



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: May 20, 2025, and June 3, 2025

02

TO: Board of Supervisors

SUBJECT

ADOPT AN ORDINANCE AMENDING SECTION 232.5 OF ARTICLE XV OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO THE INNOVATIVE HOUSING TRUST FUND (05/20/25 – FIRST READING; 06/03/2025 – SECOND READING, UNLESS ORDINANCE IS MODIFIED ON SECOND READING); AND APPROVE A REALLOCATION OF FUNDING TO THE INNOVATIVE HOUSING TRUST FUND AND LANDLORD INCENTIVE PROGRAM (DISTRICTS: ALL)

OVERVIEW

As affordable housing resources become increasingly scarce, the County of San Diego's (County) Innovative Housing Trust Fund (IHTF) has been a catalyst in expanding affordable housing options for veterans, seniors, persons experiencing homelessness, and low-income families. On October 10, 2017 (7), the San Diego County Board of Supervisors (Board) established the IHTF to address affordable housing needs throughout San Diego County. To date, the Board has contributed \$105.6 million dollars to the IHTF over five funding allocations. These funds have supported 36 affordable housing developments within 23 communities throughout the region. Once completed, 3,054 deed restricted housing units funded in part with IHTF will become homes to low-income households providing long-term safe, sustainable housing.

In addition to the IHTF, the County provides support and resources for vulnerable populations including those at-risk or experiencing homelessness through interventions such as Capital Emergency Solutions Grant Program and the Landlord Incentive Program (LIP). LIP supports families and veterans experiencing homelessness and provides financial incentives to landlords who rent to these participants in housing programs by the Housing Authority of the County of San Diego.

On May 24, 2022 (6), the Board approved the Capital Emergency Solutions Grant Program. The County made \$10 million available to local cities for the expansion of emergency housing and awarded funds to nine projects. Per the program guidelines, the County would rescind the notice of award if an awarded project is not shovel-ready. On March 27, 2025, the County rescinded the notice of intent to award funding for one project unable to move forward due to external barriers and delayed approvals leaving \$2 million available for re-allocation. County staff is recommending allocating these funds to IHTF and LIP.

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Today's request is for the Board to approve the reallocation of funds and the introduction of the proposed ordinance amending Section 232.5 of Article XV of the San Diego County Code of Administrative Ordinances related to the IHTF. The proposed ordinance will integrate prior Board direction from August 31, 2021 (6) to provide a preference for projects on County-owned land declared surplus for future affordable housing, specify a minimum 55-year affordability period as this is not currently in the ordinance, and amend the ordinance to clarify staff time related to affordable housing initiatives is an eligible expense. The ordinance will be introduced on May 20, 2025 and, if approved, it will be scheduled for adoption on June 3, 2025. If the proposed ordinance is altered on June 3, 2025, then on that date a subsequent meeting date will be selected for the ordinance's adoption.

This item aligns with the County Housing Blueprint, ensuring the County continues to prioritize housing stability by expanding access to affordable housing and investing in affordable housing funding sources. Additionally, today's actions support the County vision of a just, sustainable, and resilient future for all, specifically for those communities and populations in San Diego County that have been historically left behind. Today's action also supports the County ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

On May 20, 2025:

1. Find in accordance with Section 15060(c)(3) of the California Environmental Quality Act (CEQA) Guidelines, that the proposed actions described herein are administrative in nature and not a project as defined by CEQA Guidelines Section 15378(b)(5).
2. Approve the introduction of the Ordinance (first reading):

AN ORDINANCE AMENDING SECTION 232.5 OF ARTICLE XV OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO THE INNOVATIVE HOUSING TRUST FUND

3. Authorize the Deputy Chief Administrative Officer, Health and Human Services Agency or designee, to reallocate \$2.0 million from Capital Emergency Solutions Grant Program with \$1.6 million to the Innovative Housing Trust Fund and \$0.4 million to the Landlord Incentive Program.

If, on May 20, 2025, the Board takes the actions recommended in Items 1 – 2 above, then on June 3, 2025:

Consider and adopt (second reading):

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AN ORDINANCE AMENDING SECTION 232.5 OF ARTICLE XV OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO THE INNOVATIVE HOUSING TRUST FUND

EQUITY IMPACT STATEMENT

The Innovative Housing Trust Fund (IHTF) is a locally funded initiative to expand permanent affordable housing across the region, addressing local housing shortages which help to increase access to quality affordable housing. Units produced through the IHTF provide stable affordable housing for vulnerable populations, including lower-income households, persons experiencing homelessness, seniors, and veterans. Housing eligibility requirements vary by development. A one-person household earning up to \$69,480, or 60% area median income (AMI), meets the income requirements for affordable housing and a four-person household earning up to \$99,240, or 60% AMI, also meets the income requirements for affordable housing. Since its creation in 2017, IHTF has supported 36 developments with 3,054 deed restricted units.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed actions support the County of San Diego's Sustainability Goal #2 to provide just and equitable access. This is accomplished by ensuring affordable housing developments are restricted to vulnerable populations including lower-income households, persons experiencing homelessness, seniors, and veterans by cultivating strong relationships with other local governmental entities and community partners. This allows for a symbolic relationship that has, at its core, a mutual, mission-driven goal to serve the communities that have been disproportionately impacted by poverty.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year (FY) 2024-25 Operational Plan for the Health and Human Services Agency. If approved, these funds will be used to support one-time costs of \$0.2 million in FY 2025-26 and \$1.8 million in FY 2026-27, for a total of \$2.0 million. Funds for subsequent fiscal years will be made available through the appropriate year-end process. This includes \$1.6 million for Innovative Housing Trust Fund to support affordable housing associated costs and \$0.4 million for the Landlord Incentive Program. The funding source is existing General Purpose Revenue. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

This proposal will have a positive impact on the business community. Funded projects may involve construction work at various sites throughout the county. Contracts resulting from these recommendations may be carried out with nonprofit and private sector firms and may involve a competitive bid process. Additionally, affordable rents can significantly increase the residual

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income that households have at their disposal after meeting necessary housing costs. Local businesses stand to gain from the increased buying power made possible by the availability of affordable housing.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County of San Diego (County) administers a variety of housing programs to increase access to affordable and decent housing for San Diego County residents. The Innovative Housing Trust Fund (IHTF), Capital Emergency Solutions Grant Program, and Landlord Incentive Program (LIP) are resources the County utilizes to promote and expand affordable housing opportunities and supports to lower-income households and vulnerable populations county-wide.

On October 10, 2017 (7), the San Diego County Board of Supervisors (Board) approved the creation of the IHTF to increase the regional supply of affordable housing. The IHTF was launched with an initial investment of \$25 million of local funding sources. On April 30, 2019 (7), August 31, 2021 (6), March 14, 2023 (24), and February 27, 2024 (11), additional funding was allocated by the Board, bringing the total contribution to the IHTF to \$105.6 million. The IHTF has supported 36 affordable housing developments, which include 3,054 deed restricted units county-wide in 23 communities. Units created through this effort provide stable housing for low-income families, seniors, veterans, and persons experiencing homelessness. At this time, 1,484 units have completed construction, 859 units are under construction, and 711 units will be constructed and/or rehabilitated within the next one to four years.

Since the creation of IHTF in 2017, the County has distributed over \$325 million dollars, which has leveraged over \$2.9 billion in other funding, to spur affordable housing efforts across San Diego County. This investment includes IHTF and other local, State, and federal resources contributing to the production of housing for lower-income households by creating 5,880 units county-wide. The Board took additional action on August 31, 2021 (6), to streamline policy and set priorities to ensure the funds are delivered to the communities expeditiously. For example, increasing the flexibility of timing of awards to allow County funding awards prior to State and federal funding awards and adding consideration for developments on County-owned land. All funding previously allocated to the IHTF has been exhausted. Without additional infusion of funding the current pipeline will soon come to a stop.

On May 24, 2022 (6), the Board approved the Capital Emergency Solutions Grant Program. The County subsequently implemented the program to make \$10 million available to local cities for expansion of emergency housing. Six cities were awarded funding for nine projects including shelter beds, safe parking and sleeping cabins. Eight out of nine projects have since been

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established. In response to the County’s request for proposals, the City of Carlsbad (City) applied for capital improvement costs associated with the expansion of La Posada de Guadalupe Shelter. The submitted proposal was approved by the County on November 17, 2022. The City was unable to initiate the project due to external barriers and approvals that could not be resolved. The City remained in regular communication with the County and informed on the challenges with the project approval process and inability to initiate the project. Per the Capital Emergency Solutions Grant, the County would rescind the notice of award if an awarded project is not shovel-ready.

On March 27, 2025, the County rescinded the notice of intent to award funding, which leaves \$2.0 million available for re-allocation. County staff is recommending allocating the funds to the IHTF for development of affordable housing and the Landlord Incentive Program (LIP). LIP supports families and veterans experiencing homelessness and provides financial incentives to landlords who rent to these participants in housing programs by the Housing Authority of the County of San Diego (Housing Authority). LIP increases the lease up rate for Housing Authority participants that are eligible to participate in the program. Incentives include leasing bonuses, holding fees, application expense reimbursements, damage claim reimbursements, security deposits, utility assistance, and landlord liaison services. This program expands affordable housing opportunities and increases the number of rental units available for low-income families participating in Housing Authority programs.

In Fiscal Year (FY) 2023-24, the Housing Authority provided LIP payments to 254 households. For FY 2024-25, it is anticipated that 157 households will be served through LIP payments. The FY 2025-26 CAO Recommended budget reflects a \$0.4 million decrease in allocated General Purpose Revenue (GPR), as part of a budget mitigation strategy to prioritize ongoing GPR for core mandated services across the County of San Diego Health and Human Services Agency. The use of these one-time funds would provide an opportunity to sustain investments in the near term while efforts continue to identify more sustainable, long-term funding sources. The majority of the LIP payments made over the last two fiscal years were made on behalf of the Housing Authority Veteran Affairs Supportive Housing participants.

Today’s actions request the Board to approve the reallocation of funds and the introduction to the ordinance amending Section 232.5 of Article XV of the San Diego County Code of Administrative Ordinances related to the IHTF. The ordinance amending the IHTF will integrate prior Board direction from August 31, 2021 (6) to provide a preference for projects on County-owned land declared surplus for future affordable housing, specify a minimum 55-year affordability period as this is not currently in the ordinance, and amend the ordinance to clarify staff time related to affordable housing initiatives is an eligible expense. Section 232.5 of Article XV of the San Diego County Code of Administrative Ordinances currently identifies that expenses incidental to the creation of affordable housing are eligible, this amendment will clarify that staff cost incidental to the creation of affordable housing is an eligible expense. If the Board takes action as recommended

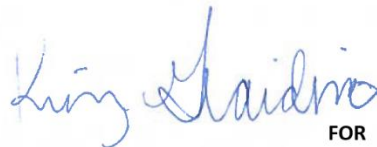
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on May 20, 2025, the proposed ordinance will be scheduled for adoption on June 3, 2025. If the proposed ordinance is altered on June 3, 2025, then on that date a subsequent meeting date will be selected for the ordinance's adoption.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's item supports the Community (Safety, Quality of Life) Strategic Initiative in the County of San Diego (County) 2025 – 2030 Strategic Plan by helping to ensure safety for communities and improve the quality of life for all residents. This item also aligns with the County Housing Blueprint, a broad policy document approved by the Board on August 27, 2024 (14) structured around five essential policy goals known as the 5 Ps, focused on addressing the root causes of the housing crisis. Additionally, this item supports the Blueprint's first two P's to 'Promote Equity' and 'Produce Housing for All', by addressing local housing shortages and meeting the needs of low-income residents for years to come.

Respectfully submitted,



FOR

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A: Summary of Proposed Ordinance

Attachment B: An Ordinance Amending Section 232.5 of Article XV of the San Diego Code of Administrative Ordinances Relating to the Innovative Housing Trust Fund (Informational Copy)

Attachment C: An Ordinance Amending Section 232.5 of Article XV of the San Diego Code of Administrative Ordinances Relating to the Innovative Housing Trust Fund (Clean Copy)