



REPORT

DATE ISSUED: July 28, 2015

REPORT NO: HCR15-065

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of September 11, 2015

SUBJECT: Modification to Resolution HA-1617 to Add Language Requested by the California Housing and Community Development Local Housing Trust Fund Program

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Recommend the Housing Authority of the City of San Diego modify Resolution HA-1617 to include additional language as requested by the California Department of Housing and Community Development's Local Housing Trust Fund Matching Grant Program.

STAFF RECOMMENDATION

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

- 1) Amend and add language to the resolution HA-1617 to include the following language per California Department of Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTFP) staff request: "That the President & CEO, or designee, is authorized to enter into, execute, and deliver a State of California Standard Agreement, and any subsequent amendments, to secure funding for an amount not to exceed \$2,000,000 in State Local Housing Trust Fund Program funds."; and
- 2) Amend and add the following language to the recitals in the resolution HA-1617: "WHEREAS, the Housing Authority of the City of San Diego has previously approved the right of the Housing Commission to apply for and accept grants that are consistent and in support of Housing Commission programs, such as the subject HCD application, which authority was granted to the Housing Commission pursuant to Housing Authority Resolution HA-1569, dated October 12, 2012."

SUMMARY

On February 26, 2014, HCD released a Notice of Funding Availability (NOFA) for Matching Grants for new Local Housing Trust Funds or existing Local Housing Trust Funds with new or increased revenue. Funds made available under this NOFA are from the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) Affordable Housing Innovation Fund (Health and Safety Code Section 53545.9 (c)), as amended by Chapter 769, Statutes of 2013 (AB 532). The application deadline was May 21, 2014.

State matching funds can be used to provide loans for payment of predevelopment expenses, acquisition, construction, or rehabilitation of Eligible Projects. At least 30 percent of program funds and matching

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funds must be used on Eligible Projects that are affordable to, and restricted for, extremely low-income households (households earning at or below 30 percent of Area Median Income (AMI); currently \$24,300 for a family of four in the City of San Diego (City)). No more than 20 percent of the total amount of the LHTFP Funds and Matching Funds can be expended on Eligible Projects affordable to, and restricted for, Moderate-Income Persons and Families (households earning below 120 percent of AMI; currently \$87,600 for a family of four in the City). The remaining LHTFP Funds and Matching Funds shall be used for Eligible Projects that are affordable to and restricted for, lower income households (households earning at or below 60 percent of AMI; currently \$48,600 for a family of four in the City). All assisted rental units must be restricted for not less than 55 years.

Further, use of the funds will also have to comply with the local Affordable Housing Fund program rules. It is anticipated that the funds will be used to develop affordable rental housing or permanent supportive housing projects serving households with incomes ranging from 30 to 60 percent of AMI.

This funding opportunity was available to new Local Housing Trust Funds created on or after September 30, 2006, or an existing trust for which matching funds come from a new revenue source identified or created on or after June 30, 2012. Revenue generated from the Inclusionary Housing Trust Fund fee increase effective July 1, 2013, is the only eligible source of revenue that can be used as matching funds for this grant application. The application was submitted on May 19, 2014, and notice of award was received on November 3, 2014, providing the Housing Commission with \$1,000,000 in LHTFP grant funds. The Housing Commission was notified on June 11, 2015, at the time of contract execution, that additional language would need to be added to the authorizing statute per HCD's contracting office.

AFFORDABLE HOUSING IMPACT

This funding increases revenue available for use within the San Diego Housing Trust Fund by up to \$1,000,000 thus positively impacting the availability of affordable housing in the City for extremely low-, low-, and moderate-income residents.

FISCAL CONSIDERATIONS

Up to \$1,000,000 in matching State grant funds is available for Eligible Projects that create or preserve affordable housing within the City. This funding opportunity is available to new Local Housing Trust Funds created on or after September 30, 2006, or an existing trust for which the matching funds come from a new revenue source identified or created on or after June 30, 2012. Revenue generated from the 64.6 percent increase in Inclusionary Housing Trust Fund fees effective July 1, 2013, is the only eligible source of revenue that can be used as matching funds for this grant.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The Housing Commission has sought matching grants from the HCD Local Housing Trust Fund Program on three occasions. City Resolution R-298562, adopted on November 3, 2003, authorized an application that resulted in an award of \$2,000,000 to the San Diego Affordable Housing Fund. These funds were used in part, to finance three affordable housing projects: Becky's House II, Sunburst Apartments and Veterans Village. A second application was submitted in January 2009 and was authorized by City Resolution R-304523, which was passed on December 15, 2008. That application was not selected for funding. Resolution R-304523 provided authorization for the Housing Commission to submit applications for any subsequent NOFAs issued through the HCD Local Housing Trust Fund Program. The Housing Commission Report to the Housing Authority (HAR14-015) sought Housing Authority authorization for the Housing Commission to apply on behalf of the City for up to \$2,000,000 in funding from the HCD Trust Fund Program, to allow the President & CEO to commit up to

\$2,000,000 in matching funds from the City of San Diego's Inclusionary Housing Trust Fund, as required by the 2014 NOFA, and to allow the President & 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. The recommendations were approved via Housing Authority Resolution HA-1617, on April 15, 2014.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

As required by municipal code, each year the San Diego Housing Commission shall hold three (3) public hearings to solicit testimony from the general public on programs to be funded by the Affordable Housing Fund in the next fiscal year. These hearings occur in the North, South and Central areas of the City. The Housing Commission will consider input from neighborhood groups and testimony from the public hearings and use this input to develop an Annual Plan that is presented to the San Diego City Council for action, annually.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Extremely low- to moderate-income residents of the City are the targeted beneficiaries of this funding opportunity.

ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it involves the creation of government funding mechanisms which does not involve any commitment to any specific project which may result in a potentially significant physical impact on 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. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,

Debra Fischle-Faulk

Debra Fischle-Faulk
Vice President
Administrative Services

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President
San Diego Housing Commission

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.