assistance.

The following letter to the editor was submitted in response to *The San Diego Union-Tribune's* editorial position on Proposition 1C. The letter, signed by Councilmember Toni Atkins, Housing Commission Chair Sal Salas, and Housing Commission President & CEO Elizabeth Morris, was not ultimately published. However, *The San Diego Union-Tribune* received and published numerous letters in support of Proposition 1C from other housing organizations.

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Re: "Bonds, pro and con," Editorial, September 29, 2006

In the editorial "Bonds, pro and con," (Sept. 29, 2006), the *San Diego Union-Tribune* missed an opportunity to endorse Proposition 1C, the \$2.85 billion housing bond that, if passed by voters in November, will provide San Diego with much-needed funds to create emergency shelters for our most vulnerable residents, build affordable rental homes for seniors, and help families buy their first homes. Proposition 1C is part of the Governor's long-term plan to rebuild California, and it holds as much potential benefit to San Diego as do the companion bonds for transportation and flood prevention improvements endorsed by the editors.

Social advocates and business leaders agree: San Diego is in the midst of a severe housing affordability crisis – both for rent and to purchase. If Proposition 1C passes, the San Diego region can expect to see approximately \$200 million directed toward our own neighborhoods and communities. Proposition 1C builds on the success of its 2002 predecessor, Proposition 46, which awarded the San Diego region more than its fair share of funds – \$118 million – to create 4,000 affordable homes as well as new shelter beds for abused and homeless youth, veterans and families. Notably, the *San Diego Union-Tribune* endorsed Proposition 46 in 2002.

Proposition 1C makes good sense for many reasons. Housing construction has a significant economic impact. Every dollar committed under Proposition 46 brought an average of \$2.93 in additional construction to San Diego, and housing development creates additional jobs in fields such as finance and furnishings. This fueled the local economy and created new jobs at exactly the right time for workers and businesses concerned with an economic slowdown.

Further, bonding for housing is fiscally wise – it is a one-time expenditure and capital investment in bricks and mortar. In addition to \$1.5 billion for shelter and housing, Proposition 1C also earmarks \$1.35 billion for roads, parks, water and sewer improvements to support communities that embrace expanding the supply of housing.

Passage of Proposition 1C will not solve the housing affordability crisis, but it is a critical piece of a bigger picture to address the housing needs of the underserved – victims of domestic violence, homeless families, seniors, disabled, foster youth, and the working poor – both in San Diego and throughout the state.

Sincerely,

Toni Atkins
District 3 Councilmember
City of San Diego

Sal Salas
Chair
San Diego Housing Commission

Elizabeth C. Morris
President and CEO
San Diego Housing Commission