



# REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** March 3, 2021

**REPORT NO:** HAR21-008

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of April 13, 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 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 San Diego Housing Commission's (Housing Commission) 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)

March 3, 2021

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

Page 2

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, 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.

### **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.

March 3, 2021

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

Page 4

**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](http://www.sdhc.org)

Attachment 1

**INSTRUCTION:** Provide a short summary on how you commit to use the Program Funds and Matching Funds. The summary, which shall be labeled *Attachment 1* shall include: (1) identification of the percent of the total funds requested that will be used for each activity/project, including Area Median Income (AMI) level; and (2) a list of the jurisdictions where the activities/projects will be delivered, in the case of any HTF that serves more than one jurisdiction. *Attachment 1* **MUST** be incorporated into your Resolution as an attachment before it is adopted

Description	Total Funds	Program Funds	Matching Funds	AMI Level	Jurisdiction(s)
Jamboree San Ysidro Permanent Supportive Housing: 06/2020 CTCAC 9% allocation approval meeting; 12/2020 Estimated escrow/loan closing (Date of disbursement of LHTF Program Funds); 12/2020 Estimated construction start; 03/2022 Estimated construction completion.	10%	\$500,000	\$600,000	64 units @25% AMI	City of San Diego
Ulric Street Apartments: 01/2020 CDLAC & CTCAC 4% Applications; 04/2020 CDLAC & CTCAC allocation approval meetings; 09/2020 Housing Commission and Housing Authority final bond authorization; 10/2020 estimated escrow/loan closing/bond issuance (Date of disbursement of LHTF Program Funds); 10/2020 Estimated construction start; 02/2022 Estimated construction completion.	30%	\$1,500,000	\$1,500,000	34 units @ 30% AMI 61 units @ 60% AMI	City of San Diego
Hilltop & Euclid Family Apartments: 09/2020 Housing Commission and Housing Authority final bond authorization; 10/2020 escrow/loan closing/bond issuance (Date of disbursement of LHTF Program Funds); 10/2020 Start of construction work; 11/2021 Completion of construction work.	30%	\$1,500,000	\$1,500,000	26 units @30% AMI 85 units @60% AMI	City of San Diego
Ventana al Sur Apartments: 10/2020 Housing Authority Preliminary Bond Authorization 10/2020 City Council IRS/TERFA Hearing; 01/2021 Applications for TCAC & CDLAC (assumed dates based on 2020 schedule as 2021 schedule has not been released yet); 04/2021 CDLAC & CTCAC allocation approval meetings (assumed dates based on 2020 schedule as 2021 schedule has not been released yet); 5/2021 Housing Commission and Housing Authority final bond authorization; 6/2021 escrow/loan closing/bond issuance (Date of disbursement of LHTF Program Funds); 6/2021 Start of construction work; 6/2022 Completion of construction work.	30%	\$1,500,000	\$1,500,000	25 units @ 20% AMI 45 units @ 40% AMI 30 units @ 50% AMI	City of San Diego

HOUSING AUTHORITY OF  
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-\_\_\_\_\_

DATE OF FINAL PASSAGE \_\_\_\_\_

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO APPLY ON BEHALF OF THE CITY OF SAN DIEGO TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING OF \$5 MILLION UNDER THE LOCAL HOUSING TRUST FUND PROGRAM AND AUTHORIZING THE HOUSING COMMISSION'S PRESIDENT AND CHIEF EXECUTIVE OFFICER, OR DESIGNEE, TO COMMIT \$5 MILLION IN MATCHING FUNDS FROM THE CITY OF SAN DIEGO'S AFFORDABLE HOUSING FUND AND TO TAKE RELATED ACTIONS.

WHEREAS, the State of California Department of Housing and Community Development (HCD) is authorized to provide up to \$57 million under the Local Housing Trust Fund (LHTF) Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and requires LHTF Program funds to be used pursuant to California Health and Safety Code (HSC) sections 50842.2 and 50843.5(a), and Senate Bill 3 (Program); and

WHEREAS, HCD issued a Notice of Funding Availability (NOFA) on April 30, 2020 under the LHTF Program; and

WHEREAS, on April 16, 1990, by Ordinance No. O-17454, the San Diego City Council (City Council) established an affordable housing trust fund (Affordable Housing Fund); and

WHEREAS, the San Diego Housing Commission (Housing Commission) administers the Affordable Housing Fund for the City of San Diego (City); and

WHEREAS, eligible activities under the Affordable Housing Fund Annual Plan, which is approved annually by the City Council, include, but are not limited to, predevelopment, acquisition, construction, and rehabilitation of affordable housing; and

WHEREAS, on December 15, 2008, by San Diego Resolution R-304523, the City Council authorized the Housing Commission to submit an HCD application to participate in the LHTF Program in response to the NOFA issued on October 24, 2008, and any subsequent NOFAs issued, to request funding for affordable housing activities in the City in accordance with the Affordable Housing Fund and the LHTF; and

WHEREAS, the Housing Commission wishes to submit an application on behalf of the City to HCD for an allocation of LHTF Program funds of \$5 million; and

WHEREAS, the Housing Commission desires to use the LHTF Program Funds and matching Affordable Housing Funds on numerous affordable housing projects in the City, as identified in Attachment 1 and incorporated into this Resolution; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, as follows:

1. The President and Chief Executive Officer of the Housing Commission (President & CEO), or designee, is authorized on behalf of the City to apply for \$5 million in funding from the State of California HCD's LHTF.

2. The President & CEO, or designee, is hereby authorized to commit \$5 million in matching funds from the City's Affordable Housing Fund, as required by the NOFA, guidelines section 104, and HSC section 50842.2.

3. The Housing Commission agrees that it is subject to the terms and conditions as specified in the Standard Agreement pursuant to HSC section 50842.2 and LHTF Program guidelines.

4. The President & CEO, or designee, is authorized to execute all documents and instruments that are necessary and appropriate to implement these approvals, in a form approved by the Housing Commission's General Counsel.

APPROVED: MARA W. ELLIOTT, General Counsel

By \_\_\_\_\_  
Katherine A. Malcolm  
Deputy General Counsel

KAM:soc  
2/17/2021  
Or.Dept:SDHC  
Doc. No. 2590934





The City of San Diego  
**Item Approvals**

**Item Subject:** Application for State of California Housing and Community Development  
Local Housing Trust Fund Program Funding.

<b>Contributing Department</b>	<b>Approval Date</b>
DOCKET OFFICE	02/12/2021

<b>Approving Authority</b>	<b>Approver</b>	<b>Approval Date</b>
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	02/11/2021
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	02/12/2021
CITY ATTORNEY	MALCOLM, KATE	02/23/2021