



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: May 1, 2020

HCR20-049

SUBJECT: Delegation of Multifamily Housing Development Hardship Requests

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Emily Jacobs/619-578-7423

REQUESTED ACTION:

Authorize the San Diego Housing Commission's (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to enter into ad hoc hardship agreements with multifamily affordable housing developers that have existing loan and/or bond agreements with the Housing Commission, to address financial hardships caused by the COVID-19 pandemic.

EXECUTIVE SUMMARY OF KEY FACTORS:

- California Governor Gavin Newsom issued Executive Order N-33-20 on March 19, 2020, ordering all Californians to stay home, except for essential functions, until further notice, due to the COVID-19 pandemic. The County of San Diego Public Health Services Department also issued stay-at-home orders, which on April 10, 2020, were extended through April 30, 2020.
- Numerous businesses have closed, causing widespread economic impacts.
- The San Diego Housing Commission (Housing Commission) has implemented policies and programs to assist families in the Housing Commission's programs who are experiencing financial hardships related to COVID-19. The programs are detailed on the Housing Commission's website at www.sdhc.org/about-us/coronavirus-covid-19
- In anticipation of the financial impacts affordable rental housing developments may experience if residents are unable to pay their rent, the Housing Commission has proactively developed a hardship program and implementation strategy to assist developments and maintain affordability.
- Staff estimates that approximately 30 percent of the entire loan portfolio will request a hardship, which equates to 30 projects.
- The proposed funding sources and uses approved by this action are not included in the Housing Authority-approved Fiscal Year (FY) 2020 Housing Commission Budget. Approving this action will increase the FY 2020 total budget. The Housing Commission will be requiring reimbursement of legal expenses at cost.



REPORT

DATE ISSUED: April 23, 2020

REPORT NO: HCR20-049

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of May 1, 2020

SUBJECT: Delegation of Multifamily Housing Development Hardship Requests

COUNCIL DISTRICT: City-wide

REQUESTED ACTION

The seven-day advance notice of San Diego Housing Commission's hearing of this matter is being provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A) and (B).

Authorize the San Diego Housing Commission's (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to enter into ad hoc hardship agreements with multifamily affordable housing developers that have existing loan and/or bond agreements with the Housing Commission, to address financial hardships caused by the COVID-19 pandemic.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Authorize the Housing Commission's President & Chief Executive Officer (President & CEO), or designee, to enter into ad hoc hardship agreements with multifamily affordable housing developers that have existing loan and/or bond agreements with the Housing Commission, to address financial hardships caused by the COVID-19 pandemic; and
- 2) Authorize the Housing Commission's President & CEO, or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel.

SUMMARY

On March 4, 2020, California Governor Gavin Newsom declared a statewide State of Emergency due to COVID-19. San Diego Mayor Kevin L. Faulconer declared a local State of Emergency in the City of San Diego on March 12, 2020. President Donald J. Trump declared a national emergency on March 13, 2020.

Governor Newsom issued Executive Order N-33-20 on March 19, 2020, ordering all Californians to stay home, except for essential functions, until further notice. The County of San Diego Public Health Services Department also issued stay-at-home orders, which on April 10, 2020, were extended through April 30, 2020.

As a result, numerous businesses have closed, causing widespread economic impacts.

The Housing Commission has implemented policies and programs to assist families in the Housing Commission's programs who are experiencing financial hardships related to COVID-19. The programs are detailed on the Housing Commission's website at www.sdhc.org/about-us/coronavirus-covid-19

AFFORDABLE HOUSING IMPACT The COVID-19 pandemic is affecting all Americans and every industry. In anticipation of the financial impacts affordable rental housing developments may experience if residents are unable to pay their rent, the Housing Commission has proactively developed a hardship program and implementation strategy to assist developments and maintain affordability.

Developers that have active loan and/or Multifamily Housing Revenue Bond agreements with the Housing Commission will have the opportunity to request hardship relief, such as a potential reduction in payments due on Housing Commission residual receipts loans, by individual project. Housing Commission staff will complete a holistic review of each project by coordinating with the project's stakeholders (including but not limited to lenders and tax credit limited partners) and by analyzing the overall project need. To review the submitted applications, the Housing Commission has developed a Hardship Review Committee, which will review each project on a case-by-case basis and approve or deny each request. If a developer's request is denied, the developer will have the option to appeal this decision. The final determination of the appeal will be the responsibility of the Housing Commission's President & Chief Executive Officer, or designee.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are not included in the Housing Authority-approved Fiscal Year (FY) 2020 Housing Commission Budget. Approving this action will increase the FY 2020 total budget. The Housing Commission will be requiring reimbursement of legal expenses at cost. Staff estimates that approximately 30 percent of the entire loan portfolio will request a hardship, which equates to 30 projects.

Funding sources approved by this action will be as follows:

Reimbursement of Legal Expenses - \$30,000

Funding uses approved by this action will be as follows:

Legal Expenses - \$30,000

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders include the developer and all lenders and tax credit limited partners (if/when applicable). The Housing Commission's hardship program is anticipated have a positive impact by assisting affordable multifamily housing developments that are struggling financially during the COVID-19 pandemic.

ENVIRONMENTAL REVIEW

The activities described in the report are not a project as defined in California Environmental Quality Act (CEQA) Section 15378(b)(5) as they are administrative activities 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. Nevertheless, they would be categorically exempt under multiple separate provisions of CEQA, including Section 15301 for existing facilities involving negligible or no expansion of the existing use. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action. 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,



Emily Jacobs
Senior Vice President
Housing Finance & Property Management
Real Estate Division

Approved by,



Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

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