THE CITY OF SAN DIEGO

PROGRAM GUIDELINES
(Approved July 8, 2008)

San Ysidro Redevelopment Housing Enhancement Loan Program

Program Overview: The San Ysidro Redevelopment Housing Enhancement Loan Program [Program] was created by the Redevelopment Agency of the City of San Diego [Agency] as part of an overall redevelopment program to increase, improve, and preserve the supply of low- and moderate- income housing occupied by persons and families of extremely low-, very low-, low- and moderate- income within the San Ysidro Redevelopment Project Area, as defined in the map depicted below.

Housing rehabilitation and enhancement has been identified as an important factor for improving neighborhood and community stability, encouraging private investment, and improving the local housing stock. In order to address the needs of the community, the San Ysidro Redevelopment Plan includes goals of improving, promoting and preserving the positive neighborhood characteristics of San Ysidro, promoting varied housing opportunities, improving and enhancing the housing stock within San Ysidro, and supporting and promoting the growth and vitality of the San Ysidro business environment. The Program is a mechanism authorized by the California Community Redevelopment Law to implement and achieve these goals.

The Program is intended to do the following:

- To assist qualified residents of the San Ysidro Redevelopment Project Area for the purpose of improving the interior and exterior conditions of their residences and reducing energy consumption and landscape related water consumption.
- To repair interior and exterior health and safety hazards that fail housing quality standards.
- To rehabilitate, repair and install exterior improvements, including those improvements that may not be eligible in other housing assistance programs such as fencing, sidewalks and landscaping.
- To enhance the exteriors of properties in an effort to instill pride in the neighborhood and encourage other property owners to make improvements to their properties.
- To supplement, but not replace or compound, any financial assistance received from other financial assistance programs.
- To encourage and require that assisted properties be properly and sufficiently maintained for the length of the loan.

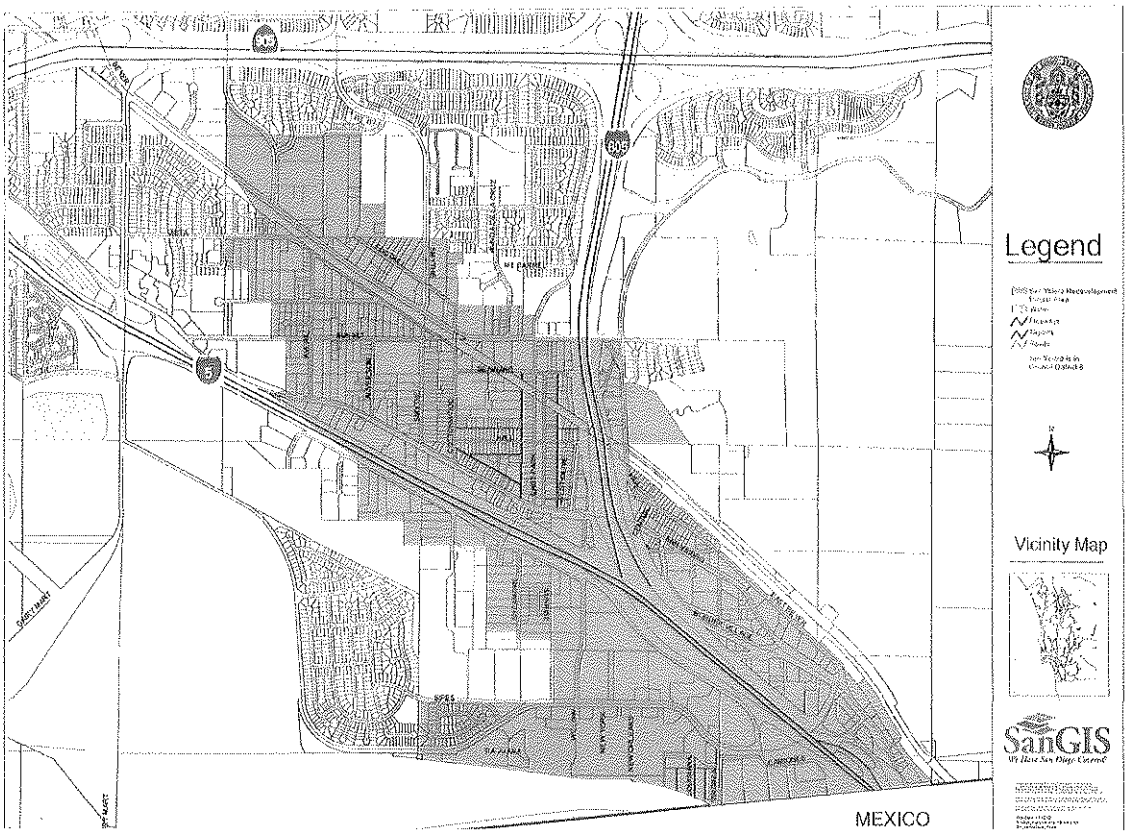
The Program is designed to provide financial assistance to eligible owner-occupants [Participants] of one- and two- unit residential properties located within the San Ysidro Redevelopment Project Area to be used for the purposes of rehabilitating and enhancing the interior and exterior conditions of their dwellings and providing water conserving landscape improvements and/or energy conserving improvements to their properties [Projects]. To be eligible to participate in the Program, a Participant's gross household income may not exceed one hundred percent (100%) of the area median family income for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

The financial assistance consists of a loan from the Agency, subject to an annual simple interest rate of 3%, which will be forgiven in its entirety over a ten (10) year period upon the Participant's compliance with the terms and conditions of the loan. Subject to the availability of Agency funds, the loan provided by the Agency pursuant to the Program will be in an amount up to $25,000 for property improvements and an additional amount up to $5,000 for water conserving landscape improvements and/or energy conserving improvements.

The Program is managed and administered by the San Diego Housing Commission [Commission] on behalf of the Agency. As such, the Commission is the Agency's designee for purposes of performing all actions necessary to manage and administer the Program and to implement these Program Guidelines.

Area of Availability: The Program is available within the San Ysidro Redevelopment Project Area, which encompasses approximately 766 acres, as depicted on the following map:

SAN YSIDRO REDEVELOPMENT PROJECT AREA (Council District 8)



1. ELIGIBILITY CRITERIA

(A) ELIGIBLE PARTICIPANTS

An eligible Participant must be the record owner of a one- or two- unit residential property (as defined herein) and must maintain and occupy said property as his/her principal place of residence.

In addition, an eligible Participant's gross household income shall not exceed one hundred percent (100%) of the area median family income for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development. "Gross household income" shall mean the combined anticipated or projected gross income for the next twelve (12) month period as annual income of all members of a household. Participants are required to provide all pertinent information requested by the Agency or its designee to establish household income.

Further, an eligible Participant must execute a Memorandum of Lien Affecting Real Property with the Agency or its designee and agree to the recordation of the Memorandum of Lien Affecting Real Property against the subject property in the records of the County Recorder for San Diego County. The Memorandum of Lien Affecting Real Property evidences the loan amount and the terms and conditions of the loan and imposes a ten (10) year deed restriction.

(B) ELIGIBLE PROPERTIES

An eligible property must be a one- or two- unit residential property that is a single-family residence, an attached or unattached residence, a condominium unit, or a townhouse located within the boundaries of the San Ysidro Redevelopment Project Area as defined herein above.

An eligible property shall not have benefited previously from any financial assistance provided pursuant to the Program. Thus, properties that have received or benefited from financial assistance from the Program are not eligible to participate in the Program for a second time.

(C) ELIGIBLE IMPROVEMENTS

An eligible improvement must contribute to the visual enhancement of the property as viewed from the public right-of-way, or remedy an interior or exterior health and safety hazard that fails housing quality standards, or reduce energy consumption or landscape related water consumption. The Agency Executive Director or designee, in his/her sole discretion, shall determine whether an improvement is eligible for Program assistance.

Examples of eligible improvements include painting, lighting, windows, doors, stucco, tile, fencing, sidewalks, landscaping, roofs, flooring, carpet, lead paint abatement, electrical, cabinets, sprinklers, sod, water heaters, wall heaters, plumbing, sinks, showers, walkways, countertops, and garage doors.

Examples of ineligible improvements include non-permanent fixtures, security systems, personal property, equipment, and any improvements deemed by the Agency Executive Director or designee, in his/her sole discretion, to be inconsistent with redevelopment purposes and objectives.

Priority for use of Agency loan funds shall be given to improvements that remedy interior or exterior conditions that fail housing quality standards and threaten the health and safety of the occupant(s) and/or remedy outstanding or pending code enforcement actions involving the subject property.

2. PROGRAM BENEFITS

The Program provides eligible Participants the opportunity to receive a loan, forgivable over a ten (10) year period, for housing rehabilitation and enhancement purposes in an amount up to $25,000 for property improvements and an additional amount up to $5,000 for water conserving landscape improvements and/or energy conserving improvements.

The Program benefits and financial assistance are available on a first-come, first-served basis and subject to availability.

(A) LOAN AMOUNT

Subject to the availability of Agency funds, the Agency loan will be as determined by the Agency Executive Director or designee, in his/her sole discretion, in an amount up to a maximum of $25,000 for property improvements and an additional amount up to a maximum of $5,000 for water conserving landscape improvements and/or energy conserving improvements.

Subject to and in accordance with the maximum loan amounts stated above, the total amount of the Agency loan shall be calculated and determined such that the value of the improvements funded by the Agency loan pursuant to this Program shall constitute less than twenty five percent (25%) of the after-rehabilitation/enhancement value of the residential property, inclusive of the land value.

The Agency loan shall supplement, and not replace or compound, any financial assistance received by a Participant from other financial assistance programs. In this regard, the Agency loan amount provided to any Participant pursuant to this Program shall be reduced if not yet paid to the Participant or shall be immediately paid back by the Participant to the Agency or its designee in the amount equal to the financial assistance received by the Participant from another financial assistance program for the same improvement. As an example, if the Agency or its designee provides a loan to a Participant in the amount of $5,000 for installation of solar panels as an energy conserving improvement and that same Participant receives a rebate in the amount of $2,000 from the State for the same solar panels, the Participant shall immediately pay back to the Agency or its designee the amount of $2,000.

(B) INTEREST RATE

An annual simple interest of three percent (3%) shall accrue on the principal amount of the Agency loan provided to a Participant pursuant to the Program and shall commence accruing on the date of Participant's receipt of the Agency loan.

(C) LOAN FORGIVABLE OVER A TEN (10) YEAR PERIOD

Any financial assistance paid by the Agency or its designee pursuant to this Program shall constitute loans made to the Participants. The loans, together with accrued interest, shall be forgiven over a ten (10) year period provided that, for a period of not less than ten (10) years from the date of Participant's receipt of the loan, the Participant continues to own and occupy the rehabilitated/enhanced property as his/her principal place of residence and the Participant complies with all other terms and conditions of the loan set forth in these Program Guidelines and the Memorandum of Lien Affecting Real Property recorded against the subject property (including that Participant properly and sufficiently maintain the property at the level of quality achieved by the rehabilitation).

The total amount of the loan and accrued interest will be forgiven in twenty percent (20%) increments on an annual basis commencing upon the sixth (6th) year of the loan such that at the end of the ten (10) year period, the entire loan amount, together with accrued interest, will be deemed forgiven and the loan balance will be zero.

(D) EVENT OF DEFAULT - PAYMENT OF LOAN AND ACCRUED INTEREST

If, at any time prior to the end of the tenth (10th) year from the date of Participant's receipt of the loan, the Participant fails to own and occupy the rehabilitated/enhanced property as his/her principal place of residence or the Participant fails to comply with all other terms and conditions of the loan set forth in these Program Guidelines and the Memorandum of Lien Affecting Real Property recorded against the subject property [Event of Default], the remaining pro rata (unforgiven) share of the loan, together will all accrued and unforgiven interest, shall become immediately due and payable by the Participant to the Agency or its designee, in its sole discretion, when the Event of Default is not cured in its entirety after sixty (60) calendar days' written notice from the Agency or its designee.

Upon the occurrence of an Event of Default, the Agency loan, together with accrued and unforgiven interest, shall be repaid as follows:

End of Year	Percent of Loan to be Repaid
1 to 5	100
6	80
7	60
8	40
9	20
10	0

Notwithstanding the above, the remaining pro rata (unforgiven) share of the Agency loan, together with accrued and unforgiven interest, shall not become immediately due and payable by the Participant to the Agency or its designee in the limited circumstance where the Participant, upon obtaining prior written approval from the Agency Executive Director or designee, sells, transfers, or conveys the subject property to a succeeding property owner who shall own and occupy the property as his/her principal place of residence and whose gross household income at the time of the sale shall not exceed one hundred percent (100%) of the area median family income for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

Notwithstanding a Participant's prepayment or repayment of the Agency loan or any portion thereof, whether by a voluntary payment or upon the Event of Default, and/or the sale, transfer, or conveyance of the property, the Memorandum of Lien Affecting Real Property shall remain in effect, including the restriction on gross household income, for the entire ten (10) year period from the date of the initial Participant's receipt of the loan.

3. GENERAL CONDITIONS

(A) APPLICATION

Each Participant is required to submit a properly completed application for Program assistance to the Agency or its designee. The Participant shall submit to the Agency or its designee, together with the completed application, itemized estimates or bids detailing the work to be completed and materials required to be purchased. The Participant shall submit all pertinent information requested by the Agency or its designee to establish household income.

The Agency Executive Director or designee shall review the application package and render a determination, in his/her sole discretion, on the eligibility of the Participant, Property, and proposed improvements and on the Project's conformance to redevelopment objectives. The Agency Executive Director or designee shall notify the Participant of said determinations in writing.

Any additional requirements imposed by the Agency or its designee with regard to the application process shall be fully complied with by each Participant.

The Agency Executive Director or designee will verify with the City of San Diego [City] whether there are any outstanding or pending code enforcement actions involving the subject property.

(B) EXECUTION OF A MEMORANDUM OF LIEN AFFECTING REAL PROPERTY

Once the Project is approved by the Agency or its designee and prior to the commencement of any work on the Project, the Participant is required to enter into and execute a Memorandum of Lien Affecting Real Property [Memorandum of Lien] with the Agency or its designee and agree to the recordation of the Memorandum of Lien against the subject property in the records of the County Recorder for San Diego County.

The Memorandum of Lien evidences the loan amount and the terms and conditions of the loan and imposes a ten (10) year deed restriction. The Memorandum of Lien shall be in a form mutually agreed upon by the Agency or its designee and the Participant consistent with these Program Guidelines and substantially in the form as the Memorandum of Lien attached hereto as Exhibit "A" and incorporated herein by this reference.

Commencement of work without an executed Memorandum of Lien will automatically disqualify a Participant from being eligible to participate in the Program. The Memorandum of Lien shall be recorded against the subject property.

(C) INSURANCE REQUIREMENTS

During the entire period in which work on the Project is performed and until Project completion, Participant shall obtain and maintain in effect for said period all insurance policies as required by the Agency or its designee. The Participant shall name the City, the Agency and its designee as additional insureds on all required insurance policies.

(D) FUNDS AVAILABILITY

Funds are limited. Therefore, participation of any Project in the Program is subject to the availability of funds.

(E) PROJECT MANAGEMENT

All Participants shall be fully responsible for managing the construction, work, or performance of their respective Projects including, without limitation, obtaining bids, selecting a licensed contractor(s) if required, obtaining all necessary approvals, permits, and insurances, overseeing work of contractors or other providers, and paying all invoices for the work, materials, and supplies.

The Participant, and not the Agency or its designee, shall be fully responsible and liable for all payments to all contractors, materials suppliers, vendors, and the like.

The Participant is solely responsible for hiring a contractor or provider if necessary, and all contractual obligations regarding the improvement work for the Project are between the Participant and contractor or provider. The Agency, the City, or their designees do not have any contractual relationship with the contractor or provider.

The Participant shall comply with all applicable federal, state and local laws and regulations pertaining to the work performed on the Project.

The Participant is solely responsible for scheduling and monitoring the construction or work of all improvements of the Project.

The Participant is solely responsible for making all payments to the contractor, suppliers, and vendors and is solely responsible for ensuring that all contractors, subcontractors, material suppliers, and other vendors are paid in full.

The Participant is solely responsible for ensuring that all work performed on the Project is done properly and satisfactorily.

Upon completion, the Participant shall notify the Agency or its designee and call for inspection.

(F) COMPLETION OF PROJECT

Projects shall be completed within one (1) year from the effective date of the Memorandum of Lien entered into by and between the Participant and the Agency or its designee.

(G) OBLIGATION TO REFRAIN FROM DISCRIMINATION

Each Participant shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, ancestry, sexual orientation, marital status, color, creed, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. This language shall be incorporated into all contracts between a Participant and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers.

Each Participant shall covenant and agree for itself, its successors and its assigns to the subject property, or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.

4. PROJECT ADMINISTRATOR

The Program is managed and administered by the Commission on behalf of the Agency. As such, the Commission is the Agency's designee for purposes of performing all actions necessary to manage and administer the Program and to implement these Program Guidelines.

The Commission has administered rehabilitation programs for more than twenty (20) years and can use its programs to supplement the Program. The Program is unique because the funds can be used for outside rehabilitation of fencing, sidewalks, painting, landscaping, and can be used for residents earning up to 100% Area Median Income, where Commission programs are limited to 80% Area Median Income.

For more information on the San Ysidro Redevelopment Housing Enhancement Loan Program, please contact the **Redevelopment Agency of the City of San Diego**, City Planning and Community Investment Department, at **(619) 236-6700** or visit the Agency's Web site at **www.sandiego.gov/redevelopment-agency.**

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