



**CITY OF SAN DIEGO
REDEVELOPMENT AGENCY**

**EXPENDITURE OF
LOW AND MODERATE INCOME HOUSING FUND
POLICY AND TRANSACTION GUIDELINES**

POLICY GUIDELINES

A. Redevelopment Goals and Objectives

Projects will be evaluated based upon their ability to fulfill and further the goals and objectives of the applicable Redevelopment Plan and 5-Year Implementation Plans for the Project Area, applicable Community Design Guidelines, existing Community Plan, and the City of San Diego's General Plan.

B. Eligible Uses

Projects will be accepted from the following types of organizations: (1) private developers; (2) non-profit housing development organizations; (3) private developers in partnership with non-profit service providers or developers and (4) property owners.

Projects outside of redevelopment project areas are eligible for Redevelopment Agency low and moderate income housing funds, but are not the priority.

All expenditures of low and moderate income housing funds will be guided by California Health and Safety Code Section 33334.4 and based on the proportion of unmet need as identified in the City's most recent Housing Element.

C. Leveraging of Agency Subsidy

Projects shall seek to maximize the use of available non-Agency funds to achieve the highest reasonable financial leveraging of the Agency subsidy. As applicable, projects may seek funding from: 9% or 4% low income housing tax credits (LIHTCs), Affordable Housing Program (AHP), Multifamily Housing Program (MHP), tax-exempt bonds, Affordable Housing Fund (San Diego Housing Commission) and other sources.

D. Subsidy Levels

Prior to the allocation of low and moderate income housing funds for projects where those funds would exceed 50% of the cost of producing the units, substantial evidence

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AFFORDABLE HOUSING

must be provided to demonstrate that the funds are necessary because the owner of the units has made a good faith attempt but been unable to obtain commercial or private means of financing the units at the same level of affordability and quantity. [Consistent with California Health and Safety Code § 33334.3(j)]

Consideration will also be given to the requested level of subsidy and its percentage of the overall project cost.

E. Evaluation of Planning & Urban Form Elements

The project must be the right use, the right mix, in the right location at the right time in the life of the project area. Agency staff will evaluate how the project meets the objectives of the Redevelopment Plan for the project area.

F. Project Readiness

Consideration will be made as to project site control, current zoning, availability of financing, relocation costs and the necessity for the use of eminent domain.

TRANSACTION GUIDELINES

Due to the variety of communities served by the Redevelopment Agency, fluctuations in the financial market, changes in market needs and variety of regulations for other outside funding sources, the Agency's transaction guidelines for underwriting proposed affordable housing projects must be flexible in order to ensure the appropriate use of the low and moderate income housing funds. In addition, the guidelines based upon State and/or Federal programs will automatically update to mirror those programs.

The Agency Executive Director or his/her designee is given the discretion to develop transaction guidelines for projects proposed to receive Agency subsidies of low and moderate income funds. Agency staff will periodically review these guidelines to ensure consistency with the law and confirm the implementation of the Policy Guidelines approved by the Agency. These transaction guidelines are developed so that there is consistency among the two Agency corporations (Centre City Development Corporation and Southeastern Economic Development Corporation) and the Redevelopment Division of the City Planning & Community Investment Department. This consistency will aid in streamlining the review and approval process for Agency-assisted affordable housing development.

Agency staff will provide the Agency with a copy of the guidelines in use at each Annual Budget Review.

The Agency Board recognizes that all project subsidies with low and moderate income housing funds will be subject to the final review and approval of the Board on a project-by-project basis. In the event the proposed project does not conform to the above Agency policy or current transaction guidelines, the staff report to the Agency Board will delineate such.