



SENT TO COUNCIL \_\_\_\_\_

# Memorandum

**TO:** MAYOR AND CITY COUNCIL

**FROM:** Tom Fink, Chair

**SUBJECT:** SEE BELOW

**DATE:** February 18, 2004

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**COUNCIL DISTRICT:** Citywide

## INFORMATION

**SUBJECT: HOUSING PROGRAM FUNDING STRATEGY AND PROJECT SELECTION SYSTEM FOR THE CITY'S AFFORDABLE HOUSING DEVELOPMENT PROGRAM**

## RECOMMENDATION

The Housing Advisory Commission voted to support the Department of Housing's proposal for a new funding strategy and project selection criteria system.

## BACKGROUND

The Housing Advisory Commission (HAC) held two discussions of the item at two regular meetings of the HAC. On January 8, 2004 and February 12, 2004 the Housing Department presented the Commission with a draft proposal to change the current selection criteria for affordable housing projects. The Housing Department explained that with limited sources of funding for affordable housing developments, it was necessary to establish a system which would help build affordable housing projects that not only lowered the amount of City subsidy but provided housing to those most in need.

As explained by the Housing Department, the new proposal looks at placing high priorities and points on projects that do the following:

1. Place an emphasis and importance on competitiveness for other, outside, funds by making standards and criteria similar to other state and federal programs (i.e. 9% tax credits and/or the State's Multifamily Housing Program [MHP]).
2. Minimize the per-unit subsidy amount required from the City, thereby maximizing the number of units that can be funded by the limited amount of available funding.
3. Deepen the affordability and give more points to projects that ensure that the units the City funds will be marketable and with rents that are lower than unsubsidized apartments, and meet the City's adopted income-targeting goals.

Honorable Mayor and City Council

February 18, 2004

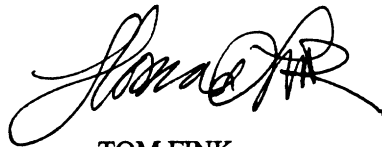
Subject: **PROJECT SELECTION SYSTEM FOR THE CITY'S AFFORDABLE HOUSING DEVELOPMENT PROGRAM**

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4. Can be developed on the shortest possible timeline, thereby contributing invaluable economic and employment activity to help meet the 6,000-unit goal in the Five Year Housing Investment Plan.

The Housing Advisory Commission felt that the goals outlined by staff were laudible given the number of projects "on-hold" and the financial constraints faced by the City. The Commission was pleased to see that the Housing Department was acting creatively to respond to the development needs of the community and that the Department was seeking innovative means for re-financing and re-allocating existing dollars in order to get money into affordable housing. The Commission further noted that they felt that it was necessary to target those residents and income categories most in need and agreed with the Department's general direction to place greater emphasis on deeper affordability within projects.

Therefore, the Commission unanimously approved a motion to support the principles of the Housing Department's new "Housing Production Funding and Selection System." These principles included providing priority consideration for projects that 1) are competitive for other state and federal funding programs (e.g. Proposition 46 funded Multifamily Housing Program, federal Low Income Housing Tax Credits, etc.), 2) minimize the City's subsidy requirements, 3) achieve the deepest affordability and are most marketable, and 4) are most ready for construction to achieve the City's Five Year Housing Goal.



**TOM FINK**  
Housing Advisory Commission, Chair