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May 7, 2023

To: Ordinance Committee

Re: HOPE Fund (May 9, 2023 Agenda)

Chair Gutierrez, Committee Members Sneddon and Jordan,

Allied Neighborhoods Association appreciates the opportunity to provide comment.

1) Staff materials do not include a Table which translates wages in Attachment 2 into affordable rent (or affordable purchase price). Affordable, using the standard of 30% of income.

The Revised Draft Housing Element includes a Table (Table 16, pg. 20), but the Table only shows Affordable Rent and Affordable Price up to the top of the Moderate income category shown (120% AMI, \$120,120.00, 4-person household). For that 120% AMI household, rent tops out at \$3,003/mo. and purchase price at \$467,700.00.

In Attachment 2, all four Workforce Salaries, at the lower end of the salary range, do fall within the Moderate Income category. There needs to be a Table with all the income categories, income limits, household sizes, and **includes the corresponding Affordable Rent and Affordable Price**. We think it's fundamental to know what we are talking about.

2) In June 2021, we sent Council a letter which included a paragraph about Land Banking. **If City property is to be used for housing, it needs to be affordable housing.** NO market rate housing!! All housing needs to be deed restricted. (As a side note - in the Housing Authority project on the Castillo/Carrillo lot, as structured it includes both Moderate Income housing and some above Moderate; all rents are deed-restricted. All units will have **90 year affordability covenants**). And, as we've all heard from the Housing Authority, they can leverage money around 8 – 11 times.

3) With the limited amount of land in the City, the HOPE Fund should not go down the road of subsidizing housing with only 10 – 20 years of affordability; that's **very short term planning** (and short sighted).

4) There's no permanent source of funding. From the Revised Draft Housing Element (pg. 136, Goal 8, **HE-29: Affordable Housing Funding**): *"Following the results of the studies and if warranted, the City will proceed with the voter-approval process by the 2026 general election date for any new tax initiatives."* If the first five options outlined all require a study before anything moves forward, it doesn't seem like anything would be on the ballot next year. 2026 is a long way off; if this specific tax were to pass, it would probably not go into effect in 2027.

5) With no permanent source of funding at this time, we think there are just too many uses of funds included for the HOPE Fund. With SB's very high rents and housing prices, for example, it seems there could be an almost unlimited number of requests - for rent help (up to 2-yr. contracts that can be renewed, payment of rent in arrears, security deposits), and down payments to purchase, etc.

In the Public Review Draft Housing Element reviewed by Council in July 2022 (pg. 93, Program HE-12: Affordable Housing Trust Fund), the Affordable Housing Trust Fund scope of uses of funds was not so wide ranging as the proposal today.

The Housing Authority and other non-profits that build Affordable housing need funding. It takes a while to secure land and/or put an Affordable project together – while many of the other proposed uses of funds appear to have much quicker time frames, which is another concern with no permanent source of funding for the Fund at this time. We need to make sure there's funds for Affordable housing in the funding we have now.

6) When the HOPE Fund was at Council March 7, 2023, the Council Agenda Report (pg. 4, Budget/Financial Information) stated: *"On December 6, 2022, City Council approved a budget allocation of \$2,883,548 from the City's General Fund as initial funding towards the HOPE fund and \$250,000 towards the "right to counsel" pilot program. Once the fund is established, staff will transfer the previously appropriated budget allocation into the fund."*

To be consistent with Expenditures, Right to Counsel (pg. 2, Discussion Draft, Attachment 1, Ordinance Committee materials) both the above initial funding towards the HOPE Fund and the \$250,000 towards the "right to counsel" pilot program would need to be transferred into the Fund.

In closing, this is a very important agenda item – and complicated. It may need to return to Ordinance Committee again before a final recommendation is made to Council.

We appreciate your consideration of our comments.

Sincerely,
Allied Neighborhoods Association

Cc: Laura Dubbels, Elias Isaacson, Daniel Gullett, Keith DeMartini, Sarah Knecht, Rebecca Bjork, Mayor Rowse and Council Members Friedman, Harmon and A. Gutierrez