



SAN DIEGO  
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# San Diego Housing Commission (SDHC) Affordable Housing Preservation Strategy San Diego City-County Reinvestment Task Force (RTF) September 5, 2024

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# SDHC – Affordable Housing Preservation Strategy Implementation Introduction

- **May 28, 2020:** SDHC completed a yearlong study and published a report, *Preserving Affordable Housing in the City of San Diego*, which included:
  - A detailed housing inventory
  - Historic analysis and future projections
  - Estimates of preservation costs
  - A Strategy Framework with 10 recommendations
- **June 2, 2020:** City Council accepted the study and referred it to the Land Use and Housing Committee, where the strategy was discussed and refined.
- **October 27, 2020:** City Council approved seven actions to implement a strategy for affordable housing preservation, including convening an Interagency Working Group and Preservation Collaborative.

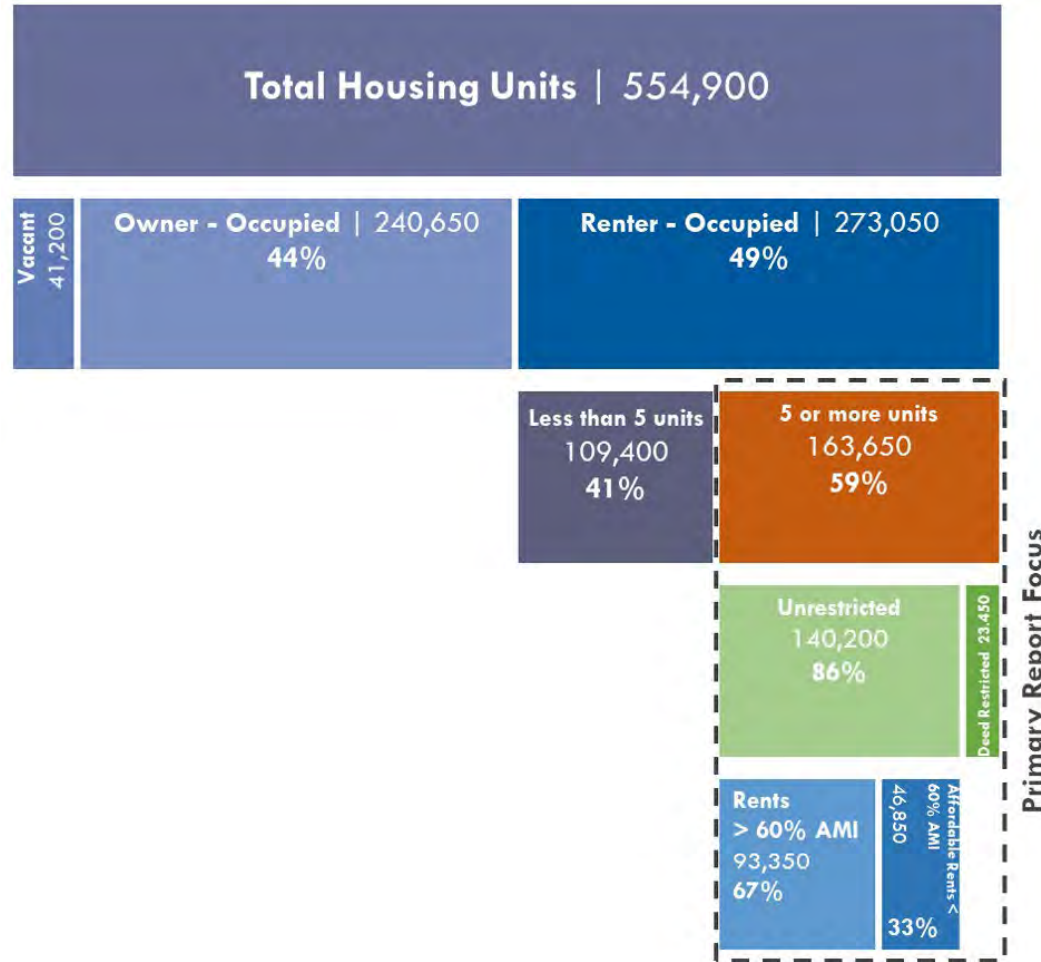


## SDHC – Affordable Housing Preservation Strategy Implementation Definitions

- **Preservation** – Any action that extends the deed-restricted status of an affordable rental housing unit or converts an unrestricted naturally occurring affordable housing (NOAH) unit to deed-restricted to ensure affordability remains in place.
- **Deed-Restricted** – Properties upon which covenants, conditions and restrictions or other documents are recorded that require rents to be affordable to households at specified income levels.
  - **At Risk** – Deed-Restricted properties with covenants that are set to expire, allowing the units to convert to market rate *or* NOAH units at risk of converting to market rate.
  - SDHC has created a database of deed-restricted properties.
- **NOAH** – Properties without any restrictions that have rents that are affordable to households earning up to 60% of San Diego’s Area Median Income (AMI).
  - SDHC’s preservation study included data on and projections for NOAH properties, but there is no database available for NOAH properties.



# SDHC – Affordable Housing Preservation Strategy Implementation Multifamily Rental Housing Inventory

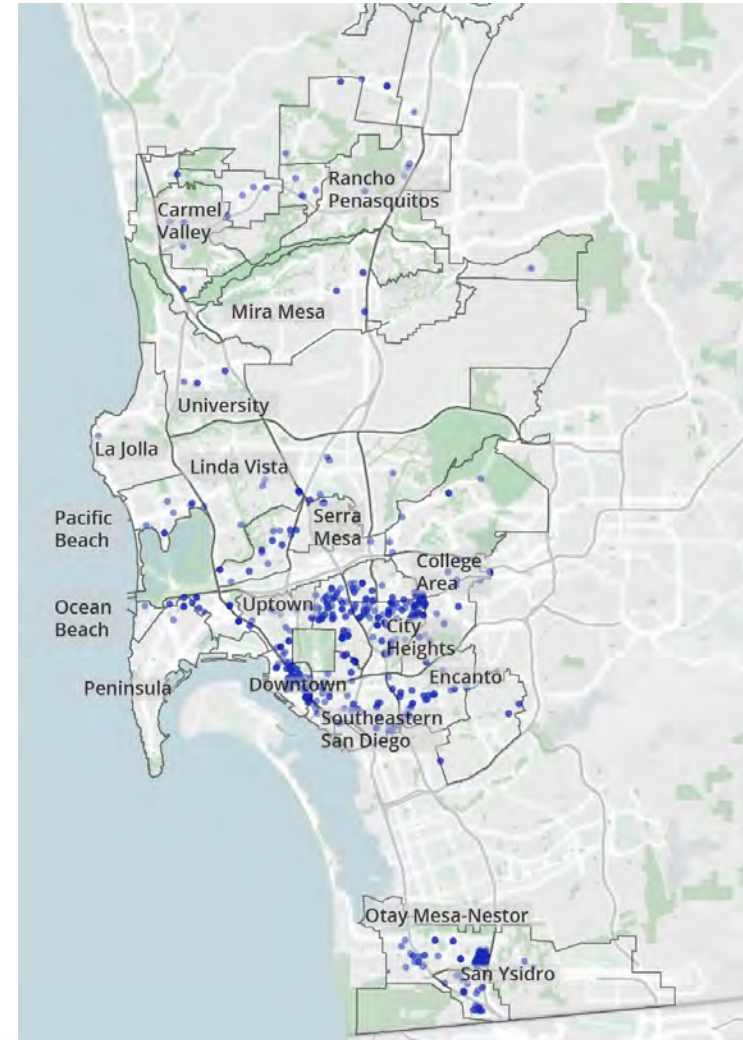


\*Numbers are rounded to the nearest 50.



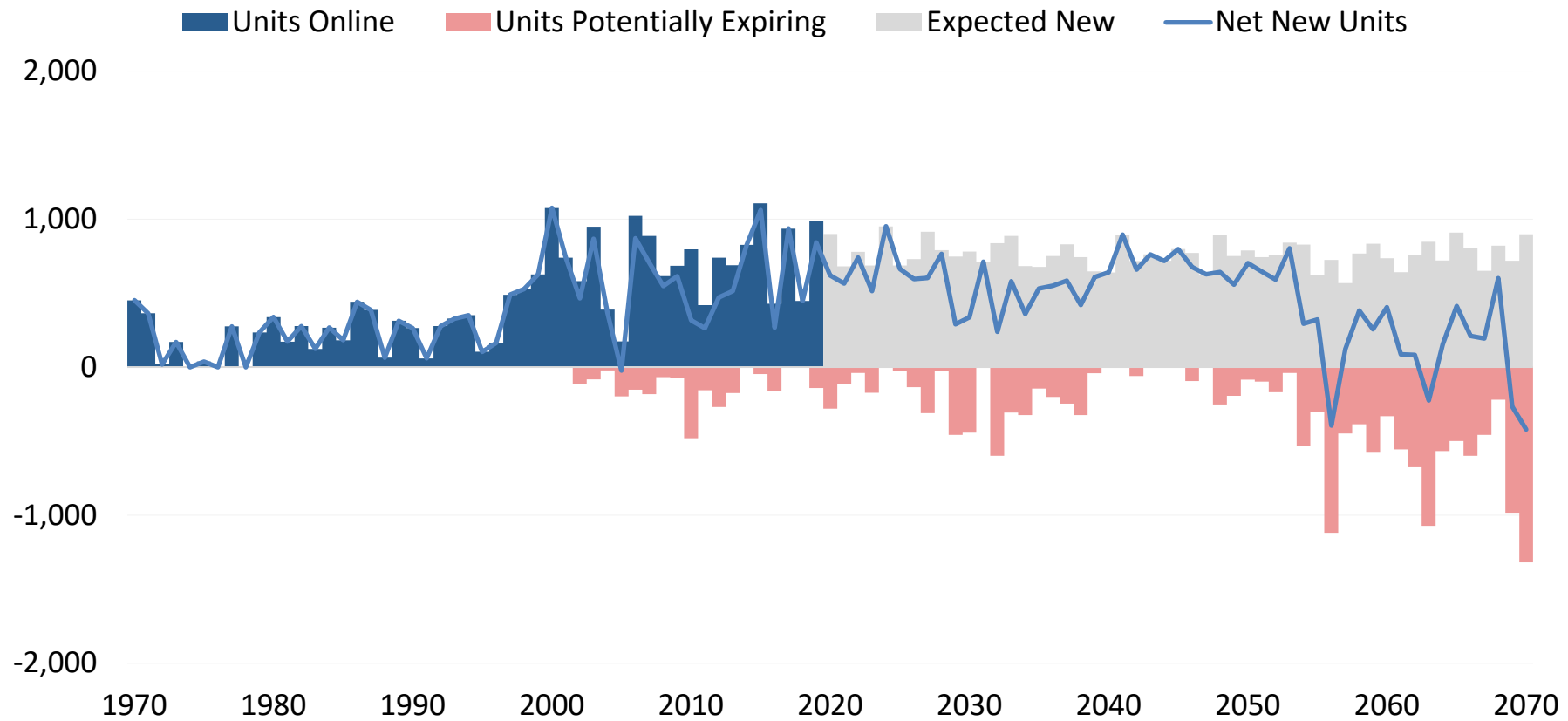
# SDHC – Affordable Housing Preservation

Parcels with Deed-Restricted  
Affordable Units



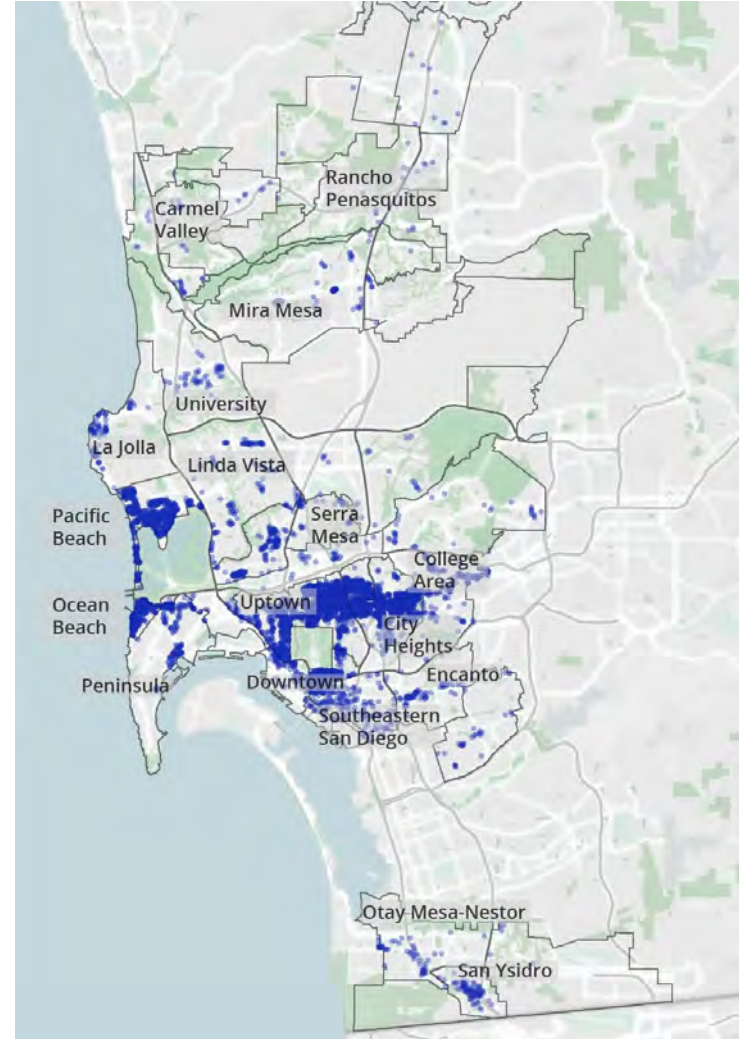
# SDHC – Affordable Housing Preservation Strategy Implementation

## Deed-Restricted Units 1970 – 2070



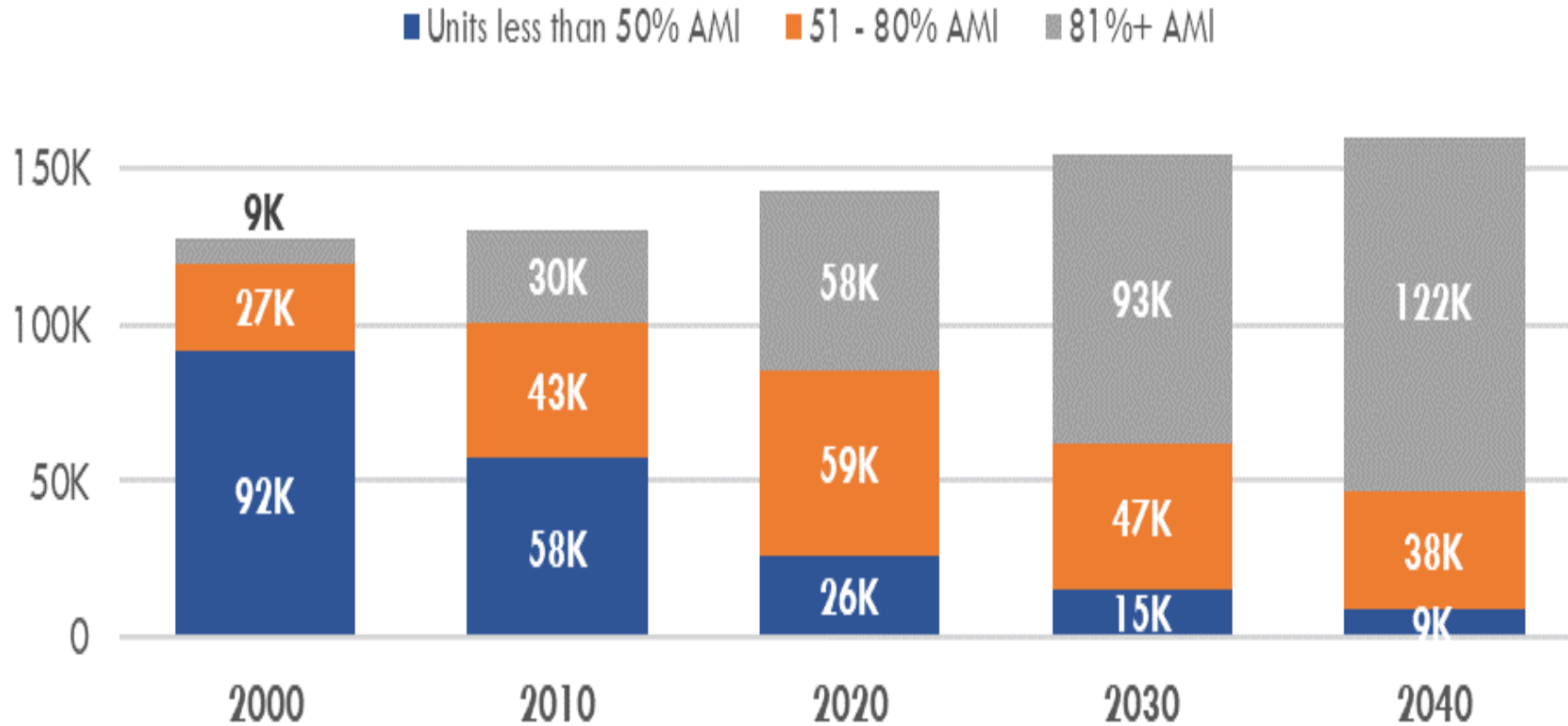
# SDHC – Affordable Housing Preservation Strategy Implementation Multifamily Rental Housing Inventory

Parcels with  
Unrestricted NOAH Units



# SDHC – Affordable Housing Preservation Strategy Implementation

## Change in Unrestricted Unit Affordability 2000 – 2040





# SDHC – Affordable Housing Preservation Strategy Implementation Cost Estimates

## Estimated Funding Needed as Identified in the Preservation Study 2020 – 2040

	Units At Risk (2020-2040)	Units At Risk Per Year	Gap Financing Needed Per Year	Estimated Total Preservation Cost Per Year
Deed-Restricted Units	4,200	210	\$14 million	\$85 million
NOAH Units	9,250	462	\$72 million	\$315 million
<b>TOTAL</b>	<b>13,450</b>	<b>672</b>	<b>\$86 million</b>	<b>\$400 million</b>

- *Gap financing will require new State and Local funding.*
- *Dollar amounts have been adjusted to incorporate projected cost increases over the next 20 years.*
- *Dollar amounts reflect costs at time of study publication and do not reflect current market conditions.*



# SDHC – Affordable Housing Preservation Strategy Implementation

## City Council-Approved Actions

Action Item	Proposed Strategy
1	Direct Residual Redevelopment Property Tax Trust Funds (RPTTF) to affordable housing preservation.
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.
3	Establish a Small Sites Rehabilitation Program funded with RPTTF to provide an incentive to owners of existing NOAH properties.



# SDHC – Affordable Housing Preservation Strategy Implementation

## City Council-Approved Actions (Continued)

<b>Action Item</b>	<b>Proposed Strategy</b>
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
5	Develop an Affordable Housing Preservation Ordinance
6	Authorize the establishment of an initial Interagency Preservation Working Group
7	Authorize the establishment of a Preservation Collaborative





# SDHC – Affordable Housing Preservation Strategy Implementation

## Track 1 and Track 2

- **Track 1:** Preserve deed-restricted affordable housing projects through an Affordable Housing Preservation Ordinance.
- **Track 2:** Preserve NOAH through the creation of an Affordable Housing Preservation Program.
  - Provide initial seed funding using a Redevelopment Property Tax Trust Fund (RPTTF) to create a public-private Affordable Housing Preservation Fund.
  - Provide incentives to owners of existing NOAH properties to help keep properties affordable over time.





# SDHC – Affordable Housing Preservation Strategy Implementation

## Status of Track I: **Develop an Affordable Housing Preservation Ordinance**

- **May 18, 2023:** Staff worked with the Preservation Collaborative to draft ordinance parameters and to reach out to community stakeholders to refine parameters and create a preservation ordinance framework.
- **November 16, 2023:** Land Use & Housing Committee approved the draft preservation ordinance framework and directed staff to work with the City Attorney's Office to draft an ordinance for the preservation of deed-restricted affordable housing.
- **January 10 and May 15, 2024:** Staff met with City Attorney's Office to discuss the draft ordinance. City Attorney's Office to review feedback and prepare a draft ordinance for distribution.
- **July 9, 2024:** Draft ordinance language received from City Attorney's Office.



### Purpose

- Benefits the general public by increasing housing opportunities for persons of very low, low and moderate income.
- Conversion to market-rate housing is an ongoing and critical problem in the expensive and limited San Diego housing market.
- The public has invested substantial resources toward the creation of affordable housing and desires to protect it and keep it affordable in perpetuity.
- The proposed local ordinance will provide notice and opportunity to purchase when the owner of a deed-restricted property *intends to sell*, thereby providing a better opportunity to acquire and preserve the property's affordability in perpetuity.



# SDHC – Affordable Housing Preservation Draft Ordinance

Section	Description	Stakeholder Comments on Parameters	Response
<b>98.1003 Definitions</b>	<p><b><i>Assisted housing development</i></b> means a multifamily rental housing development of five or more dwelling units that receives governmental assistance under any of the programs listed in California Government Code sections 65863.10(a)(3) and 65863.11(a)(1), or has a regulatory agreement, contract, or other instrument that, as a condition of receipt of any governmental assistance, including a rental subsidy, mortgage subsidy, or mortgage insurance, imposes restrictions on the maximum rents that could be charged for dwelling units within the development.</p>	<p>All multifamily properties should be subject to the ordinance.</p>	<p>This is beyond the scope of the proposed parameters. Land Use &amp; Housing directed us to focus on deed-restricted housing.</p>



# SDHC – Affordable Housing Preservation Draft Ordinance

Section	Description	Stakeholder Comments on Parameters	Response
<p><b>98.1003 Definitions, cont.</b></p>	<p><b>Qualified entity</b> means tenant associations of assisted housing developments, local nonprofit organizations and local public agencies, regional or national nonprofit organizations and regional or national public agencies, and profit motivated housing organizations or individuals, as these terms are defined under California Government Code section 65863.11(a), as may be amended, that have complied with the requirements in San Diego Municipal Code section 98.1005.</p>	<p>For-profit corporations should be required to have California as their primary residence and provide more assurance they are affordable housing providers.</p>	<p>For-profit corporations, whether inside or outside California, are required to be certified as to intent to keep property affordable, and are required to have the affordability requirements in the purchase agreement and regulatory agreement recorded on the property.</p>





# SDHC – Affordable Housing Preservation Draft Ordinance

Section	Description	Stakeholder Comments on Parameters	Response
<p><b>98.1006 Notice of Intent to Sell</b></p>	<p>(a) At least three months prior to any date of any offering to sell, including listing a property with a real estate agent, an assisted housing development owner shall deliver to qualified entities a Notice of Intent to Sell. The owner shall obtain the list of qualified entities to whom a Notice of Intent to Sell shall be delivered from the California Department of Housing and Community Development. SDHC will provide a hyperlink to the list of qualified entities on its website.</p>	<p>(a) An owner selling directly to a Qualified Entity should be exempt from notice timelines and requirements; SDHC should include a link to the state Qualified Entity list on its website</p>	<p>(a) Adopted</p>



## Status of Track 2: **Preserve NOAH through the creation of an Affordable Housing Preservation Program**

- The Preservation of NOAH is being pursued simultaneously with efforts to preserve deed-restricted affordable housing
- Budget requests for funding to preserve NOAH were made during the City's annual budget process both in FY 24 as well as this year's FY 25 budget cycle
- The inclusion of a set-aside of RPTTF funding as seed money for a public-private preservation fund was not possible in FY 2024 due to the budget uncertainty following COVID
- An FY2025 request was made for seed money and a consultant to structure, market and manage the preservation fund, along with a proposal to request State matching funds; due to city budget deficits the request was unsuccessful
- A similar request for the FY 2026 budget will be made this fall



## Questions & Comments

### Public Meeting to Comment on Draft Preservation Ordinance

October 15, 6:00 p.m.

Meeting Link:

<https://zoom.us/j/95156375693?pwd=lttdrQ9rtR4bm6QIV7db35ks3476DB.1>

### SDHC's Preservation Study

- <https://sdhc.org/wp-content/uploads/2020/05/Affordable-Housing-Preservation-Study.pdf>

