SAN DIEGO AFFORDABLE HOUSING FUND
FY08 ANNUAL PLAN

AFFORDABLE HOUSING FUND

The City's Affordable Housing Fund is a permanent, annually renewable source of funds designed 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.

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

HOUSING TRUST FUND ACCOUNT

The Housing Trust Fund is created through a City commercial linkage fee. The linkage fee is assessed on commercial or industrial development. Commercial and industrial development usually results in new jobs – and additional jobs often create the need for additional housing, including housing affordable to non-professionals. The fee is used to help produce that affordable housing.

The fund is used to build new affordable housing, rehabilitate and preserve older housing, support first-time homebuyer programs, and to provide transitional housing.

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 $3.4 million is expected to be available in FY08, consisting of $700,00 in estimated carryover and $2.7 million in revenue (Housing Impact Fees, HTF CDBG loan repayments, and Housing Rehabilitation Trust Fund loan repayments).

Who Decides Where the Money Goes?
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

The Inclusionary Housing fund is created from fees that developers may pay in lieu of providing ten percent of the homes in any development at affordable rates for modest income families. These fees are then leveraged against other funds to help build affordable housing, preferably in the community plan area from which the funds came.

Eligible uses 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 is 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.

Revenue Forecast
Approximately $7.8 million is expected to be available in FY08, consisting of $3.3 million in estimated carryover and $4.5 million in new revenue (Inclusionary Housing In-Lieu Fee payments).

Who Decides Where the Money Goes?
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.

The proposed allocation of **Affordable Housing Fund** monies for FY2008 is as follows:

PROGRAM	BUDGET	% OF BUDGET	PRODUCTION

Rental Housing Development
        New Rental Housing
        Existing Rental Housing
	$5,964,935	49%	50 units

Special Purpose Rental Housing	$1,000,000	8%	20 units

Homeownership
        Shared Equity Program
        Downpayment/Closing Cost
        Assistance Pgm
        Acquisition with Rehabilitation
	$1,490,000	12%	10 downpayment grants

Rehabilitation
        Owner-occupied Rehabilitation
        Nonprofit Owner-Occupied
        Mobile Home Repair Grant
        Accessibility Grants for Tenants with
        Disabilities
	$1,222,193	10%	120 units

Transitional Housing Operations	$1,100,000	9%	400 beds
Permanent Supportive Housing Operations	$400,000	3%	175 units

Nonprofit Capacity Building
        Predevelopment Financial Assistance
        Emergency Loan Fund Program
        Nonprofit Technical Assistance
        Nonprofit Support
	$80,000	<1%	4 projects

Reserves & Targets of Opportunity	$0	0%	
Administration	$987,020	8%	
Legal	$60,000	<1%	
TOTAL	$12,304,148	100%	

GOVERNANCE

The San Diego Housing Trust Fund was created by the San Diego City Council on April 16, 1990, pursuant to **Ordinance O-17454**.
http://clerkdoc.sannet.gov/legtrain/mc/MuniCodeChapter09/Ch09Art08Division05

The Inclusionary Housing Program was adopted by City Council on June 3, 2003, pursuant to **Ordinance O-19189.**
http://clerkdoc.sannet.gov/RightSite/getcontent/local.pdf?DMW_OBJECTID=09001451800e6c20

The City Council expressed this intent in Municipal **Code Sections 98.0501-98.0618**.
http://clerkdoc.sannet.gov/Website/mc/mc.html

Affordable Housing Fund Annual Plan: City Council's adopting an overall strategy for use of Affordable Housing Fund monies in the Annual Plan. Recommendations regarding allocation of Affordable Housing Fund resources are considered on the amount of funds available, the requirements of the funding source, the priorities of the City's Consolidated Plan, and the policy parameters set by the Affordable Housing Fund Ordinance. http://sdhc.net/giaboutus3a8.shtml