



RON ROBERTS
SUPERVISOR, FOURTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: May 4, 2004
TO: Board of Supervisors
SUBJECT: THE SAN DIEGO CAPITAL COLLABORATIVE (District: All)

SUMMARY:

Overview

Today's action will express our Board's support, in concept, for the goals and objectives set forth by the San Diego Capital Collaborative and its smart growth fund.

Recommendation(s)

SUPERVISOR ROBERTS:

Approve the resolution of support for the San Diego Capital Collaborative.

Fiscal Impact

N/A

BACKGROUND:

City-County Reinvestment Task Force (RTF)

On July 5, 1977 (61), our Board, through a joint resolution with the San Diego City Council, established the City-County Reinvestment Task Force (RTF) to monitor lending policies and practices, and develop strategies for reinvestment in low- and moderate-income communities. The RTF was created to implement the Community Reinvestment Act (CRA) passed by Congress in 1977. The RTF is currently being co-chaired by San Diego City Councilman Charles Lewis and myself. The appointed membership includes lenders, community organizations involved in housing and community development, and private citizens representing the various unincorporated areas of the County. In addition, a Reinvestment Director and Program Analyst serve as staff to the Task Force.

On May 9, 1995 (6), our Board approved County Policy (A-123) to give more authority to the RTF by further defining its purpose. The policy specifically authorizes and sets parameters within which the RTF can engage in constructive dialogue with lending institutions. Through a regular review of local banks' lending data, the RTF systematically determines which areas and populations are experiencing disinvestments. Community organizations play a valuable role in this partnership as well. This dynamic has served to be a valuable asset in forming successful programs and strategies for reinvestment.

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As a result, the RTF has effectively partnered with lenders, government, and the communities to address the economic needs of lower income neighborhoods. Here is a list of some of their accomplishments: 1) Developed ten negotiated agreements with major banks generating \$1.9 billion in reinvestment in San Diego County low-income census tracts for 2002; 2.) Formed a new community bank (Neighborhood National Bank), established in a low-income community that lacked bank branches; 3) Successfully advocated the opening of seven new bank branches in underserved areas throughout the county; and 4) Assisted in the formation of numerous Community Development Corporations for the purpose of developing workforce housing throughout the County.

On February 17, 1998 (26), our Board approved and funded an RTF request to carry out a countywide credit-needs assessment. The study evaluated access to capital in the region's low- and moderate-income communities. The completion of the study provided data and insight upon which to build a new strategy that will promote investment in these communities. One of the key findings was that there is a substantial need for equity capital to develop workforce housing and mixed-use commercial development, particularly in older, linear commercial districts throughout the county and unincorporated areas.

As a follow-up, the RTF implemented a "feasibility study" to clearly identify the potential and the structure for an equity capital fund. This study was endorsed by our Board on March 13, 2001 (1). The study specifically calls for the formation of a new, independent non-profit entity to administer such a fund. The RTF has proceeded to incorporate the San Diego Capital Collaborative (SDCC) as called for in the study.

San Diego Capital Collaborative (SDCC)

The SDCC has recruited a diverse, skilled Board of Directors and has hired a Chief Executive Officer. The seven board members have varied expertise in lending, economic development, home building, law, business, and community relations.

The San Diego Capital Collaborative was designed to implement the vision of the RTF by accessing equity investment funds to fill an identified gap for underserved communities. It is their premise that a multifaceted investment strategy powered by private institutional capital will enable them to produce quality rental and for-sale housing affordable to working families, and to instigate economic development throughout the County of San Diego. Their first responsibility in executing this plan is to obtain insight into the specific housing needs and desires of our communities, through outreach and dialogue with government officials, community planning committees, and business groups. The SDCC has the authority to hold project managers, who are responsible for distributing funds, accountable for meeting the performance guidelines set out by the community partners. In addition, the SDCC hired an experienced fund manager for the purpose of managing the investments and providing necessary returns to investors.

San Diego Smart Growth Fund

The Capital Collaborative conducted a nationwide search and selected the Phoenix Realty Group LLC (Phoenix Group) to serve as the fund manager for the San Diego Fund. The role of the fund manager is to identify, assess, select, and implement development projects. For accountability purposes, a unique management structure was built into the contractual agreement that assures

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that basic performance guidelines are accomplished when selecting projects. These objectives are standards to be applied to the majority of development projects. (ATTACHMENT 1) The SDCC will monitor the achievement of these objectives and provide reports to the fund managers and the Investors Committee. They will also be responsible for reporting this information to the San Diego City Council and our Board annually.

The Capital Collaborative's first goal is to raise \$60 million in new capital, primarily from the private sector. The capital fund will be named the *San Diego Smart Growth Fund*. In terms of financial investors, smart growth funds are strategic investments in urban communities that deliver market rate returns while promoting stable economic growth in socially diverse neighborhoods. For SDCC's purposes, a smart growth fund is an opportunity for the private sector, government, and the community to collectively steer investments toward communities that want and/or need rental and for-sale workforce housing and mixed-use development projects.

At this stage, the SDCC has begun an outreach effort to non-profit and for-profit builders, community planning groups, business improvement districts, and local elected officials to seek their input for project locations and ideas. This dialogue will set the landscape for the fund managers to roll out funds promptly once the investor dollars are received. The SDCC and the Phoenix Group are also gathering support from the business community. Their next step is to begin recruiting funds from interested parties. The goal is to accumulate \$60 million in investments by the end of the calendar year.

Today, I ask our Board's support, in concept, for the goals and objectives set forth by the San Diego Capital Collaborative and its smart growth fund.

Respectfully submitted,

RON ROBERTS
Supervisor, Fourth District

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AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
Requires Four Votes	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

Other Concurrence(s): N/A

ORIGINATING DEPARTMENT: District 4

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AGENDA ITEM INFORMATION SHEET

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PREVIOUS RELEVANT BOARD ACTIONS:

On July 5, 1977 (61), our Board, through a joint resolution with the San Diego City Council, established the City-County Reinvestment Task Force (RTF).

On May 9, 1995 (6), our Board approved County Policy (A-123) to give more authority to the RTF by further defining its purpose.

On February 17, 1998 (26), our Board approved and funded a Task Force request to carry out a countywide credit-needs assessment.

On March 13, 2001 (1) our Board endorsed a “feasibility study” to clearly identify the potential and the structure for an equity capital fund.

BOARD POLICIES APPLICABLE:

BOARD POLICY STATEMENTS:

CONTRACT NUMBER(S):