



## REPORT TO THE CITY COUNCIL

**DATE ISSUED:** September 30, 2020

**REPORT NO.:** CCR20-016

**ATTENTION:** Council President and Members of the City Council  
For the Agenda of October 27, 2020

**SUBJECT:** Implementation Strategy for Affordable Housing Preservation

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Approve the seven actions proposed in this report to implement a strategy for affordable housing preservation in the City of San Diego.

### **STAFF RECOMMENDATION**

That the San Diego City Council approve the seven actions proposed in this report to implement a strategy for affordable housing preservation in the City of San Diego.

### **SUMMARY**

On May 28, 2020, the San Diego Housing Commission (Housing Commission) published the report “Preserving Affordable Housing in the City of San Diego.” The preservation report included a Strategy Framework with 10 recommendations to successfully implement a comprehensive affordable housing preservation strategy in the City of San Diego.

The City Council accepted the report on June 2, 2020, and referred it to the Land Use and Housing Committee for further action. On June 24, 2020, the Land Use and Housing Committee directed Housing Commission staff to return to the Committee in September with a recommended implementation strategy with detailed policy options.

On September 17, 2020 the Housing Commission proposed an implementation strategy for affordable housing preservation to the Land Use and Housing Committee. The Committee unanimously approved the Housing Commission staff’s five recommended actions, with an amendment to the first action related to directing former redevelopment funds to affordable housing preservation activities. Housing Commission staff have taken the input from Committee members and made additional amendments related to setting goals for funding an affordable housing preservation program and including non-governmental stakeholders in a preservation collaborative.

The purpose of affordable housing preservation is to address the homelessness and housing affordability crises in the City of San Diego. The seven actions to implement a strategy for affordable housing preservation are:

1. Direct Residual Redevelopment Property Tax Trust Funds (RPTTF) to affordable housing preservation in one-year increments and within the framework of the City’s budget process.

2. Establish a strategic goal, with actual appropriations subject to the City's annual budget process, of using at least 20 percent of the Fiscal Year (FY) 2021 RPTTF as an annual base figure, and any additional growth of the RPTTF in future years for affordable housing preservation. This goal would not bind a future City Councils to a specific future appropriation.
3. Establish a Small Sites Rehabilitation Program funded with RPTTF to provide an incentive to owners of existing Naturally Occurring Affordable Housing (NOAH) properties to preserve affordability.
4. Provide initial seed funding using RPTTF to create a public-private Affordable Housing Preservation Fund, to be operated by a qualified Community Development Financial Institution, and serve as a dedicated long-term source of funding for preservation activities such as the acquisition and rehabilitation of existing deed-restricted and NOAH properties.
5. Develop an Affordable Housing Preservation Ordinance to require that owners of deed-restricted affordable housing properties who wish to sell their property provide a notice of intent to sell to the City of San Diego, the Housing Commission, and qualified nonprofit affordable housing developers; and to further provide both a right of first offer and a right of first refusal, to qualified nonprofit affordable housing developers.
6. Authorize the establishment of an initial Interagency Preservation Working Group, to be convened by the Housing Commission, for the purpose of building public agency consensus and preservation priorities.
7. Authorize the establishment of a Preservation Collaborative, to be convened by the Housing Commission, no later than one year after the initial Interagency Preservation Working Group first meets. The Collaborative would include representatives of affordable housing property owners, for-profit and nonprofit real estate developers, housing advocates and tenants' rights groups.

Implementing these actions has the potential to preserve many existing affordable units in the City of San Diego, including both deed-restricted and NOAH units. This would help prevent the loss of some of the approximately 13,450 units that were identified in the Housing Commission preservation report, "Preserving Affordable Housing in the City of San Diego," as being at risk of losing affordability in the next 20 years.

### **FISCAL CONSIDERATIONS**

If directed by City Council within the framework of the City's budget process, approximately \$5.9 million of the Residual Redevelopment Property Tax Trust Funds (RPTTF) are associated with this action in FY2021. The RPTTF are currently allocated to the City of San Diego's General Fund.

### **PREVIOUS COUNCIL AND COMMITTEE ACTIONS**

On June 2, 2020, the City Council accepted the "Preserving Affordable Housing in the City of San Diego" report and referred it to the Land Use and Housing Committee for further action (Resolution No. R-313066).

On June 24, 2020, the Land Use and Housing Committee directed Housing Commission staff to return to the Committee in September with a recommended implementation strategy that includes detailed policy options and best practices for recommendations 2, 4, and 5 of the Housing Commission's preservation report.

On September 17, 2020, the Land Use and Housing Committee approved the Housing Commission's recommendation for five actions to implement an affordable housing strategy, with an amendment to the first action related to directing former redevelopment funds to affordable housing preservation.

### **ENVIRONMENTAL REVIEW**

The proposed action of referring strategies contained within the report to the City Council is not a project as defined in California Environmental Quality Act (CEQA) Section 15378(b)(5) as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment and, therefore are not subject to CEQA pursuant to Section 15060(c)(3) of the State CEQA Guidelines.

In addition, to the extent that the proposed action is determined to be a project, this activity is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense) which states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. The Common Sense Exemption is applicable where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The actions would not, on their own accord, cause a significant effect on the environment.

Any and all, future actions to implement a San Diego Affordable Housing Preservation Strategy will be subject to CEQA review at such a time details are developed, funding proposed, and implementation responsibilities are defined. This review will be accomplished as required by the appropriate Section 15004 of the guidelines, as subsequently determined by City of San Diego for compliance under CEQA. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,

**Suket Dayal**

Suket Dayal  
Senior Vice President of  
Strategic Operations & Policy  
San Diego Housing Commission

Approved by,

**Richard C. Gentry**

Richard C. Gentry  
President & Chief Executive Offices  
San Diego Housing Commission