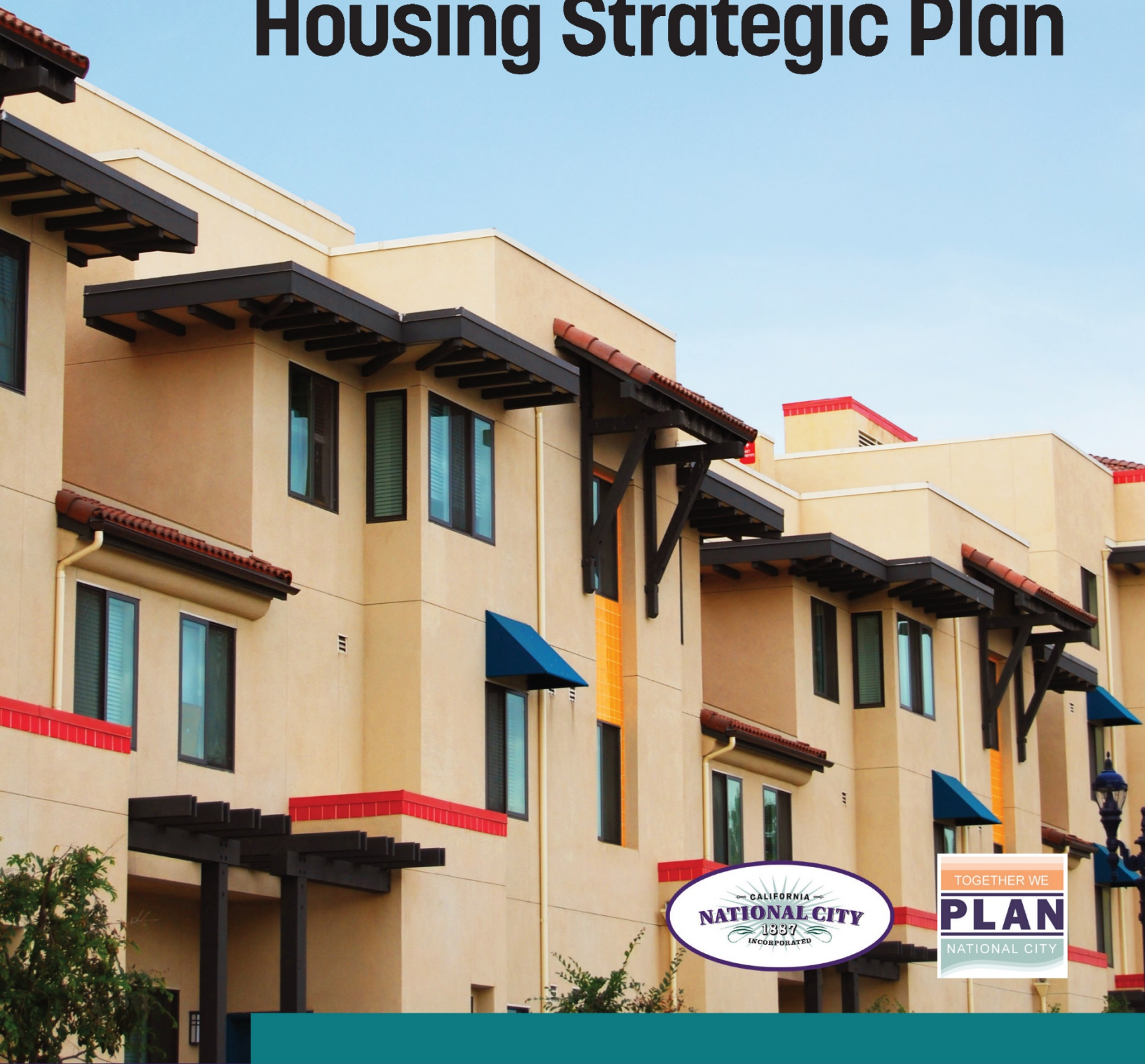


13.B.9 HOUSING STRATEGIC PLAN

NATIONAL CITY HOUSING AUTHORITY

2021-2025 Housing Strategic Plan



Acknowledgments

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National City Housing Authority

2021-2025 Housing Strategic Plan

Draft July 2021

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1. Introduction

1.1. Purpose and Responsibility

The City of National City (“City”) strives to facilitate the production of diverse housing opportunities that can meet the needs of all National City residents. The National City Housing Authority (“Housing Authority”) plays a key role in this endeavor by working to expand housing opportunities for very low, low, and moderate-income families. The Housing Authority also seeks to provide affordable and accessible housing throughout the City for special needs populations including larger families, seniors, and people with disabilities.

The purpose of this Housing Strategic Plan (“Strategic Plan”) is to establish guidance for the Housing Authority to utilize City-owned¹ real estate and financial assets for housing purposes. This Strategic Plan establishes a work plan for the Housing Authority to make progress towards the goals and objectives of the 6th Cycle Housing Element and help meet the housing needs of National City residents. The work plan includes recommended actions, metrics, and a timeline to guide the Housing Authority’s resources for the first four years (2021-2025) of the eight-year Housing Element planning period (2021-2029).

This Strategic Plan is an advisory document intended to support the Housing Authority, which will monitor plan implementation over time. The recommendations of this plan are flexible and should be adapted to match the availability of resources in order to best serve the needs of National City residents.

1.2. Relationship to Other Plans and Documents

This Strategic Plan is an action item identified in the 6th Cycle Housing Element (“Housing Element”). Program 18 of the Housing Element directs the City to: “Develop a Housing Strategic Plan specific to the National City Housing Authority that provides guidance for the utilizing the City’s real estate and financial assets for housing purposes. Provide a work plan for the Housing Authority to make progress towards the goals and objectives of this 6th Cycle Housing Element” (p. 111).

While the primary goal of this Strategic Plan is to direct progress towards National City’s housing needs, this plan also recognizes the importance of City-owned assets in catalyzing progress towards broader land use and community goals. The recommendations within this plan seek to further the overall vision established in the General Plan (2011) for a sustainable community that reduces its impact on the environment, maintains economic health, and promotes a high quality of life for all.

In 2019, National City adopted a citywide Strategic Plan for the 2020-2025 time period to identify organizational focus areas, as well. One of these focus areas is Housing and Community Development and includes the following goals:

- Pursue new housing options at all income levels.
- Ensure preservation of existing affordable housing stock.
- Streamline permitting and improve code compliance.
- Enhance role in reducing homelessness.

¹ City-owned broadly refers to assets owned by the City of National City, National City Housing Authority, and Successor Agency to the National City Redevelopment Agency.

This Housing Strategic Plan is intended to support the Housing Authority's progress towards these organizational goals.

1.3. Strategic Planning Process

The strategic planning process builds from the 6th Cycle Housing Element and takes into consideration its findings and recommendations. Input collected from developers, non-profit organizations, and the public during the outreach conducted for the Housing Element have informed the content of this Strategic Plan, as well.

Strategic plans for other housing authorities and public agencies were also reviewed as a part of best practices research. This includes strategic plans for the San Diego Housing Commission, Seattle Housing Authority, City of Fort Collins, Delaware State, and Fresno Housing Authority.

National City also engaged in a series of peer exchange sessions with other jurisdictions in San Diego County to discuss housing-related issues. These peer exchange sessions discussed lessons learned from housing element-related processes, successes and challenges developing publicly-owned assets, and general ideas for housing-related programs. Jurisdictions that participated in these peer exchange sessions include the cities of Imperial Beach, El Cajon, Oceanside, and Escondido. Example housing-related Requests for Proposals (RFPs) were reviewed from these and other jurisdictions.

2. Housing Strategic Plan

The goal of the Housing Authority is to be a leader in housing programs and in the preservation, revitalization, and the development of affordable housing projects in National City's neighborhoods. The Housing Authority plays a key role in supporting the quality of life for National City's residents by working to expand housing opportunities for very low, low, and moderate-income families. The Housing Authority also seeks to provide affordable and accessible housing throughout the City for special needs populations including larger families, seniors, and people with disabilities.

The Housing Authority focuses on four main areas of service, including:

- (1) Increasing the availability of safe, quality affordable housing and improving neighborhood infrastructure;
- (2) Administering programs that expand economic prosperity and self-sufficiency such as the Section 8 Housing Choice Voucher Program;
- (3) Aggressively pursuing grants and supporting programs that improve the quality of life for residents and sustain neighborhoods and healthy families; and
- (4) Using real estate assets to create additional housing and economic development opportunities.

This Strategic Plan builds upon these areas of service and provides recommended actions, metrics, and a timeline for the 2021-2025 period to guide the use of City-owned financial and real estate assets and address the housing needs of National City's residents.

2.1. Objectives

The following objectives have been identified to guide the Housing Authority's actions during the 2021-2025 period.

- Objective #1: Leverage City-owned assets to support progress towards the City's RHNA.
- Objective #2: Affirmatively further fair housing choice by encouraging the development of resource-rich housing.
- Objective #3: Expand housing choices, including homeownership opportunities, for lower- and moderate-income households. Promote mixed-income housing as opportunities allow.
- Objective #4: Enhance the quality of National City's existing housing stock.

The metrics below are intended to support staff with monitoring progress towards these objectives.

2.2. Metrics

Table 1 summarizes the quantifiable objectives from National City's 6th Cycle Housing Element for the eight-year period from 2021-2029.

Table 1: Quantifiable Objectives from the 6th Cycle Housing Element (2021-2029)

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
	(0-30% AMI)	(31-50% AMI)	(51-80% AMI)	(81-120% AMI)	(Over 120% AMI)	
New Construction	387	258	50	771	3,575	5,437
First-Time Homebuyer Program	16				0	16
Rental Assistance (Section 8)	1,123			0	0	1,123
Rehabilitation (Home Repair Loans)	17			0	0	17

While City-owned financial and real estate assets alone cannot meet all of the projected housing needs identified in the 6th Housing Element, they can be leveraged to make progress towards National City’s housing-related goals. The metrics in Table 2 are intended to guide the Housing Authority’s use of the City-owned financial and real estate assets during the 2021-2025 strategic planning period.

Table 2: Metrics for the Housing Strategic Plan (2021-2025)

	Extremely Low	Very Low	Low	Moderate	Total
	(0-30% AMI)	(31-50% AMI)	(51-80% AMI)	(81-120% AMI)	
New Construction (City-Owned Sites)		105			105 ^{1,2}
New Construction (Kimball Highland Master Plan)		145		0	145 ³
New Construction (Non City-Owned Sites)		400-500		0	400-500 ⁴
First-Time Homebuyer Program		8			8
Rental Assistance (Section 8)		1,123		0	1,123 ⁵
Rehabilitation (Home Repair Loans)		11		0	11 ⁶
<p>¹ Projection is based on a 60-65 percent of the estimated maximum yield on the sites identified in this Housing Strategic Plan (refer to Chapter 5: Property and Real Estate). Efforts to maximize the number of units through tools such as the State Density Bonus are encouraged.</p> <p>² A portion of these units are intended to be homeownership opportunities supported through a community land trust or other mechanism(s) to expand homeownership opportunities.</p> <p>³ Estimate reflects the Disposition and Development Agreement (DDA) commitment for the Kimball Highland Master Plan.</p> <p>⁴ Estimate reflects units that could be funded through a Notice of Funding Availability (NOFA) of up to 10 million.</p> <p>⁵ The City has received an allocation of 32 Section 8 vouchers for homeless families through the American Rescue Plan (ARP) Act of 2021.</p> <p>⁶ An owner-occupied emergency home repair program is anticipated to provide approximately \$15,000-\$20,000 per unit.</p>					

2.3. Implementation Roadmap

Table 3 provides an implementation roadmap for the Housing Authority to make progress towards the objectives and metrics identified in this Strategic Plan. Note that this implementation roadmap does not take into consideration the Housing Authority's routine functions such as administration of the Section 8 program or preparation of the City's Annual Action Plan; it focuses on unique actions that can make progress towards National City's housing related needs. Every fiscal year, staff should review the activities in this implementation roadmap with anticipated resources. The recommendations of this plan are flexible and should be adapted over time to best serve the needs of National City residents.

Table 3: Housing Strategic Plan - Implementation Roadmap for 2021-2025

Year 1: July 1, 2021 to June 30, 2022
<ul style="list-style-type: none">• Adopt the Housing Strategic Plan and 6th Cycle Housing Element.• Issue Request for Proposals (RFPs) for the following sites:<ul style="list-style-type: none">○ Site #1: Purple Cow○ Site #2: Scattered Sites Community Land Trust• Issue a Notice of Funding Availability (NOFA) for up to \$10 million.• Establish an interdepartmental team to monitor housing production (Program 1 in the Housing Element).• Collaborate with the Planning Division on the development of a Complete Communities Incentive Program (Program 9 in the Housing Element).• Collaborate with the Planning Division on the establishment of a Developer Information Program (Program 17 in the Housing Element).• Establish the framework for a small-scale home repair loan program (Program 19 in the Housing Element).
Year 2: July 1, 2022 to June 30, 2023
<ul style="list-style-type: none">• Issue RFP for the following site:<ul style="list-style-type: none">○ Site #3: Lambs' Theater Property• Collaborate with the Planning Division on the adoption of the Focused General Plan Update – Transit-Oriented Development Opportunities (Program 8 in the Housing Element).• Collaborate with the Planning Division on the adoption of a Complete Communities Incentive Program (Program 9 in the Housing Element).
Year 3: July 1, 2023 to June 30, 2024
<ul style="list-style-type: none">• Issue RFP for the following site:<ul style="list-style-type: none">○ Site #4: Plaza Bonita Center Way• Update the City's inventory of deed-restricted units with projects built since the start of the 6th Cycle (Program 20 of the Housing Element).
Year 4: July 1, 2021 to June 30, 2025
<ul style="list-style-type: none">• Conduct an evaluation of the Strategic Plan. Determine the need for updates to guide the Housing Authority's actions for the remainder of the Housing Element period from 2025-2029.

3. Organizational Overview

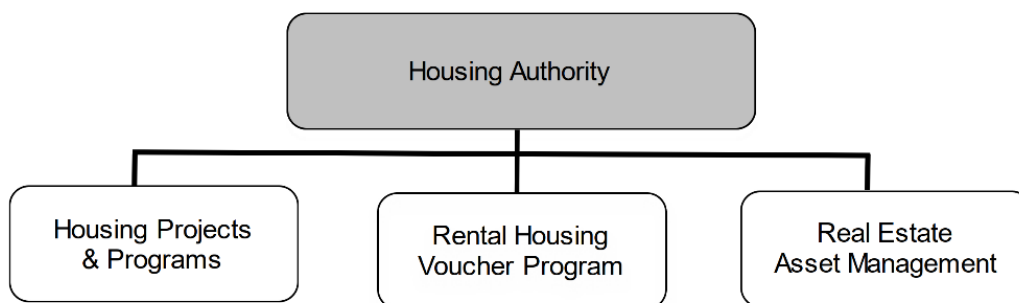
3.1. Housing Authority Structure

The Housing Authority operates in four key areas:

- **Affordable Housing Development:** The Housing Authority partners with non-profit and for-profit developers to increase housing opportunities at all income levels.
- **Section 8 Housing Choice Voucher Program:** The Housing Authority administers the Housing Choice Voucher Program for eligible low-income families, the elderly, and the disabled that either live or work in National City to afford decent, safe, and sanitary housing in the private market. The Housing Choice Voucher Program is a federally funded program under the U.S. Department of Housing and Urban Development (HUD) which enables participants to find their own housing, including single-family homes, townhouses and apartments.
- **Housing Programs and Grants:** The Housing Authority manages the HOME Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG). Other federal, state, and local funds are also leveraged to further develop and preserve affordable housing and provide services to low- and moderate-income residents while improving infrastructure and services in the City.
- **Real Estate Asset Management:** The Housing Authority is responsible for the tracking and management of all City-owned real estate assets, including acquisition, disposition, and leasing. Some of the assets that are vacant or underutilized can be used to provide housing at all income levels and to promote economic development in the City.

Figure 4-1 shows the organizational chart of the programs the Housing Authority leads.

Figure 1: Housing Authority Organizational Chart



Source: City of National City, FY 2021 Adopted Budget, p. III-108.

3.1.1. Key Organizational Documents

The Housing Authority is responsible for a number of key documents that are required by state and federal programs in order to receive funding. These documents are summarized in Table 4.

Table 4: Summary of Key Organizational Documents

Document	Frequency of Update	Related Funding Source(s)
Housing Element	Every 8 Years	State
Housing Element – Annual Progress Report (APR)	Annually	State
Analysis of Impediments to Fair Housing Choice	Every 5 Years	State; Federal (CDBG & HOME)
Five-Year Consolidated Plan	Every 5 Years	Federal (CDBG & HOME)
Annual Action Plan	Annually	Federal (CDBG & HOME)
Comprehensive Annual Progress Report (CAPER)	Annually	Federal (CDBG & HOME)
Citizen and Community Participation Plan (CPP)	As Needed	Federal (CDBG & HOME)
Housing Choice Voucher (Section 8) Administrative Plan	Annually	Federal (Housing Choice Voucher)
Five-Year Public Housing Agency Plan	Every 5 Years	Federal (Housing Choice Voucher; CDBG & HOME)
Annual Public Housing Agency Plan	Annually	Federal (Housing Choice Voucher; CDBG & HOME)

3.1.2. Staffing Capacity

The Housing Authority has a total of 14 full time equivalent staff in a variety of roles as outlined in Table 5. Housing Authority staff are funded through a variety of local and federal sources shown in Table 7. As various programs in the Housing Element and recommendations from the Strategic Plan are implemented, the Housing Authority should review its staffing capacity and anticipated resources as a part of the City’s annual budget cycle.

Table 5: Housing Authority Staffing Summary

Position	FTE
Director of Housing and Economic Development	1.00
Community Development Manager	1.00
Community Development Specialist II	1.00
Executive Assistant IV	1.00
Housing Assistant	2.00
Housing Inspector I	1.00
Housing Programs Manager	1.00
Housing Specialist	5.00
Property Agent	1.00
Senior Housing Specialist	1.00
Total	15.00
Source: City of National City, FY 2022 Proposed Budget, Summary of Funded Authorized Positions by Department (pp. II-43)	

Table 6: Funding for Housing Authority Staff Positions

Acct.	Acct. Title	FTE
001	General Fund	0.50
301	Community Development Block Grant	1.90
501	Housing Authority Fund	2.50
502	Housing Choice Voucher Fund	9.10
532	Low and Moderate-Income Housing Fund	0.70
505	HOME Fund	0.30
	Total	15.00
Source: City of National City, FY 2022 Proposed Budget, Summary of Funded Authorized Positions by Fund (pp. II-46 – II-51)		

3.1.3. Relationship to Planning Division

The Planning Division engages in both current and long-range planning efforts by reviewing development proposals, supporting the Planning Commission, and recommending and implementing changes to the land use portion of the Municipal Code. As such, the Planning Division is a partner in long-term housing capacity forecasting and planning. The Housing Authority focuses on program administration to increase access to affordable housing and realize the long-range visions and plans that the Planning Division produces and recommends. Both departments work together to ensure that housing opportunities are available throughout National City.

One of the programs in the 6th Cycle Housing Element is the establishment of an interdepartmental team to establish a coordinated approach to monitoring housing production (Program 1 in the Housing Element). This interdepartmental team is envisioned to include members of both the Housing Authority, Planning Division, and other relevant departments to exchange information and coordinate staff capacity for housing-related activities such as:

- Tracking the availability of sites, such as those included in the Housing Element Site Inventory, for residential development;
- Gathering, tracking, and reporting data annually on development permits and construction into annual reports per the Department of Housing and Community Development (HCD) requirements; and
- Assessing the City’s progress towards meeting Housing Element goals and objectives including the number of affordable housing units permitted in the reporting year.

3.2. Active Programs

The Housing Authority supports a variety of housing and community-related programs directly or through other departments and non-profit partners. Active programs may change annually based on available resources and funding. During recent years, the Housing Authority has administered or funded a variety of programs including:

- Housing Choice Voucher Program (Section 8)
- Casa de Salud Youth Afterschool Program
- Literacy Services Program
- First-Time Homebuyer Program
- NCPD Support Service: Domestic Violence Response Team
- Trauma Intervention Program
- Automated External Defibrillators (AEDs) for Police Vehicles
- Housing Inspection Program
- Fair Housing and Tenant-Landlord Education
- Tenant Based Rental Assistance (TBRA)
- Community Housing Development Organization (CHDO) Set-Aside

These programs play a key role in improving housing opportunities and community resources. The CHDO program for example helped support the development of six affordable homeownership units in partnership with San Diego Habitat for Humanity.

3.3. Planned Programs

The 6th Cycle Housing Element identifies a number of programs to support progress towards the City's RHNA and improve housing opportunities for National City's residents. Of the 21 programs identified in the Housing Element, the Housing Authority is listed as a lead or partner entity in over half (i.e., 13) programs. These programs are listed in Table 7. Some of these programs represent on-going functions of the Housing Authority such as administration of the Housing Choice Voucher (Section 8) Program (Program 2 in the Housing Element). Others are unique one-time efforts that can support affordable housing production such as the Complete Communities Incentives Program (Program 9 in the Housing Element). External funding sources such as Regional Early Action Program (REAP), Senate Bill 2 funds, grants, and other sources can potentially be leveraged to implement these programs and support housing production. These additional funding sources are discussed in Chapter 4: Financial Resources.

Table 7: 6th Cycle Housing Element - Housing Authority Related Programs

Housing Element No.	Program	Description
1.	Housing Production Monitoring Program	Create an interdepartmental team consisting of the Planning Department, Housing Authority, and other relevant departments to monitor progress towards the City’s RHNA allocation. Track the availability of sites, such as those included in the Housing Element Site Inventory, for residential development. Gather, track, and report data annually on development permits and construction. Compile information into a report, per HCD requirements, describing progress towards meeting Housing Element goals and objectives including the number of affordable housing units permitted in the reporting year.
2.	Housing Choice Voucher (Section 8) Rental Assistance Program	Rental subsidies to low-income households that would otherwise spend more than 30 percent of gross income on housing expenses. The subsidy represents the difference between 30 percent of household monthly income and housing costs (maximum payment based on fair market rents). Tenant-Based - Vouchers issued to eligible households that locate their own housing. Project-Based - Guaranteed payment to owners that rent to eligible households.
3.	First-Time Homebuyer Program	Provide first-time homebuyer assistance to low and moderate-income households to achieve homeownership.
4.	Fair Housing Program	<p>Address the recommendations developed in the Regional Analysis of Impediments to Fair Housing Choice to mitigate and/or remove fair housing impediments. Implement actions to address fair housing issues through CDBG and HOME activities. Contract with the fair housing organizations to perform investigation, reporting, monitoring, dispute mediation, tenant counseling, landlord and manager training, and education on fair housing law. Property owner fair housing training of staff engaged in sale, rental, or lease of housing in new projects with 10 or more units. Adopt a source of income protection ordinance.</p> <p>National City is also identified as having an over-concentration of Section 8. Engage in on-going regional coordination to promote voucher use in other locations to allow residents to have better choices for their housing options/locations. Conduct periodic testing of discrimination.</p>

5.	Community Housing Development Organizations (CHDO) Program	Funding of CHDOs to assist in acquisition, development, and/or rehabilitation of affordable housing for lower-income households.
6.	Community Land Trust (CLT) Program	The establishment of community land trusts to preserve the long-term availability of land for affordable housing using the San Diego Community Land Trust model or similar program.
7.	Housing Education and Resource Outreach	Host events and provide informational materials providing education to residents regarding residential development, tenant and homeowner rights and requirements, resources available to residents experiencing hardship or who are looking for guidance, and home purchasing and renovation/rehabilitation guidance. Host events and disseminate this information in both English and Spanish.
9.	Complete Communities Incentive Program	Create an opt-in program that provides additional incentives beyond the State Density bonus to encourage developers to reserve a percentage of units in new market-rate developments for affordable housing. Offset developer costs through incentives and additional density to build housing at below-market prices.
17.	Developer Information Program	Prepare and maintain informational materials regarding residential development, including the specific plans, mixed-use zones, development standards, design guidelines, and density bonus provisions. Conduct regular outreach and provide presentations to development-oriented organizations such as the Urban Land Institute.
18.	Housing Strategic Plan	Develop a Housing Strategic Plan specific to the National City Housing Authority that provides guidance for the utilizing the City's real estate and financial assets for housing purposes. Provide a work plan for the Housing Authority to make progress towards the goals and objectives of the 6 th Cycle Housing Element.
19.	Home Repair Loan Program	Establish a program for lower-income residents to request low-interest loans to fund home repairs for health and safety items, including roof repair and heating, electrical, or plumbing systems.
20.	At-Risk Inventory and Monitoring Program	Maintain an inventory of publicly assisted units that are deed restricted for long-term affordability. Currently, no publicly assisted units are considered at risk of converting to market rate housing between April 15, 2021 and April 15, 2029.

21.	Affordable Housing Priority Production	<p>Facilitate affordable housing development in National City for lower and moderate-income households, including households with special needs.</p> <p>Provide technical assistance to non-profit organizations and housing developers on zoning and density bonus incentives. Conduct annual outreach to non-profit organizations and housing developers to identify potential partnership opportunities, as well. Develop a process for providing streamlined review for projects that provide affordable housing units.</p> <p>Additionally, support applications for affordable housing funds for projects or programs that are consistent with the goals and objectives of the Housing Element. Conduct annual research to identify potential funding sources to support the development of deed-restricted housing for extremely low and very low incomes.</p>
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3.4. Homelessness Programs

In 2019, National City established a Homeless Outreach Team (HOT). The mission of the HOT Team is to build and maintain a strong relationship with the homeless population in the City; to reduce homelessness through a multi-disciplinary approach; and to find long-term solutions for individuals and families through outreach and community education. HOT is comprised of two full-time National City Police Department officers that work as a team to establish contact with homeless individuals and families, and provide them with resources.

The Housing Authority works in partnership with the HOT, other City departments, and non-profit agencies, to provide housing and supportive services to the homeless population. The Housing Authority has developed a Homeless Spending Plan to fund basic and emergency services for the homeless, including outreach, case management, homeless prevention, emergency housing, and rental assistance, through Permanent Local Housing Allocation (PHLA) funds (further described in Chapter 4: Financial Resources). The Housing Authority also received 32 Emergency Housing Vouchers (EHV) from the Department of Housing and Urban Development (HUD) to assist individuals who are (1) homeless, (2) at risk or homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. The Housing Authority is also considering the future development of a Homelessness Plan in partnership with the Regional Task Force on the Homeless (RTFH) to guide the City’s resources and homelessness-related programs.

3.5. Programs for Future Consideration

During peer agency outreach strategy sessions conducted to help inform the development of the Housing Strategic Plan, several potentially beneficial programs for the National City Housing Authority were identified, including:

- Density Transfer Program (City of Escondido)
- Affirmative Marketing Plan (City of Imperial Beach)

- ADU Office Hours (City of Imperial Beach)
- Developer Handbook (City of Imperial Beach)
- Section 3 Business Opportunities Program (City of Oceanside)

A brief description of each of these additional programs follows.

The City of Escondido currently operates a Density Transfer Program, whereby developments within the Downtown Specific Plan area may build beyond the maximum zoned density by using “leftover” density from other projects which did not build out to the maximum allowable density. This “leftover” density is compiled into a common pool that other developments may use and acts as a density bonus. This program has been successful in Escondido’s Downtown Specific Plan area due to the higher maximum zoned density in this location; National City has several areas, including the Downtown Specific Plan area, with higher maximum zoned density levels. This program could thus be adapted to National City to facilitate more housing construction.

The City of Imperial Beach has planned to implement an Affirmative Marketing Plan to emphasize marketing new affordable housing development to areas of the city with concentrations of minority and low-income residents. Projects proposing affordable units will be required to implement the Affirmative Marketing Plan. When forming this program, city staff plans to directly engage council members representing districts with residents who are more at risk of displacement in order to combat displacement. National City could similarly develop a program that requires direct engagement with at-risk community members for developments that are planning affordable units.

Similarly, the City of Imperial Beach is also developing marketing materials to distribute to developers that outlines density bonus incentives and programs in order to encourage the construction of affordable housing. National City’s Housing Authority could develop place-based marketing materials to distribute to developers outlining the numerous programs the city has in place to facilitate affordable housing construction.

The City of Imperial Beach currently hosts ADU Office Hours, during which interested parties may directly engage with city staff and ask questions about ADUs. National City could similarly host ADU Office Hours as a supplement to the planned Developer Information Program.

The City of Oceanside currently operates a Section 3 Business Opportunities Program as a method to address gentrification. This program operates a list of local businesses which developers are encouraged to use during construction. The use of local labor and the engagement of local businesses channels the economic benefits of development back into the community to mitigate gentrification. National City could adopt a similar program to facilitate the employment of National City residents and invest in the community during housing construction.

4. Financial Resources

4.1. Key Funding Sources

State and federal funding sources play a key role in supporting the Housing Authority’s daily operation and programs. Key funding sources that support the Housing Authority’s operations are described in Table 8. Annual allocations may fluctuate and are addressed through the City’s annual budget cycle.

Table 8: Key Funding Sources

Fund	Description
Housing Choice Voucher Fund	This fund accounts for the activities of the Housing Choice Voucher Program, which provides rental assistance to low income families by subsidizing a portion of the rent directly to landlords on behalf of low-income households.
Community Development Block Grant (CDBG) Fund	This fund is used to account for federal funds received from the United States Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program.
HOME Fund	This fund accounts for federal funds received from the HUD HOME program.
Permanent Local Housing Allocation (PLHA) Fund	<p>The Permanent Local Housing Allocation (PLHA) Program funding is made possible through California Senate Bill (SB) 2 of 2017. The PLHA is a non-competitive entitlement fund to support local affordable housing and homeless services initiatives. The following priorities have been identified by the Housing Authority as a part of its five-year (2019-2023) spending plan:</p> <p>In Years One and Two, funds will be used to assist households experiencing or at-risk of homelessness, including but not limited to providing outreach rapid rehousing, supportive/case management services to allow people to obtain and retain housing, and operating and capital cost for navigation centers and emergency shelters. In Years Three, Four, and Five, the City of National City will use 100% of its PLHA Funds for the predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing, including accessory dwelling units (ADUs), which meet the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.</p>
Housing Authority Fund	This fund is to assist housing programs and projects by complementing existing Federal and state funding sources and effectively increasing and preserving the supply of affordable housing in National City.
Low and Moderate Income Housing Asset Fund	This fund is related to affordable housing assets and activities transferred from the former Redevelopment Agency in compliance with California Health & Safety Code Section 34176.1.

4.2. Recommended NOFA Guidelines

As of the drafting of this Housing Strategic Plan, the Housing Authority has up to \$10 million available for a Notice of Funding Availability (NOFA) to support housing project(s) within National City. The Housing Authority intends to provide gap financing for 1-2 projects. Multifamily projects, including new construction and rehabilitation, would be eligible to apply for funds. The highest scoring proposals should:

- Demonstrate progress towards the City’s RHNA and Housing Element goals, including mixed-income housing opportunities. Proposals should focus on lower- and moderate-income housing that serve the greatest number of residents and optimize project cost on a per-bedroom basis.
- Be within proximity to transit and other resources.
- Provide public benefits such as enhanced streetscape, community gathering areas, and other enhancements to the public realm.
- Be of high-quality design that positively reinforces National City’s image and character.
- Be performed by an experienced development team with a successful track record in completing housing projects.
- Provide initial preference to National City residents unless otherwise required by funding source² and be marketed within National City.
- Leverage external funding sources and State and federal programs as available.
- Demonstrate project readiness and a reasonable timeframe for project completion.

4.3. Grants and Other Funding Opportunities

4.3.1. Federal and State Funding Opportunities

A number of federal and state funding opportunities exist to support affordable housing production. The Housing Authority can encourage developers to pursue these funding sources and, if needed, support applications for projects that meet National City’s goals and objectives identified in the Housing Element. Programs include the Low-Income Housing Tax Credit (LIHTC) and various discretionary grant programs.

The LIHTC is administered by the California Tax Credit Allocation Committee (CTCAC) to support the development of affordable rental housing units. Tax credits are available for new construction projects or existing properties undergoing rehabilitation. Two types of credits are available: nine percent (9%) and four percent (4%) credits. Each number refers to the approximate percentage that is multiplied against a project’s “qualified basis.” The “qualified basis” is related to the proportion of the property used for affordable housing. The “qualified basis” then determines the amount of annual credits CTCAC will award the project.³ In general nine percent credits are awarded competitively, and four percent credits are awarded non-competitively.

A variety of State departments, including HCD, also administer competitive grant programs to support affordable housing production. Programs include the Affordable Housing and Sustainable Communities (AHSC), which has successfully funded affordable housing within National City. Other programs include

² Refer to Housing Element Policy 3.5.

³ Retrieved from <https://www.treasurer.ca.gov/ctcac/tax.asp>

the Infill Infrastructure Grant (IIG), Transit-Oriented Development (TOD) Housing Program, and Housing for a Healthy California (HHC) Program. The Housing Authority can monitor these various programs, which each have their own unique requirements, and support applications for projects that help meet the City's housing goals.

4.3.2. Local Funding Opportunities

Regional Early Action Planning (REAP) grants provide a one-time funding source for regional governments to support affordable housing production. Several councils of governments (COGs) in other regions have used their funds to provide technical assistance or pass-through funds to local jurisdictions. The San Diego Association of Governments (SANDAG) is currently developing its REAP program. In addition, SANDAG administers the *TransNet* Smart Growth Incentive and Active Transportation Grant Programs. These programs fund capital improvements and can potentially be used to support public realm improvements that are in proximity to existing or proposed affordable housing projects.

5. Property and Real Estate

The City of National City, National City Housing Authority, Successor Agency to the Community Development Commission, and the National City Parking Authority own in fee simple 87 individual parcels. Note that in some cases multiple contiguous parcels form one whole property. These properties are classified in Table 8 as either potential development opportunities; encroachments; retain for government use (right-of-way, remnant parcels); and parks, facilities, and leases.

Table 9: National City Real Estate Assets

Category	Successor Agency	City	Housing Authority	Parking Authority	Total in Category
Potential Development	9	4	2	1	16
Encroachments	0	7	0	0	7
Retain for Govt. Use (right-of-way, remnant parcels)	0	25	0	0	25
Parks, Facilities, and Leases	12	27	0	0	39
Total	21	63	2	1	87
<i>Source: February 2, 2021 City Council Staff Report and Presentation</i>					

All City-owned properties are shown in Figure 1. Of the 87 parcels, 16 properties are independently developable.⁴

5.1. Priority Assets for Housing Development

Of the 16 independently developable properties, six have been identified as resources that can support housing and contribute to the City's RHNA goals in the 6th Cycle Housing Element. The Housing Element Site Inventory is shown for reference in Figure 2.

⁴ February 2, 2021 City Council Staff Report and Presentation.

Figure 2: National City Real Estate Assets

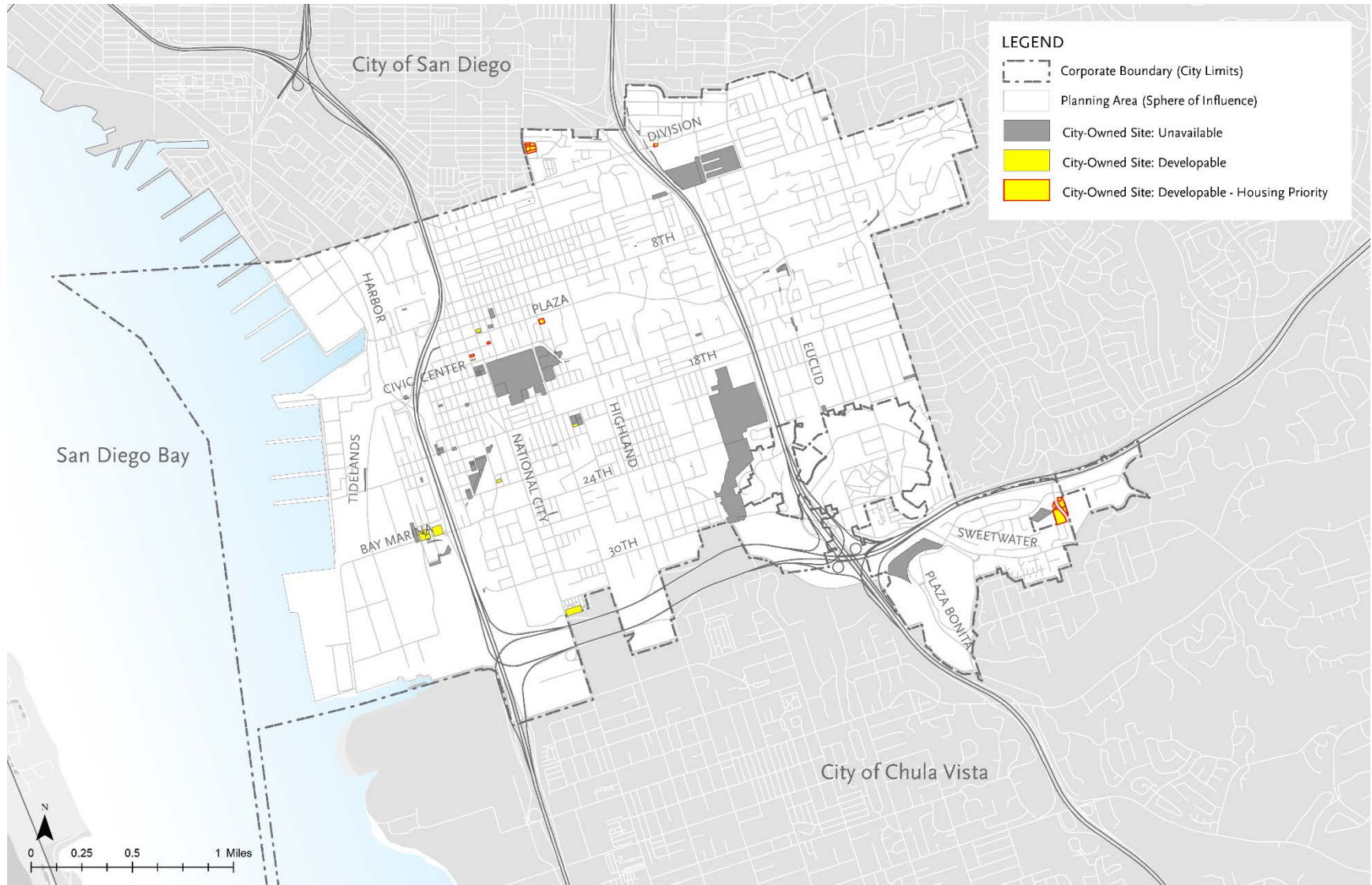
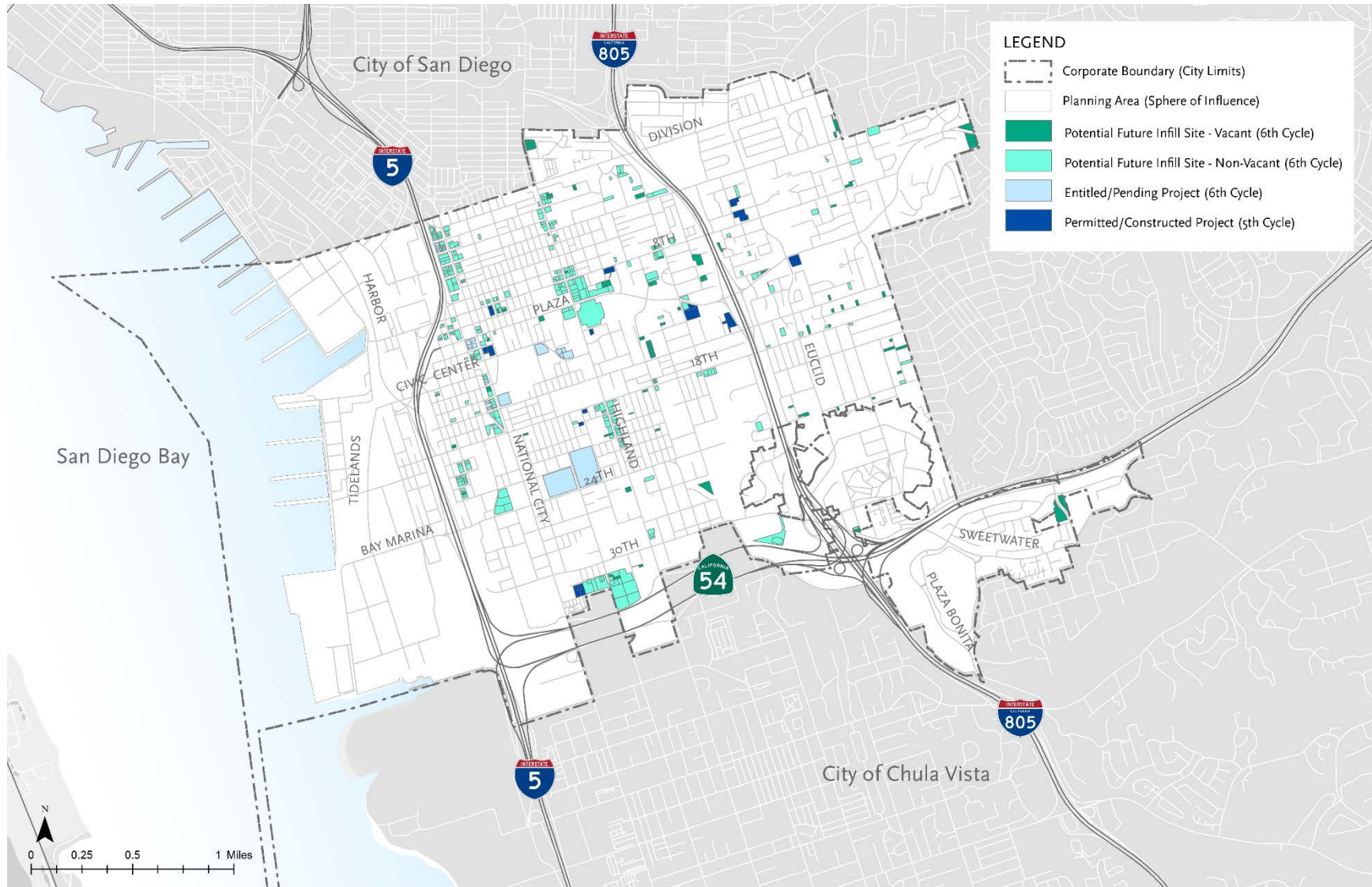


Figure 3: 6th Cycle Housing Element – Site Inventory



This Strategic Plan provides general guidance for the future development of these six high-priority areas for housing between 2021-2025. These properties and are grouped into four general sites:

- Site 1: Purple Cow
- Site 2: Scattered Sites Community Land Trust
 - Site 2A: Corner of Division and R
 - Site 2B: Roosevelt Corner Lot
 - Site 2C: A Ave
- Site 3: Lambs' Theater Property
- Site 4: Plaza Bonita Center Way

5.1.1. General Development Guidance

Proposals to develop these sites will be solicited through Requests for Proposals (RFPs) consistent with the Surplus Lands Act and all other necessary local and State requirements.

While unique goals have been identified for each site, the following guidance has been identified for all properties. The highest scoring proposals should:

- Demonstrate progress towards the City's RHNA and Housing Element goals, including the development of mixed-income housing.⁵
- Provide initial preference to National City residents unless otherwise required by funding source⁶ and be marketed within National City.
- Leverage external funding sources and State and federal programs as available. The State Density Bonus, for example, may be used to maximize unit yield.
- Provide public benefits such as enhanced streetscape, community gathering areas, and other enhancements to the public realm.
- Be of high-quality and design that positively reinforces National City's image and character.
- Be performed by an experienced development team with a successful track record in completing housing projects.

5.1.2. Site-Specific Guidance

Following is a brief summary of each site accompanied by more tailored guidance for future development.

⁵ National City's RHNA includes 695 lower income units and 771 moderate income units. While multiple projects are currently underway in National City that provide lower income units, moderate income units generally have fewer dedicated funding sources and can be difficult to incentivize. City-owned assets can play a role in: (a) expanding affordability options at this level; and (b) promoting mixed-income housing.

⁶ Refer to Housing Element Policy 3.5.

SITE 1: PURPLE COW

The Purple Cow site is an approximately 2.35-acre site at Highland Avenue and Epsilon Street owned by the Housing Authority. The site is within the MXC-1 zone, which allows up to 48 dwelling units per acre (du/ac) and can yield an estimated 47 to 113 units; this, however, can be further maximized through the State Density Bonus. This site is envisioned to provide units that are affordable to households anywhere from 60-120% AMI. Special consideration will be given to homeownership opportunities. A community land trust or long-term lease may also be considered on this site.



- Assessor Parcel Numbers (APNs):** 551-470-15; 551-470-17; 551-470-18; 551-470-19; 551-470-43; 551-470-48
- Owner:** Housing Authority
- Lot Size (sq. ft.):** 102,437
- Acreage:** 2.35
- Existing Use:** Vacant
- Zoning:** MXC-1 (48 du/ac maximum)
- Estimated Yield:** 47 to 113 units
- Development Guidance:**
 - Anywhere from 60-120% AMI
 - Consideration for homeownership
 - Willing to consider community land trust or long-term lease

SITE 2: SCATTERED SITES COMMUNITY LAND TRUST

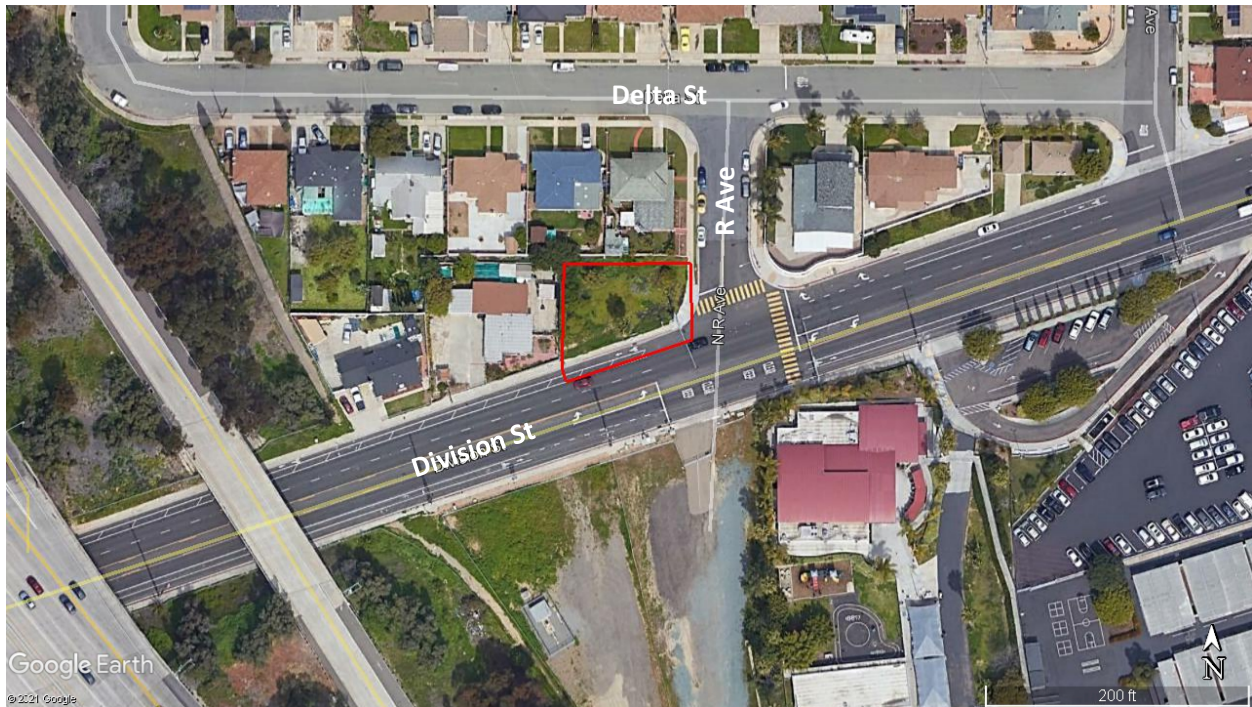
This site consists of three parcels that can be established as a scattered site community land trust and developed jointly to improve their development feasibility. If a community land trust is proposed for Site 1: Purple Cow, the parcels included in Site 2: Scattered Sites Community Land Trust can be combined into one scattered site community land trust proposal.

The parcels in Site 2 are located throughout the City:

- Site 2A: Division Street and R Avenue
- Site 2B: Roosevelt Avenue and W 11th Street
- Site 2C: A Avenue and E 11th Street

Each site has a different zoning designation; in aggregate they are estimated to yield between 22 to 24 units. This site is envisioned to provide units that are affordable to households anywhere from 60-120% AMI. Special consideration will be given to homeownership opportunities.

Site 2A: Division Street and R Avenue



Assessor Parcel Numbers (APNs): 552-403-14

Owner: City of National City

Lot Size (sq. ft.): 6,400

Acreage: 0.15

Existing Use: Vacant

Zoning: RS-2 (9 du/ac maximum)

Estimated Yield: 2 units

Development Guidance:

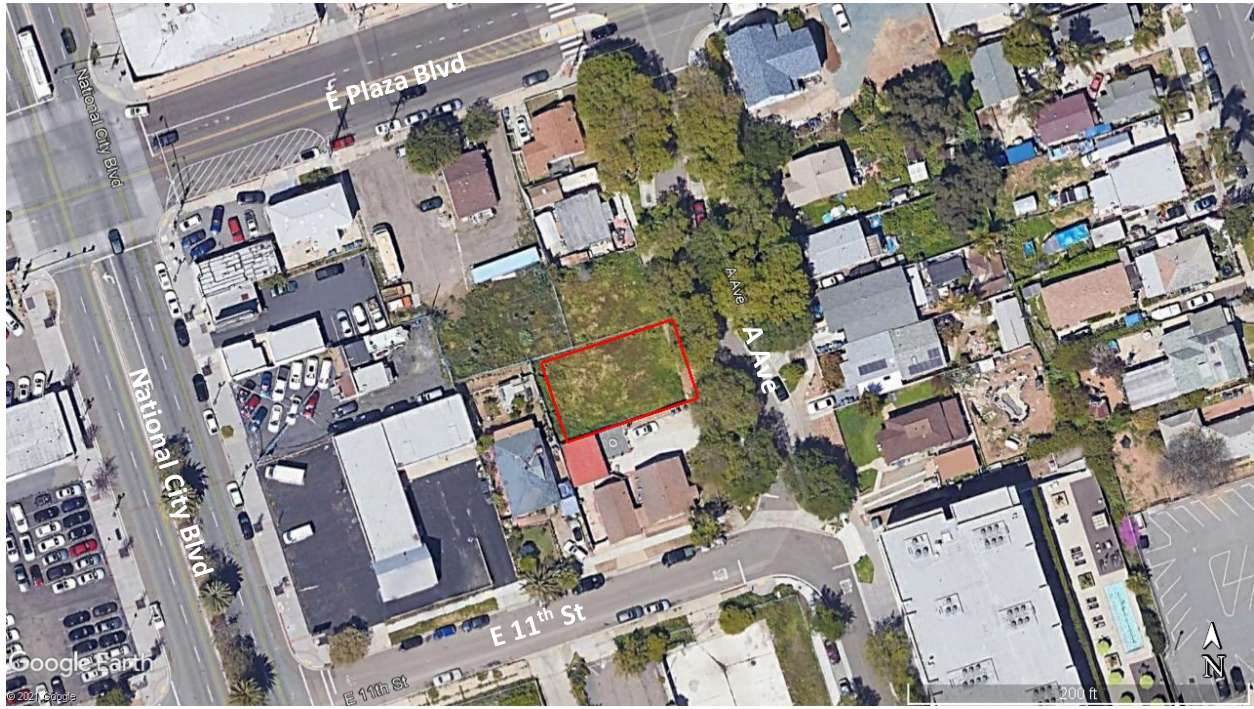
- Anywhere from 60-120% AMI
- Consideration for homeownership
- Scattered sites community land trust to improve the development feasibility of small infill sites

Site 2B: Roosevelt Avenue and W 11th Street



- Assessor Parcel Numbers (APNs):** 555-114-01
- Owner:** Successor Agency
- Lot Size (sq. ft.):** 4,791
- Acreage:** 0.11
- Existing Use:** Single-Family Detached
- Zoning:** Downtown Specific Plan District 6 (FAR up to 6:1; 3:1 minimum)
- Estimated Yield:** 16 units
- Development Guidance:**
- Anywhere from 60-120% AMI
 - Consideration for homeownership
 - Scattered sites community land trust to improve the development feasibility of small infill sites
 - City is required to collect appraised value for this property

Site 2C: A Avenue and E 11th Street



- Assessor Parcel Numbers (APNs):** 556-553-08
- Owner:** Housing Authority
- Lot Size (sq. ft.):** 3,911
- Acreage:** 0.09
- Existing Use:** Vacant
- Zoning:** Downtown Specific Plan District 5A (FAR up to 3:1)
- Estimated Yield:** 4 to 8 units
- Development Guidance:**
 - Anywhere from 60-120% AMI
 - Consideration for homeownership
 - Scattered sites community land trust to improve the development feasibility of small infill sites

SITE 3: LAMBS' THEATER

The Lambs' Theater site is an approximately 0.39-acre site at E Avenue and E Plaza Boulevard owned by the Successor Agency. The site is within the MXD-2 zone, which allows up to 75 du/ac and can yield an estimated 19 to 30 units; this, however, can be further maximized through the State Density Bonus. This site is envisioned to provide a mix of affordable lower and moderate-income rental units ranging from 30-120% AMI. Smaller units, such as micro-units with shared common spaces, may be considered.



Assessor Parcel Numbers (APNs): 556-560-39

Owner: Successor Agency

Lot Size (sq. ft.): 16,990

Acreage: 0.39

Existing Use: Vacant

Zoning: MXD-2 (75 du/ac maximum)

Estimated Yield: 19 to 30 units

- Development Guidance:**
- Rental units anywhere from 30-120% AMI
 - Consideration for smaller units, such as micro-units with shared common spaces; potential for parking reductions
 - City is required to collect appraised value for property

SITE 4: PLAZA BONITA CENTER WAY

The Plaza Bonita Center Way site is an approximately 4.30-acre site near Valley Road and Plaza Bonita Center Way that is owned by the City of National City. The site is within the RS-2 zone, which allows up to 9 du/ac and can yield an estimated 19 to 30 units; this, however, can be further maximized through the State Density Bonus. This site is envisioned to provide homeownership opportunities for units ranging anywhere from 60-120% AMI. This site includes physical constraints that should be addressed through the development proposal.



Assessor Parcel Numbers (APNs): 564-290-71; 564-310-03; 564-290-74; 564-290-75

Owner: City of National City

Lot Size (sq. ft.): 187,146

Acreage: 4.30

Existing Use: Vacant

Zoning: RS-2 (9 du/ac maximum)

Estimated Yield: 17 to 39 units

- Development Guidance:**
- Anywhere from 60-120% AMI
 - Consideration for ownership opportunities
 - Address physical site constraints

5.1.3. Disposition Procedures

California legislation dictates procedures for public agencies disposing of surplus land in their possession. In the legislature, surplus land is defined as land owned in fee simple by any local agency, for which the local agency's governing body declares, in a regular public meeting and supported by written findings, that the land is surplus and is not necessary for the agency's use. This definition includes land held in the Community Redevelopment Property Trust Fund and land that has been designated in the long-range property management plan as for sale or for future development. Exempt surplus land, which is exempt from the disposition requirements of surplus land legislation, is defined as land meeting a variety of size, use, transfer, legal restrictions, and location criteria.

When disposing of surplus land, the Housing Authority must abide by the Surplus Lands Act and related legislation. Prior to disposition, the land must be designated, supported by written documentation, as either exempt surplus land or surplus land. For exempt surplus land, the written determination of exemption must be provided to HCD at least 30 days prior to disposition.

After making the designation of surplus land or exempt surplus land and before disposing or negotiating with an entity to dispose of the land, a Notice of Availability must be sent to any local public entity within the jurisdiction where the surplus local land is located, developers who have notified the California Department of Housing and Community Development (HCD) of their interest in developing affordable housing on surplus local public land or on the parcel in question, and HCD, if the parcel is intended for residential development. If the parcel is located within an infill opportunity zone or within an area covered by a transit village plan, the written Notice of Availability must be sent to the county, city, city and county, successor agency to a former redevelopment agency, public transportation agency, or housing authority within whose jurisdiction the surplus land is located.

Parties interested in purchasing or leasing the surplus land must notify the Housing Authority of their interest within 60 days of the Notice of Availability being distributed. Prior to disposing of the surplus land, the Housing Authority must provide HCD with a description of all Notices of Availability sent out, negotiations conducted, and restrictions against the property. HCD will then review the description and notify the Housing Authority within 30 days of any law violations.

When selecting a party to dispose of the surplus land to, the Housing Authority must give priority to projects proposing low- and moderate-income affordable housing. Projects proposing affordable housing must dedicate at least 25 percent of the units as low- or moderate-income restricted units. If the Housing Authority received multiple offers proposing the same number of affordable units, priority must be given to the applicant that proposes the deepest average level of affordability for the affordable units. The Housing Authority may negotiate concurrently with all entities that provide a notice of intent to purchase or lease the land to develop affordable housing. If housing is not proposed on the land, then priority must be given to projects proposing parks or recreation if the land is already being used and will continue to be used for such, or if it is designated for this use in the General Plan.

During negotiations with an interested party, terms may not be agreed upon which do any of the following:

- Disallow residential use.
- Reduce the allowable number of residential units or the maximum lot coverage below what is allowed according to the Zoning Code or General Plan.

- Require design standards or architectural requirements that would have a substantial adverse effect on the viability or affordability of the housing development for very low-, low-, or moderate-income households.

If the Housing Authority and interested party do not agree on sale or lease price or terms within 90 days of the Housing Authority's receipt of a notice of interest, the surplus land may be disposed of without regard to the Surplus Lands Act. If the Housing Authority does not agree to sale or lease price or terms with an entity that was given a Notice of Availability, or if no entity responds to that notice, the Housing Authority may sell or lease the land to an entity which did not receive a Notice of Availability. In this case, if 10 or more residential units are developed on the property, at least 15% of the units must be restricted as affordable housing.

In addition to the Surplus Lands Act, Successor Agency assets are governed by additional requirements. Successor Agency assets must be disposed of expeditiously or according to a long-range property management plan. They must also be disposed of in a manner aimed at maximizing values, and the appraised value of the property must be collected.

5.2. Public Agency Partners

Other public agencies with real estate assets in National City can provide valuable partnership opportunities. These public agencies can include the Metropolitan Transit Service (MTS), National School District, Southwestern Community College District, and other entities. The Housing Authority should engage in strategic conversations with public agency partners to discuss strategies to leverage resources and address National City's housing needs.