

**COUNTY OF SAN DIEGO  
BOARD OF SUPERVISORS  
TUESDAY, AUGUST 31, 2021**

**MINUTE ORDER NO. 6**

**SUBJECT: ADVANCING IMMEDIATE AND LONG-TERM HOUSING PRIORITIES  
THROUGH THE INNOVATIVE HOUSING TRUST FUND (DISTRICTS: ALL)**

**OVERVIEW**

Since its inception in 2017, the County's Innovative Housing Trust Fund (IHTF) has proven to be an important financing tool for funding affordable housing throughout the region. The first two rounds of the program totaled \$50 million in County investment and spurred the development of 1,397 affordable units across 20 development projects, leveraging over \$560 million in public and private capital sources.

On April 6, 2021, the San Diego County Board of Supervisor's directed the Chief Administrative Officer to refer for budget consideration the establishment of \$25 million in additional funding to expand the IHTF and support complementary approaches to tackle San Diego's affordable housing crisis. The Board also directed the Chief Administrative Officer to conduct outreach to community stakeholders to identify ways to enhance the IHTF program to better meet financing needs and increase affordable housing production across the County. The Fiscal Year 2021-22 Operational Plan was adopted on June 29, 2021, and included \$25 million funding for this request, though further Board direction is needed for use of the funds associated with the \$25 million affordable housing allocation.

On July 21, 2021, County staff sent a memorandum to the Board of Directors summarizing the results of the outreach and engagement with community stakeholders, including feedback on potential changes to existing IHTF Notice of Funding Availability (NOFA) criteria and preferences.

Today's action improves the IHTF program to address the issues raised by community stakeholders, including (1) increasing flexibility in the timing of awards, (2) prioritizing projects near transit and low VMT areas, and (3) adding consideration for developments on County-owned land.

Further, this action also allocates funds to support research, policy development, and piloting new programs to develop comprehensive solutions to accelerate housing production.

In the near-term, this action moves \$20 million into the IHTF to be used for financing affordable housing projects. Based on the deployment and leverage results of prior IHTF rounds, these funds could facilitate the development of approximately 400-600 affordable housing units.

However, the regional affordable housing need is massive at nearly 99,000 units and cannot be solved through incremental investments into existing programs alone. Over the past decade, the San Diego region has only produced enough affordable housing to meet 12% of the need, while the County has only met 18% of its Regional Housing Needs Assessment affordable housing targets.

The scale of the shortfall requires us to work broadly and boldly to develop new programs and policies that can tackle the enormity of our housing crisis and ensure that safe, affordable, and sustainable housing is available for all. Thus, today's action also recommends utilizing \$5 million for transformative housing research, policy development, and piloting new programs and initiatives to develop comprehensive and systemic solutions that can accelerate housing production.

Today's action will align funding resources to address both immediate and longer-term housing priorities.

We urge our colleagues to join us in supporting these actions.

### **RECOMMENDATION(S)**

#### **SUPERVISOR TERRA LAWSON-REMER AND SUPERVISOR JOEL ANDERSON**

1. Direct the Chief Administrative Officer to place \$20 million of the funding previously allocated to support affordable housing into the Innovative Housing Trust Fund, which may be used to support affordable housing development and preservation.
2. Direct the Chief Administrative Officer to amend the Innovative Housing Trust Fund NOFA criteria and preferences to as follows:
  - a. Increase the flexibility in the timing of awarding Innovative Housing Trust Fund awards to allow for County funds, in the Chief Administrative Officer or designee's discretion, to be committed to projects prior to securing State and federal funding.
  - b. Address equity and environmental justice disparities by including a preference of Environmental Justice areas and Healthy Places Index (HPI) area with scores under 50%.
  - c. Address sustainability and climate emergency by authorizing that there shall be a preference for affordable housing developments in low VMT areas as defined by SB 743; and for projects that include sustainable building materials and sustainable design principles, per LEED, EnergyStar, BREEM or an equivalent sustainability certification body.
  - d. Authorize creation of a preference for projects on County-owned property, with the Chief Administrative Officer or designee determining whether and under what conditions to apply the preference in each NOFA.
3. Direct the Chief Administrative Officer to utilize \$5 million already appropriated to affordable housing purposes for additional innovative and sustainable affordable housing policy research, affordable housing policy development, and implementation and evaluation of affordable housing pilot programs that advance equity, sustainability, and affordability.

### **EQUITY IMPACT STATEMENT**

Housing affordability and housing insecurity are key drivers of regional and statewide poverty rates. The high cost of housing impacts all San Diegans, but the burden falls disproportionately on low-income households and communities of color especially young families with children. Disparities in housing affordability, accessibility, and segregation are not incidental but directly linked to past and current discriminatory policies that have exacerbated racial and ethnic gaps in housing stability, homeownership, and intergenerational wealth. Inequalities across the housing market have also resulted in impediments to fair housing choice to many populations, including persons with disabilities, persons with HIV/AIDS, older adults, as well as LGBTQ+ individuals. Housing unaffordability is also a key driver of the regional homelessness crisis, which saw a sharp increase of people entering homelessness even before the COVID-19 epidemic.

## **FISCAL IMPACT**

Funds for this request are already included in the Fiscal Year 2021-22 Operational Plan. Therefore, there is no additional fiscal impact from this board action. If approved, these requests will result in estimated costs and revenue of \$25,000,000 in Fiscal Year 2021-22. This includes \$20,000,000 for the support of affordable housing development and preservation to be deposited into the Innovative Housing Trust Fund and \$5,000,000 for costs associated with housing research, policy development, and piloting new programs and initiatives to develop comprehensive and systemic solutions that can accelerate housing production. The funding source is the General Fund. There will be no change in net General Fund costs and no additional staff years.

## **BUSINESS IMPACT STATEMENT**

These actions will positively impact the economic outlook and business climate across the San Diego region. High cost of living and housing cost burden are major barriers for businesses looking to attract and retain a highly skilled workforce. Each year, the County of San Diego loses a net total of 23,000 people, with the high cost of living as one of the driving factors. Further, households that are not housing cost burdened tend to have more disposable income to stimulate local economic activity. The regional economy also stands to gain from the spillover effects from the construction and renovation of affordable housing units. Research from the National Association of Home Builders estimates that a typical 100-unit affordable housing development leads to the creation of 80 construction jobs from direct and indirect effects, and another 42 jobs supported by induced spending throughout the region.

## **ACTION:**

ON MOTION of Supervisor Lawson-Remer, seconded by Supervisor Fletcher, the Board of Supervisors took action as recommended.

AYES: Vargas, Anderson, Lawson-Remer, Fletcher, Desmond

State of California)  
County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER  
Clerk of the Board of Supervisors



**Signed**  
**by** Andrew Potter

