

# Housing & Community Development News

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## San Diego City Council Committee Endorses Housing Initiatives

The City of San Diego City Council's Land Use and Housing Committee met all day on Wednesday, April 17, before an overflow audience of almost 400 people. Chairman Byron Wear convened this all-day committee meeting as "Housing Day."

By the end of the day the Committee unanimously passed four initiatives to address the severe Housing Crisis in the City of San Diego.

1. The Affordable/In-fill Housing Expedite Program will speed up the entitlement process for projects that include affordable housing or are for in-fill development.

This proposal dedicates staff and establishes expedited processing timelines for these types of develop-

ments in the City's Development Services Department. Public testimony was overwhelmingly in favor, with Federation member Michael Galasso providing some of the best examples of how it will save money.

2. Permit the redevelopment agencies to pool their affordable housing set-aside funds and issue a bond for \$40-60 million for affordable housing development. This will be used to fund projects already in the pipeline citywide. The bonds could be sold this year and provide a much needed boost to the City's depleted Housing Trust Fund.
3. Endorsed a proposal to establish a citywide affordable housing inclusionary requirement for all new residential development.

The proposal that was endorsed would require that 10% of new residential development outside of the future urbanizing area be set aside for rental units affordable at 65% of AMI or for-sale units affordable at 100% of AMI. An in-lieu fee of \$2.50 per sq. foot would be phased in over a three year period. It was estimated that when fully funded, the in lieu fee would generate an average of \$50,000 per affordable unit.

4. Endorsed a proposal that the City Council declare a Housing State of Emergency.

City Council Members Toni Atkins and Ralph Inzunza, Jr. asked the Committee to endorse the declaration of a

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### Please Join Us For The 7th Annual Housing & Community Development Recognition Awards "Housing Walk of Fame"

at the Historic Star Theater  
402 North Coast Highway, Oceanside, CA

Thursday, June 20, 2002, 4:00 to 7:00 PM  
Hors d'oeuvres, No Host Bar and Raffle

RSVP by June 14, 2002 to (619) 239-6693

Generously Sponsored by:

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Housing State of Emergency that would require monthly reports to the Council on housing issues; require an affordable housing impact statement with every development plan; develop a coordinated strategic plan that involves the Housing Commission, the redevelopment agencies and the housing-related city agencies; call for the federal government to replace the 400 SROs that are being demolished to make way for a new federal courthouse; and create a Federal and State Legislative Agenda on Housing.

The only contentious issue of the day was the Inclusionary proposal. There were more than 3 hours of testimony on this item alone. The San Diego Housing Coalition and the San Diego Organizing Project brought low and moderate income tenants and advocates to support the inclusionary proposal as a first step that would create units now. The Building Industry Association brought out about an equal number of opponents. They argued that the proposal would only increase the price of housing.

However, every person that testified acknowledged that there was a housing crisis and that a comprehensive strategy must be adopted by the City as soon as possible.

One of the most gratifying experiences of the day was acknowledged by Chairman Wear. He congratulated both sides for the thoughtfulness and civility of their comments during the testimony. Even though both sides felt strongly about their positions, there was no cat calling from the audience or emotional hyperbole from the speakers.

Each of these proposals must now be passed by the full City Council. Council member Atkins promised that she would argue for an inclusionary proposal that would generate more units. The San Diego Housing Coalition intends to argue for a higher in lieu fee to provide more incentive to develop units on the same site as the market rate units. The full Council is expected to hear the matter this summer.

## Board Report

The Board of Directors met on May 15, 2002 and took the following actions:

Accepted the resignation of Debbie Ruane of the Bank of America and appointed Paul Shipstead to complete term. This action was taken so that Debbie can take a leave of absence from the Board while she is working on a special project for Bank of America. Paul is Vice-President in her office. Her intent is to return to the Board when she completes this temporary assignment.

The Board of Directors elected new officers for 2002 at their meeting on May 15, 2002:

Matthew Jumper, President  
Patti Hamic-Christensen, Vice-President  
Paul Shipstead, Treasurer  
Tom Scott, Secretary

- Accepted the 2001 Audit by Leaf & Cole (copies available upon request)
- Authorized the Executive Director to promote the development of a local Housing Bond Campaign for the County.
- Authorized the Executive Director to reduce the newsletter mail list to those that are members, elected officials and key government officials.

At that meeting, Arlene Hamlin, Board Vice President and Executive Director of the Greater Golden Hill CDC, announced that she will be leaving San Diego this summer to return to Texas. See position announcement on page.

Tom Scott reported that Bank of America, SDG&E, and Washington Mutual Bank have committed to provide support as Sponsoring Members at \$10,000 for 2002.

## \$2.1 Billion Housing Bond on November Ballot

### YOUR HELP IS NEEDED

With the leadership of State Senator John Burton (D-San Francisco), the California Legislature has passed and the Governor has signed *The Housing and Emergency Shelter Trust Fund Act of 2002*. This bill places a bond issue on the November statewide ballot that will provide \$2.1 billion for affordable housing and emergency shelter assistance. The bond needs a simple majority to pass.

**In order for this bond to pass, all housing advocates must get involved with the campaign.** This means getting endorsements from local government, community groups and individuals. It also means using other grass-roots type organizing strategies including voter registration drives and get out the vote efforts on election day.

**Every reader of this article should make a commitment today to participate in this campaign as it (the bond) will be the only source of state funds for affordable housing for the next 3-5 years.**

**In the meantime, please make copies of this information page (opposite) and distribute freely.**

If you would like to volunteer, please contact the Federation office at 619-239-6693 or email us:

#### New Staff Email Addresses:

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# The Housing and Emergency Shelter Trust Fund Act of 2002

## Fact Sheet

To meet a portion of the state's housing needs, a coalition of business groups, senior organizations, nonprofit housing developers, homeless advocates, and labor organizations are sponsoring the Housing and Emergency Shelter Trust Fund Act on the November 2002 ballot.

### What does the Trust Fund Act do?

- Finances \$2.1 billion in affordable housing construction through a state bond:
- \$910 million for rental housing for low income seniors, disabled persons, and families with children.
- \$495 million for homeownership programs, including sweat equity housing and downpayment assistance for low and moderate-income families.
- \$390 million for emergency shelters and permanent housing with services for homeless seniors, battered women, mentally ill people, and veterans.
- \$200 million for farmworker housing (rental and homeownership).
- \$100 million for incentives for local governments to approve affordable housing developments.
- \$5 million for local code enforcement to revitalize neighborhoods.

### Why is it needed?

- In 2001, the state's chief economist cited a lack of affordable housing as the second biggest threat to the state's economic prosperity, ranking behind only the energy crisis. Few areas of the state are unaffected by California's growing housing crisis. To address the crisis, housing construction must increase significantly to meet the needs of a growing population. Key indicators of the need include:
- Only 29% of Californians can afford the median priced home in the state, compared to 55% nationally.
- One-third of all renters, 1/2 of all low-income renters, and 3/4 of all very low income renters spend more than 50% of their income for housing. (30% is considered "affordable.")
- Over 360,000 Californians are homeless, according to the Department of Housing and Community Development. The most rapidly increasing segments of the homeless population are seniors and families with children.

### How will passage of the bond address the housing crisis?

- By creating up to 22,000 permanently-affordable rental units
- By enabling more than 65,000 California families to purchase their own house
- By providing housing assistance for 12,000 to 24,000 farmworker families
- By creating 20 million shelter bed days for homeless people

### What other benefits will it generate for California?

- **New Investment:** At least \$6 billion in private investment and federal funds
- **Jobs:** Approximately 276,002 full time jobs and \$9.38 billion in wages
- **Spending:** \$42 billion in spending for home-related goods and services

## San Diego Housing Leaders Discuss Issues

### Maria Fiore, NHC

On March 21, 2002, the National Housing Conference (NHC) began its second year of roundtable discussions with a roundtable, co-sponsored by the Real Estate Institute of the University of San Diego, on the campus of the University of San Diego. The purpose of NHC's Senior Executive Roundtable Series is to explore innovative methods being used to meet affordable housing needs around the country and what might be done at the national level to encourage this activity. The attendees represented the full spectrum of affordable housing advocates and interests in San Diego County, including one elected official, Mayor Mickey Cafagna from Poway.

The NHC Senior Executive Roundtable in San Diego explored potential solutions to the affordable housing crisis in the San Diego region, and discussed the challenges and opportunities of implementing these solutions. However, to provide a common framework for the discussion of affordable housing solutions, participants heard a presentation of the latest national data on the housing needs of working families by NHC and an analysis of affordable housing needs and trends in the San Diego region by the Real Estate Institute of the University of San Diego. With this common framework established, participants were eager to offer recommendations for solving the affordable housing crisis in San Diego.

The thoughts and ideas expressed by the roundtable participants fell into five broad categories—scarcity, allocation and distribution of resources, land use and availability, fees and development costs, NIMBYism

and discrimination, and political will. Participants identified each of these categories as part of the affordable housing problem and as the discussion ensued solutions began to surface.

### Scarcity, Allocation and Distribution of Resources

Concern was expressed about the scarcity of resources to fund affordable housing. Remarks were made that the resources for affordable housing in San Diego are inadequate and that the supply of these funds must be increased. Participants were not convinced that this is solely a federal issue—a call was issued for increased resources at the state and local level, as well.

Roundtable participants were troubled by the allocation and distribution of current resources. Some participants were worried that resources are not reaching the communities and families most in need of affordable housing. It was asserted that allocating resources must not be done at the expense of the lowest income families. There is a need for a balanced distribution of resources so that no one is left behind. Also, the point was made that there is a need to create revenue streams for the development of affordable housing that the public will support.

Among the ideas proposed for getting at these resource-related issues were the following:

**Adopt regionalism and establish regional solutions.** It was argued that individual cities cannot eliminate the affordable housing crisis on their own. Neighboring communities ought to work with one another and pool their resources. Addressing the issue of affordable housing on a regional level would take the pressure off individual communities.

It also was recommended that the housing trust fund, which is currently

for use in the City of San Diego only, should be expanded to a regional housing trust fund and that currently there is an effort underway to make this a reality. Additionally, it was recommended that there should be a regional mandate for inclusionary housing.

**Reinstate to their previously set levels, the linkage fees that have been reduced.** Linkage fees from the development of offices, hotels, retail sites, manufacturing sites, research and development facilities, and warehouses are used to finance the housing trust fund in San Diego. Reinstating the linkage fees to their previously set levels would result in more resources for the housing trust fund and increased development of affordable housing.

**Propose a ballot initiative that requires a certain percentage of additional hotel sales tax (2 percent was suggested) be collected and earmarked for the development of affordable housing.** According to the San Diego Convention and Visitors Bureau, San Diego County has approximately 492 hotel and motel properties, representing over 50,784 rooms available to visitors. In San Diego County, \$125.3 million was collected in transient occupancy tax revenue in Fiscal Year 2000. The transient occupancy tax (10.5% in the City of San Diego) is a tax levied on hotel and motel rooms primarily used for the purpose of promoting San Diego.

**Increase the percentage of tax increment revenue set aside for affordable housing.** California Redevelopment Law requires that 20 percent of tax increment revenue received by redevelopment agencies be set aside to provide housing for low- and moderate-income households. It was recommended that the mandated set aside be increased to 50 percent.

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**The federal government should greatly increase funding to programs that have been proven effective in the development of affordable housing, such as the Low Income Housing Tax Credit, HOME and Community Development Block Grant programs.**

**Double the 9 percent Low Income Housing Tax Credit (LIHTC).** A recommendation was made that the federal government double the 9 percent LIHTC. It was noted that only 2 tax credit projects are funded per year in San Diego.

## **Land Use and Availability**

It was made clear from the discussion that demand for affordable housing is not being met and that one culprit in the San Diego region is land use and availability. Several participants commented that limited land availability and increases in land prices have exacerbated the housing problem.

The proposals offered for addressing land-related issues were the following:

**Substitute retail development for residential development.** It was noted that the San Diego region has a 30 to 50 percent surplus of land designated for retail use and that many of these areas are places where affordable housing is desperately needed. The recommendation was made that these retail sites be rezoned for affordable residential use.

**Increase density and infill development.** The comment was made that for any range of housing, San Diego has constrained markets. It was suggested that urban land must be used more effectively through such strategies as increasing the density of residential developments and developing affordable housing in urban infill locations. The local government can play a role in encouraging the development of

urban infill housing by cleaning environmentally tainted sites; revising liability laws for brownfield sites; streamlining and expediting permits and development approvals; contributing land; and offering builders and buyers incentives, tax credits and financing.

## **Development Fees and Costs**

During the discussion, the statement was made that it costs San Diego more to build housing than it collects in tax revenue. Additionally, it was noted that the tax revenue generated by a dwelling unit also is not enough to cover the cost of services provided by the city. The understanding is that retail is being developed rather than housing because it generates more tax revenue for San Diego.

One participant commented that issues surrounding fees are solvable, but will only result in developers building market rate housing (above 120 percent of area median income), not affordable housing. Affordable housing (below 120 percent of area median income) requires a deep subsidy and market rate housing for families at 60 to 80 percent of area median income cannot be built in San Diego. It is a development cost issue.

The following proposal was offered for addressing this issue:

**Streamline the planning process.** It was suggested that streamlining the planning process from 24 days to 8 days would go a long way in helping to reduce development fees and costs.

## **NIMBYism and Discrimination**

According to roundtable participants, “not in my backyard” (NIMBY) views and discrimination play significant roles in the affordable housing problem faced by San Diego. NIMBY attitudes are just as likely to be found in urban neighborhoods as they are in suburban areas. One

participant expressed concern that San Diego’s City of Villages Strategy (San Diego’s growth management plan for future development) encourages NIMBYism and is exclusionary. And commented that, for example, it was not highly likely a homeless shelter would be supported in any Village.

An additional point was made that every major housing audit finds that 40 percent of housing discrimination is based on race and that 70 percent is experienced by families with children. The general consensus of this discussion was to extend the housing agenda—housing should be for EVERYONE.

The ideas proposed for confronting these issues were the following:

**Educate.** The media, politicians, citizens and voters all need to be educated about affordable housing. The positive economic impacts of housing must be stressed.

**Change the perception of affordable housing.** Supporting affordable housing construction needs to be framed as a middle class issue and not perceived as a threat to the middle class.

## **Political Will**

Politics and the political will of federal, state and local officials also are seen as contributing factors to the affordable housing crisis. It was expressed that the individuals most in need of affordable housing lack a voice and need their interests to be better represented by advocates of affordable housing and by their government officials.

Ideas for creating political will were the following:

**Be heard.** It was recommended that anyone concerned about the need for affordable housing attend city council meetings to show support for the issue. It also was suggested that participants show support for proposed affordable housing legislation

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and initiatives by writing to their state and federal legislators.

**Federal mandates.** It was suggested that there is a need for federal mandates when addressing affordable housing issues. Federal mandates could provide state and local officials with the political cover necessary for dealing with affordable housing issues without putting themselves in political jeopardy.

**Change the public will.** If the public can be convinced of the advantages of affordable housing and infrastructure investment, the political will is likely to follow. Politicians respond to their constituents' and community's needs and wants.

The National Housing Conference gratefully acknowledges the National Housing Endowment, the philanthropic arm of the National Association of Home Builders for their support of all the NHC Senior Executive Roundtables.

The National Housing Conference also acknowledges the Real Estate Institute of the University of San Diego and Century Housing Corporation for their generous support of the San Diego Roundtable.

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## State of the County Address

On February 6, 2002, Ron Roberts, Chairman of the San Diego County Board of Supervisors gave the annual State of the County Address at the San Diego Hall of Champions, Balboa Park. He made the following remarks regarding the topic of Affordable Housing

"Clearly, there are many problems in San Diego that require a regional approach, one of which is the shortage of housing in San Diego County. Housing that is, that most people can afford.

"Let me direct your eyes to the screen, to an editorial cartoon by Steve Breen that illustrates this so much more clearly than any of us can.

With the County moving forward with its General Plan Update, we need a way to stimulate urban housing that is creative and innovative.

Tonight, I'd like to propose that we establish a New Urban Vision Award that would not only recognize creative urban housing, but would also provide a grant to those award winning projects, to the neighborhoods in which they are located to make those communities even better. It is my proposal to combine county resources with grant funding from the state and federal levels, as well as other municipalities and with non-profit foundations, to support these financial awards. We can help jumpstart the kind of housing that we need as a community.

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## Affirmed Housing Group Building 2 New Affordable Apartment Complexes In San Diego

San Diego Housing Federation member, Affirmed Housing Group, announced the future availability of 200 affordable apartments in two new complexes currently under construction.

**City Heights'** newest affordable housing development, *Hollywood Palms Apartments*, is close to completion, with occupancy scheduled to begin by mid-July, 2002. The 94-unit project will offer two, three and four bedroom units to households earning up to 60% AMI. The project integrates multiple energy conservation methods including solar hot

water for each unit. Energy Consultant, Beth Brummitt of Brummitt Energy Associates noted, "Because of its integrated approach to energy efficiency features, Hollywood Palms performs more than 30 percent better than the Title 24 minimum requirements and will have lower operating costs both for the tenants and for the house meter."

Groundbreaking for *Tesoro Grove* occurred in early March and will add 106 affordable one, two, and three bedroom apartments to the **Nestor** neighborhood of San Diego. The project will rent to households earning between 30% and 60% AMI. Located on Grove Avenue, *Tesoro Grove* is expected to be completed and available for occupancy in early 2003.

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## S.D. Foundation Gives \$60,000 to Build N. County Communities

The San Diego Foundation has awarded a \$60,000 neighborhood service grant to Community Housing of North County so neighborhoods can have leaders come to a forum to learn to be civic leaders.

Last month the Escondido-based, non-profit Community Housing of North County graduated a second class of neighborhood leaders from its specially designed seminar series that meets for two hours each week for six weeks. Forty people have come through the program since its inception late last year.

The next session is scheduled to begin soon at Kearny Mesa, to be followed by a North County session, probably in Oceanside, in August.

"We are developing training for neighborhood leadership in cooperation with the Foundation," said Patti

Hamic-Christensen, community development director for Community Housing of North County.

“We are trying to bridge cultural and communication gaps, while at the same time build a sense of community. The training consists of community asset mapping, conflict resolution, problem solving, building a diverse organization and defining community,” said Hamic-Christensen.

Rick Landavazo, chairman of Friends of Hellhole Canyon Open Space Preserve, said a community grant from the foundation helped his group. He said his visit to the community building workshop of the civic leadership program was fruitful, and ultimately eye-opening.

“We used the \$5,000 Foundation civic fund grant to help build a membership base, pay for a newsletter and set up a Web site,” said Landavazo, a Valley Center accountant who felt so moved by the need to preserve the 2,500 acres of open space northeast of Lake Wohlford, near Pauma Valley, that he helped start the group.

“The most difficulty small groups have in getting organized is communicating,” Landavazo said. “I thought the workshop was very well done. I felt more hopeful that there were resources for individuals concerned with improving their communities through communicating. In fact, it was inspiring.”

Sandra Leon, vice-president of the Crown Heights Resident Association in Oceanside, also attended workshops in the program

“It was very helpful,” Leon said. “Some of the classes I attended talked about how to resolve conflicts in a community. Sometimes people think in a different way and we have to find a way to respect other people’s opinions.”

San Diego Foundation leaders last spring pledged to invest between \$350,000 to \$1 million annually to build social capital through program support.

## 816 Renovated Units of Affordable Housing in Clairemont and Rancho Penasquitos

The San Diego Housing Commission provided key financing to developers Fairfield Residential and Wakeland Housing to extensively renovate 816 affordable apartments in Clairemont and Rancho Penasquitos. The effort will ensure that the rental units will remain affordable to low-income families for the next 55 years.

A grand opening celebration was held on Wednesday, May 22, at Canyon Rim Apartments in Rancho Penasquitos to debut the newly rehabilitated apartments. San Diego City Councilmembers Scott Peters and Donna Frye participated in the festivities.

“Creating affordable housing near jobs reduces traffic congestion and allows people to spend more time with their families. And for us, as apartment complex owners, it’s a good business investment, thanks to the low-interest loans and tax free

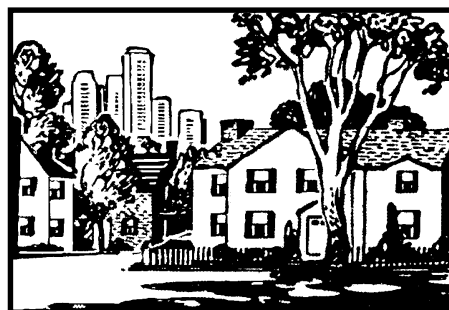
bonds we received from the Housing Commission, said David Leitner of Fairfield Residential.

Fairfield Residential combined conventional financing with \$3.1 million in low-interest loans and \$52.3 million in tax exempt bonds from the San Diego Housing Commission to purchase and renovate Stratton Apartments (312 units) in Clairemont and Canyon Rim Apartments (504 units) in Rancho Penasquitos. The total renovation cost was \$12.2 million.

Extensive interior and exterior renovations at both sites included new paint, carpeting, windows, appliances (as needed), roofing, parking lot paving, landscaping, laundry facilities, and plumbing. New leasing offices were built at both sites, and Canyon Rim gained a new club house and computer learning center as well.



*Left to Right, Councilmembers Scott Peters and Donna Frye; developer Stan Herskovitch of Fairfield Residential*



## LA Housing Trust Fund – How Did They Do That?

The March/April 2002 Issue of *Shelterforce: The Journal of Affordable Housing and Community Building* includes an article by Jan Breidenbach, “LA Story: The Coalition That Made \$100 Million Trust Fund Happen.” In this article she describes the advent of Housing LA from its inception in 1998 to the passage of the Trust Fund in January 2002. It is a great study in the planning and execution of a campaign to achieve a public policy goal. It is definitely worth a read. The full article is available online at: [www.nhi.org/online/issues/sf122.html](http://www.nhi.org/online/issues/sf122.html).

## LA Housing Trust Fund: What We Won

by Jan Breidenbach

reprinted from *Shelterforce*, March/April 2002

The LA Housing Trust Fund will be phased in over two-and-a-half years, beginning July 1, 2002 and will be fully funded at \$100 million in July 2004. Each year thereafter, the fund will be brought up to \$100 million, based on what was spent the year before. The sources are included in the baseline budget and were agreed upon by the City Council in March.

Dollars for the trust fund do not include any new taxes or fees; instead they are redirections of existing revenue streams and dedication of new funds. A few major sources include:

- increasing redevelopment funds targeted to housing
- revenue from street furniture advertising (the city sells advertising on bus stops)
- program income from a variety of

sources that previously flowed only to the general fund dedicating portions of:

- the tobacco settlement funds
- city business tax
- hotel occupancy tax

Mayor Hahn has proposed appointing a 10-12 member advisory committee representative of the fund’s constituencies to formulate guidelines for how the fund will operate; the City Council has approved the proposal, but the mayor has not yet made the appointments. Housing LA also believes the committee should have a life even after procedures are established, and reconvene every few years to evaluate the fund’s operation.

## HousingMinnesota

The same issue of *Shelterforce* includes an article, “Affordable Housing... on Billboards?,” about a statewide campaign to increase public awareness about the need for affordable housing. The campaign developed in response to an RFP from the Minneapolis Foundation for a project to “change the often negative and misunderstood public image of people who need and require affordable housing.” A coalition 7 organizations formed HousingMinnesota to respond to the RFP. The RFP required that the applicant team up with an advertising or public relations firm as well.

The Minnesota Housing Partnership was the lead agency. They worked with GCI Tunheim, a local firm with former public officials and a strong record in working with strong-minded advocate organizations.

The campaign developed messages and images that were used on billboards, radio ads, bus signs, and newspaper ads across the state. The campaign was kicked off at a news conference hosted by Governor Jesse

Ventura whose appearance drew in more than 20 media outlets from around the state. Campaign staff appeared on talk shows and wrote pieces for local newspapers. Finally the campaign did direct outreach with more than 90 partner, including church congregations and local governments.

This media blitz was phase one of a three phase campaign. The second phase, currently underway, focuses on “building and coordinating support among the community ‘sectors’ that we believe are critical to achieving affordable housing policy success: business, organized labor, local government officials, faith communities, housing and low-income advocates, and people directly affected by the shortage of affordable housing.” The campaign’s third and final phase will focus on achieving a public policy objective.

The article describes a lot of “lessons learned” from the first year of the campaign, including such things as the difficulty of getting consensus from single mission advocacy organizations, e.g. those interested in tenants rights, anti-discrimination organizations, and the need for housing affordable to all income levels; and, the difficulty of working with a public relations firm that is used to doing campaigns that have to develop a consolidated message acceptable to all of the interest groups.

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## Did you know...

you can download past issues of the Weekly Brief and the Newsletter from [www.housingsandiego.org?](http://www.housingsandiego.org?) Just click on the Archives Button

## **\$133 Million San Francisco Workforce Housing Initiative To Provide Home Purchase Assistance to Middle-Income Workers**

The Federal Home Loan Bank of San Francisco and the San Francisco Chamber of Commerce today announced a new initiative aimed at expanding homeownership opportunities for the San Francisco workforce by increasing the buying power of prospective homebuyers. The announcement of the San Francisco Workforce Housing Initiative was made at Workforce Housing Summit: Creating Homeownership Opportunity, an event that drew approximately 300 participants, including housing developers, lenders, policymakers, government agencies, employers, labor representatives, and business groups, to explore the pressing need to increase homeownership in San Francisco, the Bay Area, and other high-cost urban communities statewide.

The Federal Home Loan Bank of San Francisco and the San Francisco Chamber of Commerce are working with the California Housing Finance Agency (CHFA), California Rural Home Mortgage Finance Authority (Cal Rural), George K. Baum & Company, First Nationwide Mortgage Corporation, and other organizations to create a home financing program that will enable middle-income households to purchase a higher priced home than they would otherwise be able to buy.

Ms. Achtenberg pointed out that the workforce housing crisis will require a multifaceted response, including increasing density, obtaining regulatory relief, and tackling

NIMBYism. The initiative announced today will help address the issue of financing and is expected to provide homeownership opportunities for approximately 300 households.

The program is designed to be flexible, according to Mr. Schultz. Homebuyers may purchase a home outside of San Francisco, as long as the home is within a reasonable commuting distance. Eligible types of homes include single-family detached, condominiums, and townhomes. And homebuyers may take advantage of other homeownership assistance programs to increase affordability.

Eligible homebuyers will be able to obtain a first mortgage loan of up to 97% of the purchase price and a deferred second mortgage loan of 6% of the purchase price. The second mortgage loan will be used for two purposes: to reduce the interest rate on the first mortgage loan or fund downpayment or closing costs, and to lower the annual payment for the mortgage insurance. Homebuyers will be required to contribute at least 1% of the purchase price from their own resources towards downpayment or closing costs.

A critical element of the financing program is the creation of the San Francisco Workforce Housing Fund, which will provide liquidity for a portion of the second mortgage loans. The Chamber is embarking on a campaign to raise \$4 million for the Workforce Housing Fund from private sources, including employers, pension funds, foundations, and employee groups.

The Federal Home Loan Bank of San Francisco will provide liquidity for the first mortgage loans through the purchase of mortgage revenue bonds backed by those loans. Based on the San Francisco Workforce Housing Fund's anticipated pool of \$4 million, the Bank expects to

purchase up to \$129 million of bonds backed by first mortgage loans originated under the program.

CHFA, through its insurance fund, the California Housing Loan Insurance Fund (CaHLIF), will provide mortgage insurance on the first and second mortgage loans. Part of the deferred second mortgage loan will be used to prepay the mortgage insurance premium, which will reduce the annual mortgage insurance payment.

First Nationwide Mortgage Corporation (a subsidiary of California Federal Bank) will administer the origination of the first and second mortgages by approved lenders, pool the first and second mortgages, and service them.

Cal Rural will serve as program administrator and will issue mortgage revenue bonds backed by the first and second mortgage loans. George K. Baum & Company will serve as Placement Agent for the issuance of the mortgage revenue bonds.

The target date for originating mortgages under the San Francisco Workforce Housing Initiative is January 2003. Information will be available on the websites of the Federal Home Loan Bank of San Francisco ([www.fhlbsf.com](http://www.fhlbsf.com)), the San Francisco Chamber of Commerce ([www.sfchamber.com](http://www.sfchamber.com)), and the California Housing Finance Agency ([www.chfa.ca.gov](http://www.chfa.ca.gov)).

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## **Little Hoover Commission Release Report:**

**“Rebuilding the Dream: Solving California’s Affordable Housing Crisis.” can be downloaded from: [www.1hc.ca.gov/1hcdir/report165.html](http://www.1hc.ca.gov/1hcdir/report165.html)**

## U.S. Facing Affordable Housing Crisis

### Mayors Urge Bush Administration, Congress to Pay Attention, Prepare Report on Housing Solutions

Mayors, members of Congress, housing policy experts, and representatives of the public health, public education, senior citizen, labor, and business communities attending a National Housing Forum May 21, 2002 in Washington, DC urged the Bush Administration and Congress to pay more attention to the nation's affordable housing crisis.

The nation's affordable housing crisis should be on everyone's radar screen right now, but it is not, said Boston Mayor Thomas M. Menino, president of the U.S. Conference of Mayors, which organized the forum. The Bush Administration and Congress need to pay attention to the housing crisis and do something to relieve the financial hardship of the millions of Americans living in substandard housing, struggling to pay rent, or denied even the dream of owning a home of their own. We must work together to preserve the housing we have and produce the housing we need.

Participants at the forum are meeting in working groups to assemble a comprehensive set of recommendations to address specific housing priorities, including:

- Homeownership: The highest homeownership rate in history has left minorities behind and purchasing a first home is an impossible financial challenge for many.
- Rental housing: A critical problem for low- and moderate-income individuals and families, with many paying more than half of household income for rent.

- Public housing: Much of this housing stock is in need of rehabilitation, and its importance and effectiveness is widely misunderstood.
- Preservation of low-income housing: Low-income housing is threatened by market forces.

Other speakers at the forum include former HUD Secretary Henry Cisneros, Sen. Jack Reed, and Rick Lazio, CEO of the Financial Services Forum, and more than a dozen mayors from across the country.

More information about the forum and links to related Web sites are available at: [www.usmayors.org](http://www.usmayors.org).

housing forum here.

The bill, which has 42 sponsors, would create a new so-called thrifty housing production voucher program. Unlike existing Section 8 rental-assistance vouchers, the value of the new vouchers would be based on the property's operating costs rather than on the fair market rent of the property. Section 8 vouchers are generally tied to the tenant, but the proposed thrifty vouchers would be tied to the rental unit itself. Since operating costs are generally substantially below the fair market rent value, a thrifty voucher would cost less than a regular voucher, according to Roukema.

The thrifty vouchers could be used in combination with other federal programs, such as the low-income housing tax credit, the HOME Investment Partnerships Program, and community development block grants. Tax-exempt financing could also be used in the low-income housing development deals that the new vouchers could help bring to market.

However, Jones said that a separate bill designed to pump billions of dollars into affordable housing is a long shot in the House. It is very unlikely that a bill introduced by Rep. Bernie Sanders, I-Vt., that would create a new National Housing Trust Fund will get through the House, Jones said. The proposed fund would divert some of the surplus that is generated each year by the Federal Housing Administration, which is a branch of the U.S. Department of Housing and Urban Development, and could spur housing construction and housing bond issuance by providing funds to housing finance agencies and to the nonprofit housing community.

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## Affordable Housing Bill Seen Likely to Pass House Committee

Legislation designed to stimulate the construction or rehabilitation of rental housing developments for lower-income families is likely to be approved by a congressional committee within the next month, a congressional staffer predicted yesterday.

The proposed Housing Affordability for America Act, which retiring Rep. Marge Roukema, R-N.J., the chairman of the housing opportunity subcommittee of the House Financial Services Committee, introduced two months ago, will probably be approved by the full committee very soon, said Clinton Jones, 3rd counsel for Roukema's subcommittee. I would be very surprised if we didn't have something out of the committee in the next 30 days, Jones told participants at the U.S. Conference of Mayors' national

## **AmeriDream Study Refutes Accusations of Increased Mortgage Delinquency Arising from Down Payment Gifts**

### **Actual Rates Lower than FHA Average**

Contrary to critics' claims, residential down payment gifts do not increase the rate of mortgage loan delinquencies according to a recent analysis of one of the largest and most active down payment gift programs, which is operated by The AmeriDream Charity, Inc.

The analysis performed by Experian, Inc., a leading national credit-reporting firm, found overall default rates are well below the national average for traditional Federal Housing Administration (FHA) loans. Vocal critics of down payment gifts argue that such gift programs significantly increase mortgage defaults, a position that is not supported by the data.

The Experian study found that overall delinquencies within AmeriDream's portfolio for the second quarter of 2001 were 5.48 percent compared to 10.40 percent for the total FHA loan portfolio. Following the terrorist acts of Sept. 11, fourth quarter 2001 delinquencies for AmeriDream were 8.81 percent, while FHA's were 12.10 percent.

With this study, we now have concrete statistical data to refute critics who charge that gift funds lead to higher rates of mortgage default, said Christopher Russell, Chief Executive Officer of AmeriDream. The reality is that down payment gift programs, like AmeriDream, meet a critical need among low and moderate income families, helping them overcome the single largest barrier to

homeownership - the down payment. More importantly, programs like ours now prove to do this with no increased risk of mortgage default.

The Experian report charts the percentage of loans with past due payments for 30-, 60-, and 90-day time frames. In all categories, the report reveals that mortgage loans made in conjunction with down payment gift assistance from AmeriDream had lower delinquency rates than similar FHA loans.

Because The AmeriDream Charity, Inc. is currently the nation's largest non-profit down payment gift provider, analysis of its portfolio serves as a model for the industry. AmeriDream provides gift funds for down payments helping to make the dream of homeownership a reality for an average of 4,000 families each month.

The mission of The AmeriDream Charity, Inc., headquartered in Gaithersburg, MD, is to expand homeownership opportunities for underserved groups through the direct provision of down payment assistance and through the restoration and redevelopment of communities. [www.ameridreamcharity.org](http://www.ameridreamcharity.org)

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## **Krispy Kreme Doughnuts Approves A Nonprofit Franchise**

**by Project Homestead, an affordable-housing developer**

By Mary Ellen Lloyd [Dow Jones and Company, Inc.] May 23, 2002

Krispy Kreme Doughnuts Inc. (KKD) is retaining a 49% ownership stake in the franchise it awarded Wednesday to a nonprofit group in North Carolina, company Chairman and Chief Executive Scott Livengood

said. But initial profits from the new store in Greensboro, N.C., will be used to buy out Krispy Kreme's stake "as early as possible," Mr. Livengood said in an interview.

Mr. Livengood also said the Winston-Salem, N.C., company's first-ever award of a franchise to a nonprofit group is consistent with Krispy Kreme's expansion and financial strategy. "We are ultimately for profit, and we want to do things that are consistent with our brand," he said. "I think it's a socially responsible way of expanding the brand.

Krispy Kreme, long known for letting charities sell its sugary treats as fundraisers, took the idea a step further Wednesday by approving a store that will be 51% owned by Project Homestead, an affordable-housing developer.

Project Homestead expects profits from the store will help decrease its reliance on government grants and charitable contributions.

The Project Homestead franchise will operate under the same terms as the chain's other newer franchisees, paying 4.5% of revenues to Krispy Kreme as royalty payments and contributing 1% of sales to a brand fund, Mr. Livengood said. The franchise is also required to purchase all of its equipment and doughnut ingredients through Krispy Kreme's manufacturing division in the same way other franchisees are, he said.

Mr. Livengood said the factory store, capable of producing 230 dozen doughnuts an hour, will be a full-service outlet within a shopping center also being developed by Project Homestead. It will produce doughnuts for retail customers and for off-premise sales to convenience stores and institutions, including nearby North Carolina A&T University. It will incorporate the chain's expanded beverage line and will focus on a different territory than two

## AROUND THE NATION

...continued from previous page

other company-owned stores in Greensboro, Mr. Livengood said.

"That's one reason why it worked is we control the market," Mr. Livengood said. "It'll be close to our corporate offices so we'll have the ability to drop in and offer other kinds of support."

Mr. Livengood said Krispy Kreme is committed to the store's success but hasn't placed any performance or time restrictions on the new franchisee. He looks for the partnership to serve as a model for future projects, which Krispy Kreme believes will meet demand in underserved areas while reinforcing the brand's "universal and inclusive" nature.

"Typically we're in a denser demographic and typically in higher income areas, so we end up with underserved parts of the market," he said.

The company and Mr. Livengood have previous experience supporting affordable housing efforts. Mr. Livengood has served as a director of a local Habitat for Humanity, and Krispy Kreme has helped build two homes in the area, he said.

Krispy Kreme also sponsored a video on the efforts of Project Homestead and other community development corporations in recent years.

## CAREER OPPORTUNITIES

### Program Director

#### San Diego LISC Office

The Local Initiatives Support Corporation (LISC), a national non-profit organization seeks a Program Director (PD) for its San Diego office. LISC assists community development corporations (CDCs) in their efforts to transform distressed neighborhoods into healthy communities. LISC supports CDCs in the development of affordable housing, vital commercial facilities, and job-creating projects.

Key responsibilities include: to build and promote the community development industry; to obtain private sector financial and institutional support for LISC activities in the region; to supervise professional staff and consultants as they assist CDCs to implement real estate development projects; and manage LISC programs:

The PD reports to the LISC Vice President for Western Programs and the San Diego Local Advisory Committee. LISC offers a competitive salary and excellent benefits package.

LISC IS AN EQUAL OPPORTUNITY EMPLOYER. Call Anita at 619/239-6691 to receive full job announcement. To apply send cover/resume to

LISC Program Vice President  
1055 Wilshire Blvd. Ste. 1600  
Los Angeles, CA 90017.  
The deadline is 6/14/02.

### Executive Director

#### Greater Golden Hill CDC

Greater Golden Hill Community Development Corporation, a successful community based nonprofit, seeks a dynamic professional to lead the organization as Executive Director, reporting to the board. The successful candidate will be dedicated to the mission of GGHCDC and sensitive to the cultural diversity of the Golden Hill Community.

Responsibilities and Qualifications include:

- management and development of multifaceted community programs and services;
- asset management of the organization's rental properties;
- ongoing development of the Golden Hill Mixed Use Community Center project;
- fundraising, public relations, budgeting and financial management;
- supervision of a stable and professional staff, and contracting for special services;
- excellent interpersonal and communication skills;
- the ability to work independently and manage multiple tasks effectively;

Health and retirement benefits are available. Compensation commensurate with experience. Interested and qualified candidates should submit cover letter, resume, and salary requirements to:

FAX (619) 696-6048  
email: info@goldenhillcdc.org;  
or by mail to  
Search Committee, GGHCDC  
2469 Broadway  
San Diego, CA 92102  
No phone calls please

**DON'T FORGET - SEE PAGE ONE!**

**The 7th Annual Housing & Community Development Recognition Awards**

**"Housing Walk of Fame"**

at the Historic Star Theater, 402 North Coast Highway, Oceanside, CA

**Thursday, June 20, 2002, 4:00 to 7:00 PM**

# NONPROFIT MANAGEMENT

## Yikes – Postal Rates Go Up June 30

The US Postal Service has announced an increase in postage rates, effective June 30th. The following changes will take place on June 30th:

- 1 oz. first class letter rate will increase from \$.34 to \$.37.
- Priority Mail Shipments up to 1 pound rate will increase from \$3.50 to \$3.85.
- Priority Mail shipments above 1 lb. will employ a zone rating structure, which means costs may vary depending on where you send packages.
- In addition, most special services will see increases. For a complete list go to [www.usps.com](http://www.usps.com).

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## RESOURCES

### LISC Online Training

#### CDC Policies & Procedures

- Session I: Financial Management and Accounting Policies  
May 23, 2002, 11:00 AM - Noon
- Session II: Personnel Policies  
May 30, 2002, 11:00 AM - Noon

To register and for more information, visit the LISC Online Resource Library: <http://www.liscnet.org/resources/experts/>

If you have questions, contact Anna Wong, 212-455-9355 or [awong@liscnet.org](mailto:awong@liscnet.org)

### Landlord Training Program by San Diego Police Department

The San Diego P.D. Neighborhood Policing Resource Team offers training for property managers and tenants designed to promote positive

and responsible partnerships between landlords, tenants and the police. For more information call 619-531-2230.

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## Gateway Olympic Sponsorship PC Donation Program

Gateway will donate up to 4,500 of the computers used to power the 2002 Olympic Winter Games in Salt Lake City, Utah. These desktops, portables, and servers were supplied to the Salt Lake Organizing Committee to track official event results, statistics, and standings for athletes, coaches, spectators, officials, and the media. For grant guidelines and application go to: [www.gateway.com/olympics/donations.shtml](http://www.gateway.com/olympics/donations.shtml).

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## Business Plan Competition for Nonprofits

### The Partnership on Nonprofit Ventures

The Yale School of Management, the Goldman Sachs Foundation, and the Pew Charitable Trusts have joined together to offer the National Business Plan Competition for Nonprofit Organizations. The Competition is open to nonprofits seeking to start or expand successful profit-making ventures, and offers substantial cash prizes and technical assistance to the winners. For deadline and contact information: <http://coldfusion.affiliateshop.com/AIDLink.cfm?AID=015973>

## Partnerships to Provide Housing Opportunities

Wells Fargo Housing Foundation  
Local nonprofit housing organizations and providers can partner with the Wells Fargo Housing Foundation to help provide home ownership opportunities for the low-income population and help meet the needs of homeless families. Some of the possible community partners include Habitat for Humanity, HomeAid America, Neighborhood Reinvestment Corporation, and Christmas in April.  
[www.wellsfargo.com/about/wfhf/programs.jhtml](http://www.wellsfargo.com/about/wfhf/programs.jhtml)

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## The California Endowment Local Opportunities Fund

The goal of The California Endowment's new grantmaking program, the Local Opportunities Fund, is to provide grants of up to \$50,000 to support projects or organizations that focus on local health issues. According to the program guidelines, priority will be given to applications that demonstrate one or more of the following:

- Address a locally defined health need or health-related priority in an underserved community
- Are from a grassroots, nontraditional and/or emerging organization, or that address an issue or community that traditionally does not benefit from mainstream funding resources
- Utilize the talents, cultures and assets of the local community to address the health priorities of that community

For more information and guidelines, visit [www.calendow.org/apply/frm\\_apply.htm](http://www.calendow.org/apply/frm_apply.htm)

# **Thanks to our Major Sponsors**

**Bank of America**

**California Federal Bank**

**Guaranty Federal Bank**

**Related Capital Co.**

**San Diego Gas and Electric**

**Sun Country Builders**

**Union Bank of California**

**Washington Mutual Bank**

**Wells Fargo Bank**

# CALENDAR OF EVENTS

## **Growth Management And Ballot Box Planning**

Sponsored by the Local Government  
Commission

June 7, 2002

The Windmill, 890 Palomar Airport  
Rd., Carlsbad, CA

For more info: [www.lgc.org](http://www.lgc.org)

## **“Housing Walk of Fame” - San Diego Housing & Community Development Recognition Awards Event**

Sponsored by the San Diego Housing  
Federation

June 20, 2002 4:00 to 7:00 PM

Star Theater

Oceanside, CA

Contact: 619-239-6693 or

email: [npfh@housingsandiego.org](mailto:npfh@housingsandiego.org)

## **“Economics of Affordable Housing”**

Building Community Leadership –  
Executive Series

Sponsored by LISC

June 22, 2002, 8:45 am to 12:30 pm

National University

Contact: Lydia Goularte-Ruiz (619)

239-6691 or email:

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

## **LISC San Diego Summer Training Institute**

June 27: Resident Services

June 28: Asset Management

National University

Contact: Lydia Goularte-Ruiz (619)

239-6691 or email:

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

## **Summer Training Series - City of San Diego Development Services**

- Landscape Regulations: Monday,  
July 15, 11:30-1:30 PM
- Special Inspection Overview:  
Tuesday, July 16, 3:00-5:00 PM
- Permits on-line: e-permitting,  
Wednesday, July 17, 11:30-1:30 PM
- Preliminary Review: Thursday, July  
18, 11:30-1:30 PM
- Storm Water Regulations: Friday,  
July 19, 11:30-1:30 PM

Peninsula Community Service Center  
Cost is \$5.00 at the door and includes  
lunch or refreshments

RSVP: Lu’Cretia Washington, 619

446-5447

## **TCAC Round 2 Applications Due**

Sponsored by: California Tax Credit  
Allocation Committee (TCAC)

[http://www.treasurer.ca.gov/ctcac/  
ctcac.htm](http://www.treasurer.ca.gov/ctcac/ctcac.htm)

July 24, 2002

## **Insurance Partnerships: Changing the Face of Communities**

Neighborhood Reinvestment

August 7, 2002

San Francisco, CA

[http://www.nw.org/network/training/  
tuitregis/sanFran2002](http://www.nw.org/network/training/tuitregis/sanFran2002)

[sanFranSymp.html](http://www.nw.org/network/training/tuitregis/sanFran2002/sanFranSymp.html)

## **Neighborhood Reinvestment Training Institute**

Sponsored by Neighborhood Reinvest-  
ment

August 5-9, 2002

San Francisco

75 courses in Affordable Housing,  
Community Building, CED, Construc-  
tion and Production Management,  
Home Ownership and Community

Lending, Management and Leadership,  
and, Neighborhood Revitalization  
Contact: [www.nw.org/network/  
training/tuitregis/sanFran2002/  
sanFran2002Index.html](http://www.nw.org/network/training/tuitregis/sanFran2002/sanFran2002Index.html)

## **Regulatory Barriers to Affordable Housing**

(Professional Development Workshop)

Sponsored by: APA

September 2002

## **Creating The Future: Annual San Diego Affordable Housing Conference**

Sponsored by: San Diego Housing  
Federation

October 18, 2002

Pt. Loma Nazarene University

This year’s conference will focus on  
identifying solutions to the housing  
crisis in San Diego County and how  
to implement them.

## **National Community Capital’s 2002 Annual Training Conference**

National Community Capital Asso-  
ciation

October 30 to November 2, 2002

Oakland, CA

For more info:

[www.communitycapital.org](http://www.communitycapital.org)

## **Growing Healthy Communities in California: The 2002 Agricultural Worker Health, Housing and Empowerment Conference**

Sponsored by the Rural Community  
Assistance Corporation and the  
California Endowment.

November 8-10, 2002

San Jose, California

For more info: [www.rcac.org](http://www.rcac.org)  
or call 916/447-9832 ext. 147

# Housing & Community Development News

San Diego Housing Federation  
450 B Street, Ste. 1010, San Diego, CA 92101  
619-239-6693 • FAX: 619-239-5523  
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