

# Housing & Community Development News

San Diego Housing Federation  
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Volume 14, Number 6

June 2004

## SDHF 9<sup>th</sup> Annual Awards

The San Diego Housing Federation's 9th Annual Affordable Housing & Community Development Recognition Awards were presented during a reception at USD's Hahn University Center on the evening of May 26, 2004.

A record attendance of over 200 members of the affordable housing community enjoyed a social hour and the awards presentation. Dignitaries in attendance included Escondido Mayor Lori Holt Pfeiler,

Poway City Council Member Jay Goldby, Catherine Trout, Director of the County of San Diego Department of Housing & Community Development and Elizabeth Morris, CEO of the San Diego Housing Commission.

The evening opened with a presentation that honored **Outstanding Journalists**. Mr. **Edward Sifuentes** of the **North County Times** was recognized for his writing about the plight of the immigrant farm workers living in the canyons of North County. **Rod Luck** of the **KUSI Morning News** was honored for his almost monthly live broadcasts from affordable housing complexes that serve to debunk the negative myths about affordable housing and the people that live there.

The prestigious **John Craven Award** was presented to **Dale Royal** of the **Centre City Development Corporation** for his work in helping developers with downtown projects get approved. The family of John Craven provides the Federation with a \$1,000 donation that is passed on to the nonprofit charity of the recipient's choice.

The **Outstanding Property Manager Award** was presented to **Abdi Abdul** of the **Bandar Salaam Apartments** in San Diego where he goes beyond the call of duty by helping the Somali refugees learn to cope with their new country.

**Jack McGrory** was given the **Outstanding Advocate Award** for his leadership of the **City of San Diego Affordable Housing Task Force** and his efforts to get the recommendations implemented by the City of San Diego.

**John Holley** of Sandicor MLS was honored with a **Special Recognition Award** for his voluntary efforts to get the HUD maximum value for home ownership assistance funds raised from \$280,749 to \$422,750 which will enable the use of HOME funds throughout the county.

**Bank of America's Community Development Banking Team** in San Diego was named the **Outstanding Lender** for their extra effort and risk-taking with the construction lending for Market Square Manor and Villa Harvey Mandel.

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The **Outstanding Local Government Supporter** went to the City Of San Diego's **Affordable/Infill Housing & Sustainable Buildings Expedite Program**. They were recognized for taking the "best and the brightest" from the within the Development Services Department to create a program that saves developers thousands of dollars in processing time and costs.

The **Resident Program Of The Year** award went to the **National City Collaborative Family Resource Center** operated at the Vista Del Sol apartments by **SoCal Housing**. The program serves as community-wide one-stop-shop referral service for 100 agencies.

**Bridge Housing Corporation's Dove Canyon Apartments** took home the Energy Efficiency Award for exceeding the Title 25 energy efficiency standards by more than 20%. **The Lesbian Gay Bisexual Transgender Community Center** rehabilitation project was named

**Community Development Project of the Year**. Designed by **Zagrodnik + Thomas**, the facility provides a warm, inviting and spacious facility to serve the community.

This year the Federation reorganized the **Housing Project of the Year** awards into three categories: **Special Needs, Projects Less than 50 Units**, and **Projects More Than 50 Units**. In addition, the projects were judged using the following criteria: design that enhances the neighborhood; design features that enhance and promote community for the residents; financial complexity; affordability levels; planning complexity; political complexity; site development constraints overcome by engineering.

The **Special Needs** award was given to **Villa Harvey Mandel**, developed by **Father Joe's Villages** and **Chelsea Investment**. This project provides 90 units of permanent supportive housing for homeless and others with substance abuse and mental illness. The west-facing façade of the building features the world's largest glass mosaic, titled "Neighbors Helping Neighbors: A Tribute To Donors, Volunteers And Staff." It is a major landmark in the revitalizing East Village of Downtown.



"Neighbors Helping Neighbors" mosaic

**Cornerstone Court** in El Cajon was honored with the



**Less than 50 Units** award. This 8-unit single-family for-sale project was developed by **San Diego Interfaith Housing Foundation** and designed by **Studio E**. With grants and silent seconds from the City of El Cajon, and a grant from the Helix Water District, 8 families with a median income of 64% of the area median income were able to purchase these \$280,000 homes.

The last award of the evening, **Housing Project of the Year- More Than 50 Units** went to **Community HousingWorks'** latest Poway development, **Hillside Village**. There were a total of seven nominations in this category. However, Hillside Village outscored them based on the combination of design of the architect, **Rodriguez + Simon**; the strong support of the **City Of Poway** and

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## Housing & Community Development News

Published monthly by the San Diego Housing Federation

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**Deadline For Submission of Articles and Art:  
The Fifteenth of the Month**

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the deep affordability that this project achieves.

San Diego Housing Federation President Matt Jumper commented at the end that the quality of the nominees this year along with the record attendance was a testament to the maturity and capacity of the affordable housing development community and the support of the citizens of San Diego for high quality homes for low wage families and seniors.

See the complete list of winners on the next page.

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## Member Get a Member

The Board of Directors is requesting each member to do three things to help get new members for the Federation:

1. Forward a copy of this e-letter to someone who you think would benefit from membership in the Federation.
2. Call that person and ask them to join. If they agree, tell them that the office will send the membership information and then send an email to [sdhfexec@housingsandiego.org](mailto:sdhfexec@housingsandiego.org) and ask that an invitation be sent.
3. Provide the Federation office with a list of your development partners and property management firms that should be members of the Association. Tom Scott will send invitations to each of them.

The Federation is only as strong as its membership. If you believe that the Federation is providing you with value, **spread the word.**

# HOUSING FEDERATION NEWS

## Member News

**El Cajon CDC** and its work in downtown El Cajon was featured in a front page article of the *San Diego Business Journal* for May 10-16, 2004. The front page featured a photo of Claire Carpenter, Executive Director of El Cajon CDC and member of the Federation's Board of Directors.

Gustavo Bidart of **Citibank** has been promoted to Vice President and South Coast Inland Empire Community Relations Director. He will manage and oversee the staff responsible for the Bank's community relations in San Diego County, Orange County and the Inland Empire.

**U.S. Bank** Community Development Manager Erica Opstad was recently named the manager for all Southern California and Arizona markets. Erica will be working with community organizations from Ventura County south to San Diego as well as the Greater Phoenix Area.

David Harris is the new Housing Coordinator for the **City of Encinitas**. Mr. Harris was previously at the City of Oceanside's Department of Housing and Community Development.

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## Board of Directors

The Federation Board of Directors met on May 19, 2004. Key actions taken include

1. Established a Conference Planning Committee;
  2. Adopted a resolution supporting the San Diego Housing Commission's proposal to use inclusionary housing trust fund revenues to provide silent seconds for moderate income tenants of condo conversions.
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## New Members

North American Title Company of San Diego has joined the Federation as a Business Member. Barbara Richardson is the contact.

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**2004 Affordable Housing & Community Development  
Recognition Awards Celebration  
“Honoring the Best of the Best”  
University of San Diego, Hahn University Center  
Wednesday, May 26, 2004**

**Housing Project of the Year — More Than 50 Units**

Hillside Village  
Poway, California  
Community HousingWorks

**Housing Project of the Year – Less Than 50 Units**

Cornerstone Court  
El Cajon, California  
San Diego Interfaith Housing Corp

**Housing Project of the Year – Special Needs**

Villa Harvey Mandel  
San Diego, California  
Father Joe’s Villages & Chelsea Investment Corp.

**Community Development Project of the Year**

The CENTER  
San Diego, California

**John Craven Memorial Award**

Dale Royal  
Centre City Development Corporation

**Outstanding Advocate**

Jack McGrory  
Price Entities

**Outstanding Lender**

Bank of America  
Community Development Banking  
San Diego

**Outstanding Local Government Supporter**

Affordable/Infill Housing and Sustainable Buildings  
Expedite Program  
City of San Diego Development Services

**Outstanding Journalistic Coverage – Electronic Media**

Rod Luck  
KUSI

**Outstanding Journalistic Coverage – Print Media**

Edward Sifuentes  
North County Times

**Outstanding Resident Manager**

Abdi Abdul  
Bandar Salaam Apartments

**Resident Program of the Year**

National City Collaborative Family Resource Center  
National City, California

**Energy Efficiency Award**

Dove Avenue Apartments  
Bridge Housing Corporation

**Special Recognition Award**

John Holley  
Sandicor, Inc.

## Thanks to Our Sponsors

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Guaranty Bank  
Keyser Marston Associates, Inc.

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Corporation for Supportive Housing  
San Diego Association of Nonprofits  
Spurlock Poirier Landscape Architects

## Council Votes to Add More Parking

by Kevin Reese, Policy Intern

On May 4th the San Diego City Council voted unanimously to approve a motion by District 3 Council Member Toni Atkins to remove some areas located in the City of San Diego from the Residential Tandem Parking Overlay Zone and the Transit Overlay Zone. The maps and ordinance will be returned to the planning department for revisions and will be presented to Council for final approval.

The Transit Area Overlay Zone (TAOZ) reduces parking requirements in areas well served by transit. These areas are mapped, and the map is periodically updated to reflect changes in transit service. The purpose of the Residential Tandem Parking Overlay Zone (RTPOZ) is to identify conditions under which tandem parking (the placement of one required parking space behind another) may be counted as two parking spaces in the calculation of required parking.

City Staff had recommended that the Parking Overlay Zones adopted by the Council on January 9, 2001 be upheld. In opposition to staff's recommendation and in support of the proposed rezonings were various community planning groups from throughout the City. Representatives of the community planning groups stated during open hearings that they were not opposed to all of the overlay zones-only zones added as amendments to the original ordinance. Areas affected include Mission Beach, Fiesta Island, Claremont, Torrey Pines, and Sorrento Valley.

The Federation spoke in support of staff's recommendation to deny the proposed rezonings, asserting that requiring more parking spaces to be built will further drive up housing costs, lead to more traffic congestion, and contribute to the loss of community character. Also speaking in favor of staff's recommendation were representatives of developers who were concerned by the effects any rezonings would have on their projects planned within the affected zones.

During Council discussion Mayor Dick Murphy expressed his view that "inadequate parking" destroys communities. He said that the proposed rezonings do not go far enough to address parking shortages in the City. Atkins added that she cannot support reducing parking requirements in older neighborhoods where there are severe parking deficiencies, and public transit in the City needs to be improved before relaxing parking requirements.

## San Diego's Expedite Program at Capacity

On August 4, 2003, the Development Services Department began implementing new Council Policy 600-27, known as the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program (Expedite Program). Over the past nine months the Expedite Program has been tremendously successful in both fast-tracking affordable and sustainable housing projects, and attracting a great deal of interest from the development community. Currently the Expedite Program is managing a total of 20 projects, 50 percent of these projects are sustainable building projects, and 50 percent are affordable housing projects.

One of the most important and unique aspects of the Expedite Program includes a carrying capacity component. This carrying capacity component allows staff to guarantee developers that all submitted discretionary affordable/sustainable projects will be processed twice as fast as the standard process allows. The reason City staff can offer this guarantee is because the carrying capacity component of Council Policy 600-27 authorizes City staff to stop accepting new applications into the Expedite Program when heavy workloads exceed City staff's ability to meet the expedited timelines.

The purpose of this memorandum is to inform you that as of May 24, 2004, the Development Services Department will implement the carrying capacity component of Council Policy 600-27. Due to the heavy demand, the Expedite Program is exceeding its capacity. The Development Services Department will temporarily be accepting new applications only for the top three priority projects as follows:

Priority 1: City of Villages Pilot Projects selected by the City Council that provide affordable housing as defined in the eligibility section of Council Policy 600-27.

Priority 2: Residential development projects that qualify as both "Affordable Housing" and "Sustainable Building" projects as defined by City Council Policies 600-27 and 900-14.

Priority 3: Residential development projects that qualify for the 9 percent tax credit or multifamily revenue bonds.

This action will be implemented only temporarily (90 days), and will allow the Development Services Department to complete the on-going hiring and staff training process while continuing to honor those time commitments guaranteed to applicants currently within the Expedite Program. In addition, if staff capacity becomes available more quickly because projects in the Expedite Program get approved or because staffing levels increase with current hiring, staff will allow additional projects from the other priorities into the expedite program sooner. Until capacity is available, all new applicants who may be eligible for the Expedite Program will be processed through the standard Project Management system.

## Escondido Borrows From Its Housing Fund

The City of Escondido's redevelopment agency approved a \$695,000 10-year loan on May 5th to pay into the state's Education Revenue Augmentation Fund (ERAF). The fund was established about a decade ago to take property-tax revenue from local governments to provide funding for schools.

City officials said the redevelopment agency, which paid for the \$85 million California Center for the Arts, Escondido and the \$17.1 million City Hall, doesn't have money for the payment. With deficits projected over the next two years, city officials also said the city's general fund is in no position to lend the money.

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## Encinitas to Revise Inclusionary Ordinance

On May 19, 2004, the City Council moved toward revising its affordable housing program. Encinitas faces a peculiar problem in adding to its inventory of low-cost housing because no large tracts of land remain for development. Most new housing takes the form of small subdivisions.

David Harris, housing coordinator, told the council the 1990 inclusionary housing ordinance does not provide a variety of housing for low-income tenants and offers little flexibility for developers required to build them.

Those subdivisions may fall short of 10 dwellings, which triggers a municipal code requirement for developers to set aside 10 percent of the project as affordable housing or to pay equivalent fees to the city. Encinitas does not collect such fees because the council has never established how much they should be, Harris said.

## Housing Coalition Appeals SRO Ruling

The Affordable Housing Coalition of San Diego County along with several former residents of the Maryland Hotel at 630 F Street in downtown San Diego have appealed the dismissal of their suit trying to enforce the City of San Diego's single room occupancy hotel ordinance. Earlier this month a judge ruled that the San Diego ordinance to preserve affordable housing is not enforceable under state law.

In December 2002, the owners of the Maryland Hotel began converting the residential hotel to a tourist hotel. Approximately 200 tenants were given eviction notices. The City's current SRO ordinance requires that owners of residential hotels are required to preserve the amount of affordable housing in the city by either replacing the lost rentals or pay 50 percent of the replacement cost to a special city housing fund.

Ann Menasche, a staff attorney at Protection & Advocacy, Inc., a disability rights organization representing the former tenants, said the loss of the Maryland was especially hard because it not only left downtown residents with fewer housing opportunities, but the available rooms are less livable and have higher rents. Residential hotels are often the last resort for low-income residents, seniors and the disabled.

If the appeal is successful, Menasche wants the hotel to provide what was originally required under San Diego's regulations, and the city to enforce the regulations. It is estimated that it will take approximately one year before a judge makes a decision on the appeal.

## Resources for Energy Efficiency

On April 28, 2004, the Federation hosted a member lunch meeting on programs that promote energy efficiency with rebates and tax credits. San Diego Gas & Electric presented their rebate programs for new construction projects and for rehabilitation of multi-family units. There is also a program that offers rebates to low-income tenants.

The California ENERGY STAR® New Homes Program is a performance based program designed to encourage builders to construct single family and multi-family dwellings that use at least 15% less energy than the standard design required by the 2001 California Energy Efficiency Standards. The program provides a \$150 rebate for each multi-family unit. For more information, contact Ray DePaola at (858) 636-5727.

Multifamily Energy Efficiency Rebate Program offers property owners and managers cash rebates on a wide range of products for appliances, lighting, gas, HVAC, windows and more. Property owners or managers of residential multifamily properties with five or more units may qualify for these incentives. Measures for energy efficiency improvements must be installed in existing apartment dwelling units or in common areas of apartment and condominium complexes, and common areas of mobile home parks. Funding is limited and applications are accepted on a first-come, first-served basis.

To see the entire list and download an application go to: [http://www.sdge.com/residential/multi\\_family.shtml](http://www.sdge.com/residential/multi_family.shtml).

The Energy Team program provides FREE energy-saving home improvements such as new energy-efficient appliances and other measures to those with limited incomes and seniors who meet specific income guidelines. This program is for renters and homeowners. The Team works with the individual tenants on a voluntary basis.

Free appliances/improvements\* include:

- Refrigerators
- Ceiling insulation
- Caulking and weather-stripping
- Energy-saving light bulbs
- Porch light fixtures

\*All work is completed by licensed contractors.

The income guidelines for the Energy Team are established annually by the California Public Utilities Commission. In order to qualify, you will be asked to verify your income. Both homeowners and renters can participate in this program. Contact SDG&E at 1-800-411-7343 to apply.

The application is available from:

[http://www.sdge.com/residential/assistance\\_services.shtml](http://www.sdge.com/residential/assistance_services.shtml)

In addition to the SDG&E programs, there other rebates for on-site generation using photovoltaic (PV) systems. The incentives take the form of cash rebates from the California Energy Commission (CEC) and the San Diego Regional Energy Office as well as federal and state tax credits and accelerated depreciation (tax credits and depreciation benefit tax credit investor). The CEC rebate program provides a 25% bonus for affordable housing projects.

## San Francisco Will Vote on Affordable Housing Bond

San Francisco Mayor Gavin Newsom is seeking Board of Supervisors support to place a \$185 million bond measure on the November ballot to finance housing development for homeless people and lower-income renters and to aid moderate-income home buyers.

His proposal is \$85 million for the city's poorest residents — which is likely to include housing with on-site social services for the homeless — \$50 million for affordable rental units and \$50 million for down-payment assistance for home purchases.

“The mayor’s office brought together a wide array of housing advocates to try to create a ballot initiative we could all agree upon and, more importantly, could pass,” said Newsom spokesman Peter Ragone. Two-thirds of voters are needed to pass such a measure, so the pressure is on the mayor to win widespread support.

The public financing of home ownership is the most controversial aspect of the initiative. This issue has raised concerns among politically left-leaning members of the Board of Supervisors and among affordable-housing advocates, many of whom successfully campaigned against a Newsom-backed measure in March to spur middle-class housing construction.

That’s why Board President Matt Gonzalez is considering the addition of deed restrictions on homes purchased using any bond money, requiring that those homes always be sold to people with incomes below certain levels.

Even Gonzalez’s support may not be enough to pass the measure, however, because 70 percent of voters rejected the March middle-class housing initiative.

Newsom launched this new voter initiative last month following the defeat of the March measure. A 15-member task force made up of housing advocates, business leaders, labor, real estate developers and religious groups drafted a \$297 million comprehensive housing bond for the November ballot. After meetings, Newsom has decided to move forward with a \$185 million measure, sources said.

Even in a city in which most sides agree there is an affordable housing shortage, it is very difficult to pass a housing bond. The latest housing bond initiative failed two years ago. Then-Mayor Willie Brown pushed for a \$250 million measure. The 2002 bond got 56 percent of the vote, short of the two-thirds requirement.

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## Housing California Hires New Director

Housing California is pleased to announce that it has named Julie Spezia as its new Executive Director.

Spezia comes to Housing California from the California Futures Network, where she led efforts to promote state-wide smart growth policies. In 2002, she spearheaded the passage of AB 857, a bill that focused state planning and investment priorities on promoting infill development, protecting environmental and agricultural resources, and encouraging efficient development patterns. Spezia also formed the Better California Campaign, uniting nonprofit housing developers, environmentalists, social equity organizations, labor, businesses, and others in a broad coalition to reform land use in California.

Prior to leading the California Futures Network, Spezia worked in both the public and private sectors in the areas of water and resource conservation and planning.

Spezia currently sits on the Board of Governors of the California Housing Consortium and is a past member of the National Association of Conservation Districts, 21st Century Task Force and the Governor's Williamson Act Advisory Committee. She was also a volunteer for Habitat for Humanity efforts in Belfast, Northern Ireland in 2000 and again in 2003.

She received her Bachelor's degree from the University of Southern California and a Masters in political science from the University of California at Davis.

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## Expiring Tax Credits Create Dilemma

Owners of about 240,000 affordable-housing units nationwide are facing a hard choice right now: Should they keep their properties affordable or convert them to market rate?

At the heart of the crossroads: Section 42 low-income housing tax credits, which the U.S. government started issuing in 1987. The credits came with the mandate that for any properties developers built, they had to remain affordable for at least 15 years. In 1990, the requirement on affordability was extended to 30 years, although the tax credit investor's minimum commitment still lasts for only 15. In this year alone, 126,200 units will have their investors looking for a way out of the partnerships.

Most affordable properties have an ownership makeup that consists of a general partner—typically the developer of the project—limited partners and investors in the tax credits. The tax credit investors, which are primarily corporations or wealthy individuals, traditionally put money into the project to reap the tax-credit benefits. But now that those credits have been exhausted, the investors have no incentive to remain involved with the project, and they want out. And new investors are not in a rush to replace them, since many of the affordable-housing properties are delivering only minimal returns. On top of that, securing financing for the properties is equally difficult because of the low cash flow.

Many cities and states are setting aside bigger and bigger portions of the annual tax-credit allocation they receive from the government for preservation rather than for new construction in order to maintain their existing stock. The law stipulates that non-profit groups have the right of first refusal on property sales. But most of those groups need help financing the sales, a role states and cities are trying to take. “What we’re starting to see is cities and municipalities working with owners to have (property) sold at fair-market value to non-profits in conjunction with having tax-credit investors reapply for credits to keep the property affordable,” said Steven Fayne, senior vice president & managing director at GMAC Commercial Mortgage Corp.

And it appears to be working. “Of the properties being sold on the market, 75 percent of them are remaining affordable. I think that’s because there are more resources available for affordable transactions,” said Katherine

Alitz, vice president of dispositions at Boston Capital Corp. Owners are also having to wrestle with another issue: a cluster of restrictions for the re-syndication of expiring tax-credit properties. New owners do not have to jump through the same hoops, making a change in ownership likely even if the property is going to remain affordable. But that is beginning to change as state housing agencies are coming to grips with the idea that re-syndicating might be their best bet for keeping projects affordable.

Some states and cities are responding to the crisis through the creation of new funding vehicles. California has some of the most aggressive preservation programs in place. The California Housing Finance Agency has the means to fast-track acquisition financing for non-profits to aid in procuring affordable units. California also enforces the right of first refusal rule for passing ownership to a state agency or non-profit.

The other option states are tapping is the use of bonds to fund 501(c)(3) organizations, which are non-profit developers specifically aimed at refurbishing or redeveloping affordable-housing properties.

States can sell bonds that will later finance activity by these groups. States can also recycle the projects into the Section 8 program, which is something that both New York and California are doing. There are additional issues facing owners of affordable housing. The stock of housing built from 1990 to 1994 has to remain affordable for 30 years, so owners will have to find ways to recapitalize after 15 years, when the original tax-credit investors are likely to cash out. Stock built after 1994 has further restrictions on how the projects can be recapitalized.

One solution to this is the implementation of a point system for the years beyond the tax-credit benefits, such as one currently in use in Kentucky. After 15 years, there is a three-year phase-out period in which no benefits accrue. But if an owner stays on with the project into year 19, it receives one point. If it commits through 30 years, it can accrue as many as 12 points. Those points can then be used when applying for credits on other state-sponsored affordable-housing projects, which use a 130-point system to judge bids. The approach is proving to be effective and most developers have been willing to opt in to these points and remain affordable for those 30 years.

The California Housing Partnership Corporation is working with nonprofits to help renegotiate these. Many of the tax credit equity investors have set up special units to address this issue, including NEF. We will all have to stay tuned to see what happens over the next few years.

## Housing Partnership Network Launches Captive Insurance Company

In response to unstable coverage and rising costs of property and liability insurance for its member organizations, the Housing Partnership Network (the Network) created its own insurance company. Housing Partnership Insurance (HPI) will provide cost-effective property and liability insurance on a nationwide portfolio of more than 30,000 affordable apartments.

The groundbreaking business venture will offer improved insurance coverage for the participating housing organizations and significantly reduce insurance expenses. Dedicated claims and loss prevention services will financially reward the owners for better management – creating an entrepreneurial business that uses market incentives to value and reward these high-capacity non-profit housing organizations. Reduced insurance expenses will prevent insurance related rent increases for lower-income families. The non-profits will reinvest any savings and dividends from the captive into resident services, property improvements and the acquisition and development of more affordable homes. The first policies were written on April 1, 2004.

“By pooling risk, raising capital, and negotiating a custom program with national insurance carriers, Housing Partnership Insurance has significantly improved insurance terms and will save our partner organizations \$1 million this year compared to last year’s insurance costs,” says Tom Bledsoe, president of the Housing Partnership Network and the new insurance company. “The captive is an example of how solid business strategies can be applied by sophisticated, high capacity non-profits to achieve greater bottom line performance and social impact.”

HPI is the first captive insurance company owned by and operated for non-profit affordable housing organizations. A captive insurance company provides insurance policy coverage for groups of businesses that establish and own the company. The captive enables the Network to structure a unique business relationship with top-rated commercial insurance carriers and the Merrill Lynch

Community Development Company, one of the nation’s premier bank-owned community development companies. HPI will initially provide 15 non-profit Network partners with property and liability coverage for 30,000 affordable apartments valued at \$2.1 billion. By the end of 2005, HPI’s ownership and portfolio is expected to grow to 25 non-profits and 50,000 apartments.

The Network and its housing partners invested \$5 million of equity in the venture, mainly through the purchase of stock in the holding company that owns the captive. The Network created a \$7 million credit facility – Housing Partnership Ventures – to finance the non-profit stock purchases. The fund was capitalized using a \$2 million federal grant sponsored by Senator Barbara Mikulski (D-MD), the ranking minority member of the HUD VA Appropriations Subcommittee. The Ventures fund leveraged the federal grant to obtain a \$5 million loan from Merrill Lynch CDC. In addition, Merrill Lynch CDC is providing a \$2.5 million letter of credit to augment the capital reserves, and will receive some equity and preferred dividends as compensation.

Among the Network’s 15 non-profit partners who are HPI’s majority shareholders and first policyholders are:

- BRIDGE Housing
- LINC Housing Corporation
- Mid-Peninsula Housing Coalition
- So. California Housing Development Corp.

Established in 1990, the Housing Partnership Network is a Boston-based non-profit housing organization with 80 members in 37 states. Its mission is to build affordable homes, better futures and vibrant communities for low-and-moderate income families. The Network develops business enterprises with its members and public-private partners, and facilitates peer-to-peer learning and collaboration. The captive is the Network’s fourth business venture, including a \$30 million mezzanine loan fund for which Merrill Lynch serves as the agent for a seven-bank syndicate.

Participation in the captive insurance company is limited to members of the Housing Partnership Network. Any group interested in exploring membership in the Network should go to:

<http://www.housingpartnership.net>

## HUD Plan Would Raise Fannie, Freddie Affordable Housing Goals

The U.S. Department of Housing and Urban Development announced a proposed rule today that would increase the affordable housing goals for Fannie Mae and Freddie Mac.

The proposed rule, which now has a 60-day public comment period, would increase the goals of the two housing government-sponsored enterprises in stages over a four-year period beginning January 2005. It also would establish new home purchase mortgage subgoals under each housing goal, something that hasn't been set out before.

The proposed changes include the low- and moderate-income goal targets families earning an income of less than or equal to an area's median income. The current goal is 50 percent. Under the proposed changes, that would increase to 57 percent by 2008.

The underserved areas goal targets housing located in low-income and high-minority census tracts. The current goal is set at 31 percent. The new rules would change that to 40 percent by 2008.

The special affordable housing goal targets very low-income families and low-income families living in low-income areas. Now, the goal is set at 20 percent. That would change to 28 percent by 2008.

By the end of 2008, the goals would match HUD's market share estimates for each of those categories, said John Weicher, HUD's Assistant Secretary for Housing. Some loans may qualify for more than one goal.

HUD also is proposing new home purchase mortgage subgoals, which would be based on the GSEs' purchases of home purchase mortgages on properties within metropolitan areas. The subgoals do not set out a requirement for total home purchase business, but rather set the goals as a percentage of the home purchase loans the GSEs do buy. Now, there are no such requirements.

## HUD Issues Report on Rental Housing Subsidies

A new report from HUD's Office of Policy Development and Research (PD&R) asks the question, "Which use of government subsidies is most effective for producing rental housing?" The report, "Targeting Housing Production Subsidies: Literature Review," provides a concise survey of current literature on rental housing markets and on housing policies for low-income renters.

The authors invite the reader to imagine that a new housing production program has been created. The literature review then takes the reader through the process of how program resources might be allocated - either spatially (to types of housing markets or neighborhoods) or by types of housing needed by different types of households.

The chapters in the report discuss issues that help the reader gain a better understanding of when subsidies for the production of rental housing may be particularly valuable and when they should be avoided.

City, county, and state agencies; state housing finance agencies; the federal government; and public housing authorities will find this publication to be a useful resource as they make decisions that influence housing programs and their design.

While this literature review uses information on program costs and impact from current housing programs such as Public Housing, HOPE VI, and Section 202, its findings are explicitly aimed at future programs, not current ones.

"Targeting Housing Production Subsidies: Literature Review" is available as a free download at <http://www.huduser.org/publications/polleg/HsgPrdSubs.html>.

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## Bank of America Plans \$408M for Housing

Bank of America Corp. and state officials announced Friday that the bank has pledged \$408 million in loans to create more affordable housing in Massachusetts as part of its merger with FleetBoston Financial Corp.

The announcement came after bank executives told state regulators that Massachusetts will lose at least 500 jobs due to the merger.

Bank of America committed to the housing loan under a 1990 state law that requires banks that acquire other banks to set aside a percentage of the new assets as a loan to the Massachusetts Housing Partnership, a statewide, public/private affordable housing agency. The loan nearly doubles the housing partnership's loan fund and could help create another 10,000 units of housing statewide over the next 10 years, according to housing officials. In addition to the loans, the housing partnership will also receive an \$18 million cash grant from Bank of America.

## Property Owner Not Liable for Murder on Premises

A driver intentionally drove his car through a preschool chain link fence, killing and injuring children, and was convicted of murder. The parents of the deceased children claimed the property owner should have had a more substantial fence, and were therefore liable for the deaths. In a previous incident, a truck accidentally had driven through the same fence. The property owner had no duty to construct a stronger fence, and was found not liable. A property owner is liable for criminal conduct only if such criminal conduct is foreseeable, especially due to prior criminal activity in the area. There was no prior criminal activity or other reason to make the murderous act foreseeable. The foreseeability of a similar negligent or accidental act is insufficient to hold the property owner liable for criminal conduct. *Wiener v. Southcoast Childcare Centers, Inc.*, 2004 WL 964080 (Cal. Sup. Ct. May 6, 2004).

## Property Owner May Be Liable for Wrongful Death of Murdered Tenant

An apartment owner negligently failed to replace a windowpane in a door. An assailant gained entry by punching out a piece of plywood covering the opening, and murdered the tenant. Even though the degree of foreseeability of a criminal intruder was low, the burden of making the repair was also low. The landlord had a duty to make the repair. The jury will be permitted though not required to find the landlord liable for wrongful death of the tenant. *Vasquez v. Residential Investments, Inc.*, 2004 WL 943568 (May 4, 2004).

### Comment

These two cases are similar but reached opposite results. When is a property owner liable for criminal conduct of others on its property? When criminal activity is foreseeable, particularly if there have been prior inci-

dents of criminal conduct in the area, and the burden of taking precautionary measures is low relative to the risk of criminally caused harm.

## Concrete Supplier Liable for Submicroscopic Damage

Concrete supplier negligently supplied concrete with too high of water-cement ratio where soils had a high sulfate condition. The concrete was vulnerable to damage by sulfate attack over time. At the time of trial, no material damage had yet materialized, only submicroscopic damage. Nevertheless, the foundations were found to be decaying, with a realistic risk of structural failure in later years. This future harm was sufficiently appreciable that the supplier was found liable for damages of \$5.4 million. *Mesa Vista South Townhome Assn. v. California Portland Cement Co.*, 2004 WL 944552 (May 4, 2004).

## Landlord May Recover Cost to Sell Premises from Defaulting Tenant

In a commercial lease, the tenant defaulted and abandoned the premises. The landlord tried unsuccessfully to re-lease the premises, and then sold the building. One of a landlord's remedies often is for future rent, minus the rent that could be earned by re-leasing. However, the landlord was not limited to re-leasing. The landlord was entitled to sell the property, and recover from the tenant the sales costs of commissions, prepayment penalty on the loan, and other selling costs. *Millikan v. American Spectrum Real Estate Services California, Inc.*, 2004 WL 837210 (April 20, 2004).

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These summaries are provided as a courtesy by Duane Horning of California Business Law Group, PC:

<http://www.cblg.biz>

and should not be construed as legal advice. This information summarizes only some of the points contained in the authorities. For complete information, reference should be made to the authorities cited or to legal counsel.

## NONPROFIT RESOURCES

### Applications Invited for Drucker Award for Nonprofit Innovation

**Deadline: August 3, 2004**

The Peter F. Drucker Award for Nonprofit Innovation is presented annually to three nonprofit organizations in recognition of an innovative, existing program that has made a difference in the lives of the people it serves.

The Peter F. Drucker and Masatoshi Ito Graduate School of Management at Claremont Graduate University, Claremont, California, administer the award program.

The award, which has been given annually since 1991, was previously administered by the Leader to Leader Institute:

<http://www.L2Li.org/>

which continues to publicize and support the program.

A first-place prize of \$20,000 and two runners-up prizes of \$2,500 each accompany the award. The cash prizes are unrestricted and designed to celebrate and further the work of innovative nonprofit organizations in the United States.

The selected program must have specific and measurable outcomes; exemplify innovation by demonstrating a new dimension or standard of performance; have made a demonstrated difference in the lives of the people it serves; and serve as a model that can be replicated or adapted by other organizations.

Applications must be submitted by the organization responsible for the program; third-party nominations will not be accepted. The organization must be a U.S.-domiciled entity serving a U.S. population (information on the Canadian awards program is available at:

<http://www.innovation-award.ca/index.html>

and be a registered 501(c)(3) nonprofit. In addition, the program must be fully operational at the time of application and must have been launched no earlier than January 1, 2000.

See the program's Web site for complete application information, forms, and descriptions of previous award winners.

RFP Link:

<http://www.drucker.cgu.edu/InnovationAward/>

## JOB ANNOUNCEMENTS

**For Details, go to:**

<http://housing.sandiego.org/jobs.htm>

### Wakeland Housing & Community Development Corp - San Diego, CA

- Accounting & Business Manager

### San Diego Housing Commission Jobs

<http://www.sdhc.net/gijobopp2.shtml>

### Corporation for Supportive Housing - Oakland, CA

- Program Officer

### Housing California - Sacramento, CA

- Executive Director

### San Diego Advocates for Social Justice - San Diego, CA

- Part-time Bookkeeper

### California Housing Consortium - Augora Hills, CA

- Executive Assistant

### Community HousingWorks

- Project Manager

<http://www.housingsandiego.org/jobs2.htm#chw>

### County of San Diego

- Housing Program Analyst III
- Housing Program Analyst IV

<http://dhr-jam.sdcountry.ca.gov>

### Affirmed Housing Group - Escondido, CA

- Project Manager

### The Campaign for Affordable Housing

- Executive Director

# CALENDAR OF EVENTS

## **A New Pathway Home New Ideas for Affordable Housing & Home Ownership**

June 3, 2004 - Los Angeles Airport Marriott

A one-day conference highlighting innovative development strategies for rental and home ownership housing.

For more information please visit the [website](#) or call 1-800-279-9367

Deadline to register is May 28<sup>th</sup>

## **EPA Regions 8, 9, and 10, Western Brownfields Workshop!!**

July 13-15, 2004 - Seattle, Washington.

The Western Regions of the U.S. Environmental Protection Agency (EPA) are teaming up to host a free workshop to assist EPA Brownfields Grantees, Potential Grantees, and Grantees' Consultants in: learning more about the brownfields grant program; sharing information with each other; asking questions of EPA representatives; and meeting new grantees.

Please see the Federation's Website Currents Page for more information on the workshop OR email your name, organization, and contact information to:

[wbwregistration@sra.com](mailto:wbwregistration@sra.com)

## **2004 National Community Development Lending School (NCDLS)**

July 18-22, 2004 - University of Minnesota, Minneapolis  
Applications are due by June 15, 2004.

The Federal Reserve Bank offers this seminar. Now in its eighth year, NCDLS brings together community development professionals from across the country for five days of intensive credit training. Courses are taught by nationally regarded lenders from major financial institutions. To download a copy of the brochure and application, please go to:

<http://www.frbsf.org/community/resources/ncdls2004.pdf>

**NOTE:** Enrollment in NCDLS is limited to 50 students, so apply early to enhance your chances of acceptance.

## **The Third Annual Financial Management Professionals' Conference**

July 28 - 30, 2004 - The Wyndham - Chicago, Illinois

The Conference is the only professional development and networking event for finance managers in the community development industry.

Fee - \$350 or \$300 before May 31, 2004

For further information contact Lisa Deller at (212) 455-1619 or:

[ldeller@liscnet.org](mailto:ldeller@liscnet.org)

## **NeighborWorks Training Institute**

August 9-13, 2004 - Washington, DC

December 13-17, 2004 - New Orleans, LA

Courses include: affordable housing, community building and organizing, community economic development, management and leadership and much more.

For more information call (800) 438-5547 or visit:

<http://www.nw.org/training>

## **FHL Bank San Francisco**

### **Making Your Vision A Reality: A Faith-Based Conference for Affordable Housing and Economic Development**

October 17-19, 2004

Los Angeles, CA

This conference will offer financial institutions, faith communities, developers, and others tools to achieve their community development and affordable housing goals.

Further details available on website at:

<http://www.fhlbsf.com>

in July 2004.

## **California Association of Nonprofits (CAN) presents:**

### **13th Annual Conference Passion & Pressure: Putting the Pieces in Place**

Los Angeles - Thursday-Friday, October 28-29, 2004

San Francisco - Thursday-Friday, November 4-5, 2004

The Conference will feature 24 expert-led workshops on fundraising, technology, management, communications, and more! Three thought-provoking plenary sessions including a Grantmakers Forum. CAN's 20th Anniversary Celebration. And an exhibitor Expo including the CAN bookstore.

Registration fees are \$195 for CAN Members and \$250 for non-members.

Further details available on website at:

<http://www.canonprofits.org>

**See the Federation's Website *Currents* Page for latest additions.**