

**City of San Diego Promise Zone 2016 Proposal: Goals and Activities**

<b>Goal 5: Increase Access to Quality Affordable Housing</b>	
<p>Add and preserve transit-oriented "green" affordable housing and home ownership in the SDPZ, close to basic services. 39% of people are below the federal poverty level; 55% are rent-burdened. San Diego has the 4th most expensive housing in the U.S.</p>	
<b>Activity 5A</b>	<b>Create new, ecofriendly, affordable and mixed-income residential units along transit corridors in mixed-use residential/commercial developments. Some units will be targeted to special populations: seniors, homeless, disabled and veterans.</b>
<p><b><u>Rationale/Evidence</u></b>            According to the CA Housing Partnership Corp and SD Housing Federation, San Diego has an affordable housing shortfall of about 128,000 units. Community plans for SDPZ indicate the need for 10,000 new units in the next decade. Creating new affordable units will ensure that SDPZ residents have options with proximity to transit, healthy food and green space. Housing stability sets the foundation for physical, social and emotional health, educational achievement and economic success.</p>	
<p><b><u>Implementing Partners</u></b>            To increase the number of affordable housing units in the SDPZ, implementing partners will be responsible for building and rehabilitating affordable housing units. Partners include the SD Housing Commission (SDHC), Civic San Diego (Civic), and Jacobs Center for Neighborhood Innovation (JCNI). SDHC and Civic provide funding for affordable housing development, the City of San Diego provides funding for infrastructure improvements and JCNI serves as a funder, developer and property owner.</p>	
<p><b><u>Committed Financial Support</u></b></p> <p>Below Market Loan</p> <ul style="list-style-type: none"> <li>Local, Regional, or Tribal Government: \$27,587,021, Various loans from City of San Diego, SD Housing Commission, Civic San Diego and Mental Health Services Act loans, 09/01/2013-09/01/2053, There are ten affordable housing and/or mixed-use development projects in the pipeline within the SDPZ that will result in 604 units of additional housing. The information here is aggregate information for all of these projects.</li> </ul> <p>Tax Credit Proceeds</p> <ul style="list-style-type: none"> <li>Federal Government: \$55,762,560, Federal tax credits associated with ten development projects, 08/01/2013-07/31/2018. There are ten affordable housing and/or mixed-use development projects in the pipeline within SDPZ that will result in 604 units of additional housing. The information below is aggregate information for all projects.</li> </ul> <p>Guaranteed Loan or First Loss Position</p> <ul style="list-style-type: none"> <li>Public Housing Authority: \$15,000,000, SD Housing Commission serves as conduit issuer of State organized Multifamily Housing Revenue bonds for five projects, 08/01/2013-07/31/2018, There are ten affordable housing and/or mixed-use development projects in the pipeline within SDPZ that will result in 604 units of additional housing. The information below is aggregate information for all projects.</li> </ul> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>State Government: \$400,000, Soil Mitigation grants, 08/01/2013-07/31/2018, There are ten affordable housing and/or mixed-use development projects in the pipeline within SDPZ that will result in 604 units of additional housing. The information below is aggregate information for all projects.</li> </ul> <p>Below Market Loan</p> <ul style="list-style-type: none"> <li>Local, Regional, or Tribal Government: \$10,689,733, Multi-family mortgage revenue note, land notes for two projects, 08/01/2013-07/31/2018, There are ten affordable housing and/or mixed-use development projects in the pipeline within SDPZ that will result in 604 units of additional housing. The information below is aggregate information for all projects.</li> </ul> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>State Government: \$7,837,545, TOD loans for two projects, 08/01/2013-07/31/2018. There are ten affordable housing and/or mixed-use development projects in the pipeline within SDPZ that will result in 604 units of additional housing. The information below is aggregate information for all projects.</li> </ul>	
<p><b><u>Financial Support Needed</u></b></p> <p>Tax Credit Proceeds</p> <ul style="list-style-type: none"> <li>\$10,000,000, 06/01/2016-08/31/2021, Tax credits, grants or loans for Hilltop development.</li> </ul>	

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<p>Market Rate Loan</p> <ul style="list-style-type: none"> <li>• \$50,000, 06/01/2016-08/31/2021, Loan or grant to cover funding gaps for Imperial Development project.</li> </ul> <p>Tax Credit Proceeds</p> <ul style="list-style-type: none"> <li>• \$63,000,000, 06/01/2016-08/31/2021, Grants, philanthropic funds, loans, tax credits to complete the Village at Market Creek Plaza mixed-use development.</li> </ul> <p>Tax Credit Proceeds</p> <ul style="list-style-type: none"> <li>• \$19,000,000, 07/01/2016-08/31/2021, Tax credit funds to complete Keller Development project.</li> </ul> <p>Market Rate Loan</p> <ul style="list-style-type: none"> <li>• \$12,500,000, 07/01/2016-08/31/2021, Loan or grant funds to complete financing for American Legion project.</li> </ul>	
<p><b>Committed Non-Financial Support</b></p> <p>Implementing partner staff time, in-kind support, throughout the 10 year PZ designation, Collaborative grant seeking for additional housing developments in SDPZ.</p>	
<p><b>Expected Outcomes and Measurement</b></p> <ul style="list-style-type: none"> <li>• Within three years, create 1,124 new affordable housing units</li> <li>• Within 10 years, create an additional 3,000 units (affordable and/or market rate units)</li> <li>• All units will be mixed-use, transit oriented, economically friendly and offer access to healthy food and other resources in the SDPZ</li> </ul>	
<p><b>Data Collection, Tracking and Sharing</b></p> <ul style="list-style-type: none"> <li>• Each implementing partner (SDHC, Civic and JCN) will be responsible for data collection and distribution.</li> <li>• Partners will track the progress of developments and create a report to disseminate at SDPZ Affordable Housing subcommittee meetings.</li> <li>• Reports will include number of units constructed, development timelines and financial updates.</li> </ul>	
<p><b>Timeline/Milestones for Implementation</b></p> <ul style="list-style-type: none"> <li>• The implementing partners expect to create 1,124 new affordable housing units and an additional 3,000 affordable or market rate units within ten years (or by Spring 2026). Each housing development has a different timeline. 64% of all units are on track to be completed by the summer of 2018 or sooner</li> </ul>	
<b>Activity 5B</b>	<b>Preserve existing affordable housing in the SDPZ through capital improvement projects to ensure environmental safety.</b>
<p><b>Rationale/Evidence</b></p> <p>By updating the cabinets, floors, windows, roofs, electrical and HVAC systems on existing units, we will preserve affordable housing within the SDPZ. This will ensure the retention of affordable housing and the safety and comfort of the residents within the rehabilitated structure.</p>	
<p><b>Implementing Partners</b></p> <p>San Diego Housing Commission and its partner affiliate, Housing Development Partners (HDP) will dedicate funds to preserve exiting affordable housing units and buildings in the SDPZ to preserve the affordable housing. The SDHC and HDP will contract out the capital improvement projects and oversee the work.</p>	
<p><b>Committed Financial Support</b></p> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>• Federal Government: \$105,401, Moving to Work Flexible Funds, 07/01/2016-06/30/2017, SDHC is the recipient of the funds.</li> </ul> <p>Market Rate Loan</p> <ul style="list-style-type: none"> <li>• Local, Regional, or Tribal Government: \$4,037,000, City of San Diego bonds, 07/01/2016-06/30/2017, SDHC is the recipient of the bonds.</li> </ul> <p>Equity</p> <ul style="list-style-type: none"> <li>• Local, Regional, or Tribal Government: \$2,312,044, Property reserves, 07/01/2016-06/30/2025, Reserved for properties owned by the SDHC.</li> </ul>	
<p><b>Financial Support Needed</b></p> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>• \$1,405,000, HDP will seek federal, state and local funds to cover rehabilitative funding gaps, 07/01/2016-06/30/2025</li> </ul>	

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<p>Market Rate Loan</p> <ul style="list-style-type: none"> <li>• \$2,107,500, State bond loans, 07/01/2016-06/30/2025.</li> </ul> <p>Tax Credit Proceeds</p> <ul style="list-style-type: none"> <li>• \$3,512,500, Tax credit or other revenue sources, 07/01/2016-08/31/2021, Tax credit funds to complete Keller Development project and loan or grant funds to complete financing for American Legion project.</li> </ul>	
<p><b><u>Committed Non-Financial Support</u></b></p> <p>Implementing partner staff time; in-kind support; over the 10 year designation; collaborative grant seeking for additional housing developments in the SDPZ.</p>	
<p><b><u>Expected Outcomes and Measurement</u></b></p> <ul style="list-style-type: none"> <li>• Within ten years, rehabilitate 384 affordable housing units in the SDPZ, equating to \$9.4 million.</li> </ul>	
<p><b><u>Data Collection, Tracking and Sharing</u></b></p> <ul style="list-style-type: none"> <li>• SDHC will be responsible for data collection and distribution. Civic staff will track the progress of the capital improvement projects for existing affordable housing in the SDPZ and disseminate reports at SDPZ Affordable Housing subcommittee meetings.</li> <li>• Reports will include the number of units updated and the type of activity (upgrading electrical and/or HVAC; replacing roofs, cabinets, flooring and/or windows). SDHC will also report on the dollar amount spent.</li> </ul>	
<p><b><u>Timeline/Milestones for Implementation</u></b></p> <ul style="list-style-type: none"> <li>• SDHC and HDP will complete significant capital improvements on 384 units in the SDPZ in ten years. This includes replacing the windows, cabinets and floors in each unit and installing roofs, upgraded electrical, HVAC systems and landscaping for each property. By the end of the ten year designation, HDP and SDHC expects to spend \$9.4 million.</li> </ul>	
<b>Activity 5C</b>	<b>Administer loans, grants and other mechanisms to help households with low to moderate incomes become first-time homebuyers.</b>
<p><b><u>Rationale/Evidence</u></b></p> <p>Homeownership has numerous social and economic benefits such as improved educational performance of children, increased civic engagement and volunteerism, better health care, lower rates of crime and less welfare dependency. Yet the housing environment, characterized by high prices and low vacancy rates, strict lending standards, and credit requirements present sobering challenges to LMI households. By providing loans and grants, LMI households will be able to achieve the goal of home ownership</p>	
<p><b><u>Implementing Partners</u></b></p> <p>San Diego Housing Commission and other local agencies will provide LMI first time homebuyers with deferred payment loans, closing cost grants and mortgage credit certificates when purchasing a home in the SDPZ.</p>	
<p><b><u>Committed Financial Support</u></b></p> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>• Federal Government: \$316,400, CDBG funds, 07/01/2016-06/30/2017, Funds to assist 12 Low to Moderate Income (LMI) first time homebuyers with closing cost resources per year and 14 First Time Home Buyers with deferred payment loans annually.</li> </ul> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>• Federal Government: \$302,040, HOME funds for First Time Homebuyer programming, 07/01/2016-06/30/2017, Deferred payment loans to LMI homebuyers within the SDPZ</li> </ul>	
<p><b><u>Financial Support Needed</u></b></p> <p>Grant or Direct Allocation</p> <ul style="list-style-type: none"> <li>• \$1,360,080, Local Housing Trust Fund Program (LHTFP) resources needed to provide deferred payment loans to 126 families in years 2-10.</li> </ul> <p>Market Rate Loan</p> <ul style="list-style-type: none"> <li>• \$3,060,000, Cal Private Activity bonds for mortgage credit certificates to be used in First Time Homebuyer program, 07/01/2017-06/30/2026.</li> </ul>	
<p><b><u>Committed Non-Financial Support</u></b></p> <p>Implementing partner staff time; in-kind support; over the 10 year designation; collaborative grant seeking for additional housing developments in the SDPZ.</p>	

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### **Expected Outcomes and Measurement**

- Within ten years, provide 120 closing cost grants to LMI homebuyers in the SDPZ, equating to approximately \$500,000
- 140 deferred payment loans, equating to approximately \$720,000
- 82 mortgage credit certificates, equating to \$336,000

### **Data Collection, Tracking and Sharing**

- SDHC will be responsible for data collection and distribution. SDHC staff will track the progress related to first time home buyer programs to report at SDPZ Affordable Housing subcommittee meetings.
- Reports will include the number of homebuyers served in the SDPZ, the type of assistance they received and the dollar amount distributed.

### **Timeline/Milestones for Implementation**

- Each year, SDHC will assist 34 new homebuyers in the SDPZ. Annually, we expect to distribute \$50,000 in closing cost grants, \$720,000 in deferred payment loans and \$336,000 worth of mortgage credit certificates. In the 10 year Promise Zone designation that would equate to helping over 340 households with a grand total of over \$11 million.

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