

**Overview.** The County of San Diego has launched a dynamic, multifaceted Affordable Housing Program, leveraging local resources to dramatically increase production of homes for low-income residents.

**Challenge.** Southern California has been facing a housing crisis, due to rising rents and a limited supply of homes. Over half of San Diego County residents are spending more than 30% of their income on housing. Also, homelessness in the San Diego region is a major issue, with the 2017 Point-In-Time Count showing an increase of 5 percent of homeless individuals from the previous year. Of the 9,116 people experiencing homelessness counted that year, 5,621 were living unsheltered.

**Solution.** Recognizing this crisis, the San Diego County Board of Supervisors directed the creation of the Innovative Housing Trust Fund (IHTF) in June of 2017. With an initial investment of \$25 million in local general funds, the IHTF would spur the creation of new affordable housing units through the acquisition, construction, rehabilitation, loan repayment, capital improvements of housing developments, as well as preservation of affordable housing developments that were at-risk of conversion to market rate housing. In December of 2017, the County's Health and Human Services Agency's (HHS), Housing and Community Development Services released a Notice of Funding Availability (NOFA) soliciting proposals for developments. Through the NOFA process, the County of San Diego (COSD) provided "gap financing" for affordable housing developments that were completing the financing structure and in need of a small amount of funding to meet their total development costs. In return for the County's investment of IHTF funding, the developments provided units that would remain affordable to low-income residents for up to 99 years. Also, in June of 2017, the COSD Board of Supervisors directed staff to review excess County-owned properties to determine if any had the potential to help alleviate the housing crisis. Eleven COSD properties were identified for further evaluation. COSD assessed the eleven excess properties for viability to use for the development of affordable housing looking at six criteria; compatibility with general plan and zoning, environmental issues, compatibility with adjacent existing land use, proximity to essential services such as schools and jobs, housing authority having jurisdiction and proximity to supportive services. Each property was given a determination to whether they were conducive to affordable housing. Of the eleven properties, six properties were determined to be feasible for affordable housing. COSD identified private affordable housing developers through a Request for Proposal process to develop two of the sites. COSD and the developers are working closely to complete the land use

permitting and project design processes, while ensuring the community is engaged, environmental considerations are evaluated and local needs are met.

**Innovation.** The investment of local general funds has significantly added to the amount available for affordable housing production. Prior to initial investment of \$25 million through the IHTF, the COSD primarily relied on federal HOME Investment Partnerships funding to create affordable housing, typically receiving approximately \$3 million annually. The IHTF is also unique because of its flexibility. Local funds have less restrictions than federal and state, and COSD is able to fund more than just the typical development costs (e.g. predevelopment costs and improvements to units in disrepair). Additionally, the use of local resources such as excess County-owned property reduces the reliance on federal funding.

**Results.** Making excess County-owned land and local financing available to private affordable housing developers allows both parties to efficiently use resources available to create a greater number of housing opportunities for residents. “Gap financing” leverages the funding already obtained by developers, allowing the COSD to create affordable units in the region with relatively small investment costs. Also, by utilizing excess property for the development of affordable housing, the County is contributing to the supply of lower cost units in an area with high land costs and limited development opportunity. The County of San Diego’s current inventory of affordable housing, including 314 units under construction is close to 2,900 units. This number includes all units built since 1981. With the creation of the Innovative Housing Trust Fund and the commitment of County properties, it is anticipated that an additional 1,600 units will be developed in the next 5 years. That is a 55% increase in the COSD affordable housing portfolio. This astonishing increase in affordable housing production support the County of San Diego’s *Live Well San Diego* vision of a region that is building better health, living safely and thriving.

**Replicability.** This program can be replicated in other counties, contingent upon the availability and prioritization of local resources for the creation of affordable housing. By allocating local dollars and conducting an in-depth review into the viability of their excess property, counties can spur the development of affordable housing in their jurisdictions.

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