

SAN DIEGO AFFORDABLE HOUSING FUND FY07 Annual Plan

INTRODUCTION

The City of San Diego's Affordable Housing Fund is a permanent, annually renewable source of funds to help meet the housing assistance needs of the city's very low-, low-, and median-income households. The City Council expressed this intent in Municipal Code Sections 98.0501-98.0618. In general, the Affordable Housing Fund's purposes are to:

- 1) Meet a portion of the need for housing affordable to households with very low, low, and median incomes;
- 2) Leverage every one dollar of City funds with two dollars of non-City subsidy capital funds;
- 3) Support the Balanced Communities Policy by fostering a mix of family incomes in projects assisted by the Fund and to disperse affordable housing projects throughout the City;
- 4) Preserve and maintain renter and ownership affordable housing; and
- 5) Encourage private sector activities that advance these goals.

The Annual Plan implements the Council's intent by adopting an overall strategy for use of Affordable Housing Fund moneys. The development of the Affordable Housing Fund Annual Plan is guided by City Ordinance as well as the Consolidated Plan which is a planning document required by the federal Department of Housing and Urban Development. Recommendations regarding allocation of Affordable Housing Fund resources take into consideration the amount of funds available within the fund as well as other funding sources, the requirements of the funding sources, the priorities of the City's Consolidated Plan, and the policy parameters set by the Affordable Housing Fund Ordinance.

Within the Affordable Housing Fund are two accounts: the Housing Trust Fund account and the Inclusionary Housing account.

San Diego Housing Trust Fund Account

Purpose and Use

The San Diego Housing Trust Fund was created by the San Diego City Council on April 16, 1990 pursuant to Ordinance O-17454.

Funds from the Housing Trust Fund account may be used in any manner, through loans, grants, or indirect assistance for the production and maintenance of assisted units and related facilities. Funds will be utilized in accordance with the program guidelines outlined in the Model Programs. To comply with the Ordinance, Housing Trust Fund monies shall be allocated:

- At least 10 percent to Transitional Housing;
- At least 60 percent to very low-income households (defined as households with incomes at or below 50 percent of area median income);
- No more than 20 percent to housing for low-income households (defined as households with incomes between 50 percent and 80 percent of area median income) and
- No more than 10 percent to median income first-time homebuyers.

HTF Revenue Forecast

Approximately \$6 million is expected to be available in FY07, consisting of \$3.2 million in estimated carryover and \$2.8 million in revenue (Housing Impact Fees, HTF CDBG loan repayments, and Housing Rehabilitation Trust Fund loan repayments).

Funding recommendations are made in accordance with established Housing Commission policies and require Housing Commission or Housing Authority approval of specific projects and activities. Some discretionary transfer of funds between eligible activities is permitted, but all funding recommendations must be consistent with the Annual Plan.

Inclusionary Housing Fund Account

On June 3, 2003, the San Diego City Council adopted an Inclusionary Housing Program, pursuant to Ordinance O-19189.

Purpose and Use

Uses eligible for Inclusionary Housing Fund monies are rental housing development (including construction of new housing units and acquisition and rehabilitation of multifamily rental projects), land banking, and homeownership assistance (new construction and financing). Funds may not be used for rental assistance. Priority for the expenditure of funds shall be given to the construction of new affordable housing stock. It is estimated that seventy-five percent of program revenues will be targeted to the construction of new affordable units. Funds will be leveraged so that affordable units are provided at the lowest possible cost to the City of San Diego.

Where possible, funds will be allocated to the Community Planning Area from which the funds originated. Sufficient funds must be collected and investment opportunities must exist in specific geographic areas for a precise match between the area of collection and the use of funds to occur in this manner.

Funds will be utilized in accordance with the program guidelines outlined in the Model Programs.

Revenue Forecast

Approximately \$11 million is expected to be available in FY07, consisting of \$6 million in estimated carryover and \$5 million in new revenue (Inclusionary Housing In-Lieu Fee payments). No revenues from shared equity are anticipated during FY07.

Funding recommendations are made in accordance with established Housing Commission policies and require Housing Commission or Housing Authority approval of specific projects and activities. Some discretionary transfer of funds between eligible activities is permitted, but all funding recommendations must be consistent with the Annual Plan.

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