



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: March 5, 2021

HCR21-030

SUBJECT: Application for State of California Housing and Community Development
Local Housing Trust Fund Program Funding

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Financial Services Department

CONTACT/PHONE NUMBER: Tracey McDermott / 619-578-7737

REQUESTED ACTION:

Approve a revision to the previously approved resolution that authorized the San Diego Housing Commission to submit an application on behalf of the City of San Diego and commit matching funds of \$5 million for the application to the State of California's Local Housing Trust Fund Program, to comply with the State of California Department of Housing and Community Development's request to change the resolution.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On July 28, 2020, the Housing Authority authorized the San Diego Housing Commission (Housing Commission) to submit an application for funds from the California Department of Housing and Community Development's (HCD) Local Housing Trust Fund Program (LHTFP) through a Notice of Funding Availability (Report No. HAR20-025; Resolution No. HA-1868).
- The Housing Authority-approved resolution conformed to the HCD resolution requirements at the time, and the Housing Commission submitted an application for funding before the program deadline.
- On January 13, 2021, HCD staff asked the Housing Commission to revise the previously approved Housing Authority resolution to incorporate a list of projects to which the NOFA funds would be applied.
- The staff-recommended actions in this report are to approve a revised resolution, as HCD staff requested.
- On February 5, 2021, HCD staff informed the Housing Commission that \$5 million in matching State grant funds has been awarded to the Housing Commission to be used for eligible projects that create or preserve affordable housing within the City of San Diego.



REPORT

DATE ISSUED: February 25, 2021

REPORT NO: HCR21-030

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of March 5, 2021

SUBJECT: Application for State of California Housing and Community Development
Local Housing Trust Fund Program Funding

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Approve a revision to the previously approved resolution that authorized the San Diego Housing Commission to submit an application on behalf of the City of San Diego and commit matching funds of \$5 million for the application to the State of California's Local Housing Trust Fund Program, to comply with the State of California Department of Housing and Community Development's request to change the resolution.

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) Approve a revision to the previously approved Housing Authority resolution (HA-1868) that authorized the Housing Commission's President & Chief Executive Officer (President & CEO), or designee, in a form of an amended resolution, a revised resolution, or a new resolution, or such other form of resolution, as determined by the office of the City Attorney, to apply on behalf of the City of San Diego, for \$5 million in funding from the State of California's Local Housing Trust Fund Program, to comply with the State of California Department of Housing and Community Development's request to change the resolution to incorporate a list of projects to which the funds would be applied;
- 2) Affirm that the President & CEO, or designee, is authorized to commit \$5 million in matching funds on a dollar-for-dollar basis from the City of San Diego's (City) Affordable Housing Fund, as required by the Notice of Funding Availability (NOFA) and as previously approved in Resolution No. HA-1868; and
- 3) Affirm that the President & CEO, or designee, is authorized 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, as previously approved in Resolution No. HA-1868.

SUMMARY

On April 30, 2020, the California Department of Housing and Community Development's (HCD) Local Housing Trust Fund Program (LHTFP) released a Notice of Funding Availability (NOFA) for Matching Grants for new and existing Local Housing Trust Funds. Funds available through this NOFA are from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1), adopted by voters on November 6, 2018, to be used for the purposes set forth in California Health and Safety Code Section 50842.2, and subject to the Guidelines adopted in April 2020. The application deadline was August 3, 2020.

On July 28, 2020, the Housing Authority authorized the Housing Commission to submit an application for funds through this NOFA (Report No. HAR20-025; Resolution No. HA-1868). The Housing Authority-approved resolution conformed to the HCD resolution requirements at the time. The Housing Commission submitted an application for funding before the program deadline.

On January 13, 2021, HCD staff asked the Housing Commission to revise the previously approved Housing Authority resolution to incorporate a list of projects to which the NOFA funds would be applied. The staff-recommended actions in this report are to approve a revised resolution, as HCD staff requested.

On February 5, 2021, HCD staff informed the Housing Commission that \$5 million in matching State grant funds has been awarded to the Housing Commission to be used for eligible projects that create or preserve affordable housing within the City of San Diego. This funding opportunity is available for new or existing Local Housing Trust Funds.

State matching funds can be used to provide construction loans and/or permanent financing loans to pay for construction or rehabilitation of affordable rental housing developments, emergency shelters, permanent supportive housing, transitional housing and affordable homebuyer/homeowner projects. Program funds may also be used to assist income-eligible first-time homebuyers to purchase homes and to rehabilitate houses owned by income-eligible occupants, as well as to construct, convert, reconstruct, rehabilitate and/or repair Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs). At least 30 percent of program funds and matching funds must be used on eligible projects that are affordable to, and restricted for households with income at or below 30 percent of Area Median Income (AMI), currently \$34,650 per year for a family of four in the City of San Diego. 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 households with income at or below 120 percent of AMI, \$111,250 per year for a family of four in the City of San Diego. The remaining LHTFP funds and matching funds shall be used for eligible projects that are affordable to and restricted for, households with income at or below 80 percent of AMI, currently \$92,400 per year for a family of four in the City of San Diego.

Further, use of the funds will also be required to comply with the City of San Diego Affordable Housing Fund program rules. It is anticipated that the funds will be used to develop multifamily affordable rental housing or permanent supportive housing developments serving households with income ranging from 30 percent to 60 percent of AMI, currently \$34,650 to \$69,300 per year for a

family of four in the City of San Diego.

AFFORDABLE HOUSING IMPACT

The awarded State funds will increase revenues available for use within the City of San Diego Affordable Housing Fund by \$5 million, thus positively impacting the availability of affordable housing in the City for extremely low-income, low-income and moderate-income residents.

FISCAL CONSIDERATIONS

The proposed matching funds approved by this action were included in the Housing Authority-approved Fiscal Year 2021 Housing Commission Budget as Affordable Housing Fund revenues and loan/grant expenses. The new grant revenues awarded to the Housing Commission were not included in the Housing Authority-approved Fiscal Year 2021 Housing Commission Budget. Approval of this action will increase Fiscal Year 2021 funding sources and uses available by \$5 million. Administrative expenses related to the execution of eligible activities may not exceed 5 percent of Program Funds and Matching Funds.

Funding sources approved by this action will
be as follows: State Local Housing Trust Funds
– up to \$5,000,000

Funding uses approved by this action will be as
follows: Affordable Rental Housing
Development – up to \$5,000,000

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The Housing Commission has sought matching grants from the State of California Office of Housing and Community Development Local Housing Trust Fund Program funds on three prior occasions: City Council Resolution R-298562 (Attachment 2), passed on November 3, 2003, authorized an application that resulted in an award of \$2 million to the City of San Diego Affordable Housing Fund. These funds were used, in part, to finance three affordable housing developments: Becky's House II, Sunburst Apartments and Veterans Village Phase Two.

City Council Resolution R-304523, passed on December 15, 2008, authorized an application, submitted in January 2009. That application was not selected for funding. This resolution also authorized the Housing Commission to submit an application in response to “any subsequent NOFA’s issued and to request a finding allocation for affordable housing activities in the City of San Diego that are in accordance with the Housing Trust Fund and the LHTF Program.”

Housing Authority Resolution HA-1617, passed on April 15, 2014, authorized an application that resulted in an award of \$1 million to the City of San Diego Affordable Housing Fund. These funds were used for new construction of 59 permanent supportive housing units at Talmadge Gateway.

Housing Authority Resolution HA-1868, passed on July 28, 2020, authorized an application that resulted in an award of \$5 million to the City of San Diego Affordable Housing Fund.

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COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

Proposed projects will be presented to the applicable Community Planning Groups for their review and input.

KEY STAKEHOLDERS and PROJECTED IMPACTS

This funding opportunity would benefit extremely low-income to moderate-income residents of the City of San Diego Affordable housing developers are also potential stakeholders.

ENVIRONMENTAL REVIEW

The application for State funding is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is government fiscal activity 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,

Tracey McDermott

Tracey McDermott
Senior Vice President and Chief Financial Officer
Financial Services Department

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
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