



TECHNICAL ASSISTANCE PANEL REPORT

# AFFORDABLE HOUSING IN BORREGO SPRINGS

Prepared for Wellsprings Community Foundation



JUNE 2026

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The material presented in this document was prepared by members of the Urban Land Institute’s San Diego-Tijuana chapter from April to June 2026. The report seeks to provide an informed outlook on local real estate and planning topics and as understood by ULI San Diego–Tijuana and our contributing members. The analysis, views and opinions expressed herein are those of the contributors and not necessarily their employers, the Urban Land Institute, or the ULI San Diego–Tijuana chapter. The material that follows was developed from a number of sources: interviews, research by individual contributing authors, surveys, and forecasting. While the information contained in this report represents informed analysis of issues in the San Diego–Tijuana region, it should not be used to make business decisions in lieu of professional consultation.



*ULI San Diego-Tijuana TAP panel toured the study area.*

# ABOUT THE URBAN LAND INSTITUTE

The Urban Land Institute (ULI), is a 501(c) (3) nonprofit research and education organization supported by its global network of members. The mission of the Urban Land Institute is to shape the future of the built environment for transformative impact in communities worldwide.

Founded in 1936, the Institute now has nearly 45,000 members in more than 80 nations worldwide, representing the entire spectrum of land use and real estate development disciplines working in private enterprise and

public service. A multidisciplinary real estate forum, ULI facilitates an open exchange of ideas, information, and experience among industry leaders and policy makers dedicated to creating better places.

## About ULI San Diego – Tijuana



ULI San Diego – Tijuana is a community of more than 800 people from diverse professional and personal backgrounds in the binational region. As a nonpartisan organization, we have long been recognized as one of America’s most respected and widely quoted sources of objective information on urban planning, growth, and development. Our local program of work includes more than 50 educational forums, mentorship programs, and technical assistance interventions annually.

ULI San Diego–Tijuana’s education and outreach is focused on four core areas including: housing affordability, transit, community engagement, and fostering leadership. ULI San Diego – Tijuana is the only binational District Council in the global ULI network.

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## About Technical Assistance Panels

In keeping with the ULI mission, Technical Assistance Panels convene ULI members who volunteer their time to aid public agencies and non-profit organizations that have requested expert insight to address their land use challenges.

During this process, a group of diverse professionals representing the full spectrum of land use and real estate disciplines typically spend one to two days visiting and analyzing site-specific conditions in the built environment, identifying pertinent planning and development issues, and formulating realistic and actionable recommendations to move initiatives forward in a fashion consistent with the applicant’s goals and objectives.

### The TAP Process

- 1 Define the problem
- 2 Assemble the team
- 3 Build the briefing book
- 4 Stakeholder interviews
- 5 Site tour
- 6 Panel deliberations
- 7 Presentation and final report

## PANEL CHAIR



**Michael Tactay**  
Principal  
KEYSER MARSTON ASSOCIATES, INC.

## PANELISTS



**Reena Arvizu**  
Manager  
KEYSER MARSTON ASSOCIATES, INC.



**Steve Cook**  
Principal  
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**Cristian Belmudez**  
Transportation Engineer  
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COMMUNITY HOUSINGWORKS



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Associate Urban Designer & Planner  
RICK ENGINEERING



**Rebecca Louie**  
President & CEO  
WAKELAND HOUSING



**Kelsey Brewer**  
Vice President, Business Development  
JAMBOREE



**Diego Velasco**  
Principal  
CITY THINKERS

## TAP COMMITTEE LEADERSHIP

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Chair

**Michael Tactay**  
Vice Chair

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**Jasmine Smith**  
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# THE CLIENT

## About Wellsprings Community Foundation



WELLSPRINGS COMMUNITY FOUNDATION

The mission of the Wellsprings Community Foundation (a 501(c)(3) nonprofit charitable corporation) is to provide affordable, sustainable, and high-quality housing that enables low-income seniors to age in place with dignity.

Foundation President Daniel Wright has generously donated 22 acres of his family's land to support this mission. Mr. Wright's family has lived in Borrego Springs for generations, and he is working to fulfill his and his father's shared hope that local residents can afford to live and stay in Borrego Springs as they age.

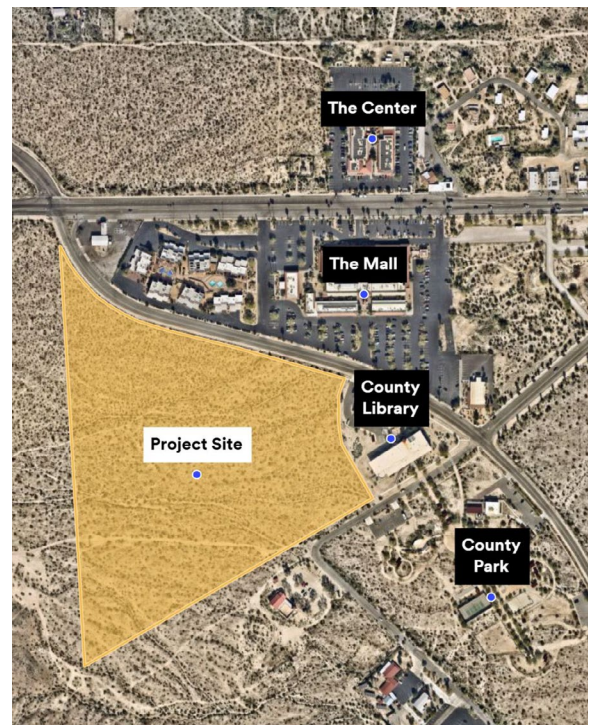
## About the Project

### Current and Future Plans

The Wellsprings Community Foundation (WCF) is advancing plans for a two-story, mixed-income housing development that includes affordable senior and workforce housing units, and, if needed for long-term financial viability, a modest number of market-rate units. Wellsprings has secured \$425,000 in pre-development financing and is in discussions with additional mission-aligned financial partners, including Mission Driven Finance.

### Previous Efforts

Community stakeholders have long recognized the lack of affordable senior housing in Borrego Springs. The Borrego Springs Youth & Seniors Center and Meals on Wheels San Diego County currently collaborate to provide meals and wellness checks to isolated seniors, but no coordinated effort has addressed housing. While past planning conversations identified the need, they lacked the land, financing, or organizational structure to move forward. With Wellsprings' formation, land donation, and early-stage financing, the initiative is now positioned to transition from concept to implementation.



**Planned Units:** 60+ two-story, mixed income phased construction  
**Pre-Development Loan:** \$425,000 secured from Civic Communities

**Market Study:** Completed  
**Preliminary Feasibility Study:** Completed

### Special thanks to our client representatives for this project:

**DANIEL WRIGHT**  
 PRESIDENT, WELLSPRINGS COMMUNITY  
 FOUNDATION

**ROBERT ITO**  
 CEO, ITO GIRARD & ASSOCIATES

**JOSEPH SANDFORD**  
 BOARD MEMBER, WELLSPRINGS  
 COMMUNITY FOUNDATION

**CINDY SWEENEY**  
 PRESIDENT, CD FUNDING SOLUTIONS

**REG JAVIER**  
 DEPUTY EXECUTIVE OFFICER, COUNTY  
 OF SAN BERNARDINO ECONOMIC  
 DEVELOPMENT AGENCY

# CONTEXT



## Site Context

The site is centrally located in Borrego Springs and comprises 22 total acres. Of this total, 16 acres are allocated to senior and/or workforce housing, approximately 4 acres were donated to San Diego County for a new fire station, and 2 acres are allocated to a future medical center. The site is bounded by The Mall to the north, Borrego Springs County Park to the east, Cathedral Hill to the south, and Borrego

Valley Inn to the west. This places the site near the heart of the Village, with proximity to grocery, restaurants, and public amenities. Adjacency to the Borrego Springs County Library – combined with the planned fire station and potential medical services on-site – gives the development the potential to function not only as a housing project but as a true hub of services for the surrounding community.

## Assets

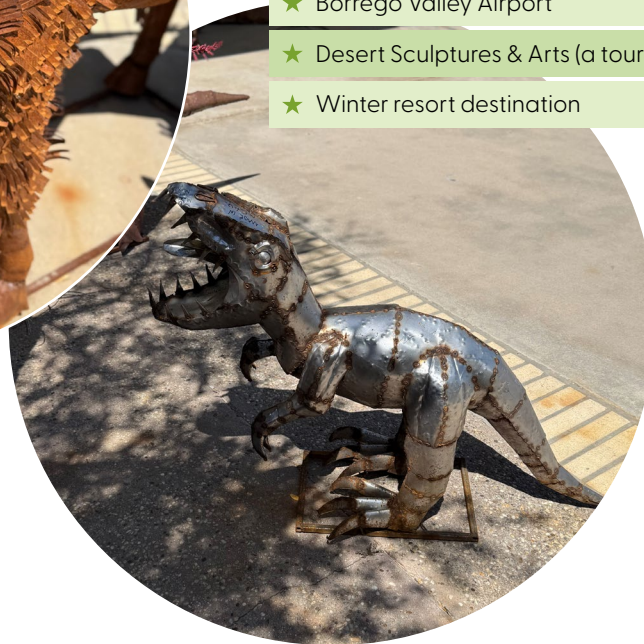
### NATURAL & ENVIRONMENTAL ASSETS

- ★ International Dark Sky Designation
- ★ Anza-Borrego Desert State Park (the largest state park in California)
- ★ County Park



### ECONOMIC & TOURISM ASSETS

- ★ Borrego Valley Airport
- ★ Desert Sculptures & Arts (a tourist attraction)
- ★ Winter resort destination



### INSTITUTIONAL & CIVIC ASSETS

- ★ Borrego Valley Endowment Fund
- ★ Borrego Valley Stewardship Council
- ★ Borrego Ministers' Association (BMA)

### PLANNING & DESIGNATIONS

- ★ California Economically Distressed Area designation  
*Includes Severely Disadvantaged Community designation. These communities are prioritized for funding and support to address their challenges*

## Constraints



*The library, adjacent to the project site, is elevated due to the flood zone.*

### WATER

- ★ Critically over-drafted aquifer (100% dependent on groundwater)
- ★ No alternative water source

### GEOGRAPHIC & ACCESS CONSTRAINTS

- ★ Extreme isolation with minimal transportation options
- ★ No access to emergency/hospital services
- ★ High supply chain costs

### ECONOMIC & SOCIAL CONSTRAINTS

- ★ High electrical costs
- ★ Seasonal economy
- ★ Aging population/no assisted living
- ★ Lack of affordable housing
- ★ No close access to higher education/skilled trade programs

### TOPOGRAPHY

- ★ Slightly sloped site
- ★ Site located in a fire zone
- ★ Site located in flood zone

# ABOUT BORREGO SPRINGS

## Market Conditions

The Borrego Springs community is a geographically isolated desert community situated approximately 60 miles northeast of San Diego. Its population of approximately 2,781 year-round residents, down about 10% since 2020, fluctuates substantially during the winter tourist season. The community's demographic profile underscores the need to develop senior housing, as the median age is 60 years, nearly double the statewide average of 37 years. The local economy is dominated by tourism, hospitality, food service, and small-scale retail, with additional employment in park-related operations.

The local housing market reflects both an aging cohort and the limitations of a seasonal, tourism-anchored economy. As of April 2026, the median sales price for detached homes in Borrego Springs was \$385,000, while attached homes (townhouses and condos) carried a median of \$175,000. Transaction volume has weakened across both segments, with closed sales declining and days on market lengthening, indicating a softening housing market. These factors, along with a limited inventory of affordable options, place the existing market out of reach for fixed-income seniors or workforce households, most of whom earn under \$75,000 annually.

Borrego Springs has not experienced any substantial new residential development since the 1990s. While custom-built homes are common, these units are not priced or designed to serve lower-income populations. There is no meaningful supply of affordable or assisted senior housing, leaving aging residents to either remain in housing stock that no longer meets their needs or relocate away from family and community ties. Likewise, workforce households that staff the local service and tourism industries cannot afford to live in Borrego Springs and are forced to commute from surrounding communities that offer more accessible housing.

## Long-Term Viability

Any development in Borrego Springs must also account for several structural conditions that affect long-term viability. The community is entirely dependent on a single groundwater aquifer with no alternative water source, and a court-approved Stipulated Judgment under California's Sustainable Groundwater Management Act (SGMA) requires pumping reductions to safe-yield levels, with full implementation by 2040.

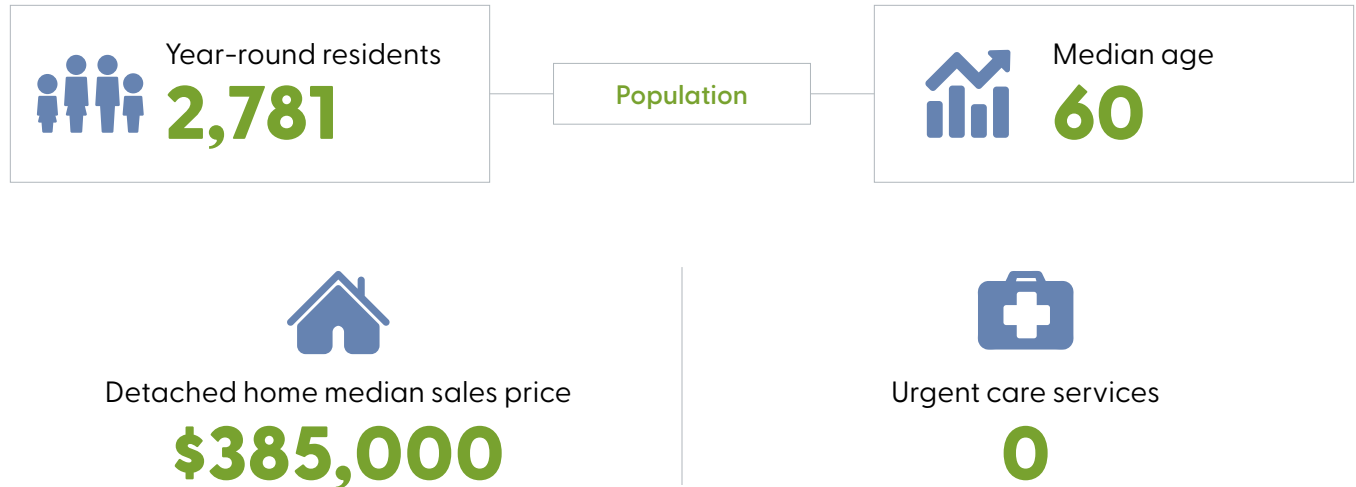
The community also faces significant transportation challenges and extreme climate conditions. Borrego Springs has no public transit service and is reachable only via mountain-grade roads from surrounding communities, limiting mobility for residents without personal vehicles and slowing emergency response from outside of the community. Summer temperatures routinely exceed 110°F, creating significant health risks for seniors and other vulnerable residents while driving high cooling demand and elevated energy costs that strain fixed-income households.

Access to basic services is limited. For example, there are no urgent care services or hospital in Borrego Springs, resulting in delayed emergency medical response times. The absence of assisted living, skilled nursing, and broader healthcare infrastructure compounds the risks faced by an aging population. Residents are also far from essential retail. Local options are minimal, groceries are overpriced, and nearly all goods must be imported from communities at least 45 minutes away, which in turn drives up the cost of daily life for all local households. The lack of affordable housing also strains local employers, who face higher turnover and recruitment challenges with a workforce that lives largely outside the community.

These factors are part of why Borrego Springs qualifies for Severely Disadvantaged Community designation and California Economically Distressed Area status. Sustaining the community over time will require coordinated investment in water efficiency, energy resilience, and

infrastructure capacity, alongside creative financing strategies that close the gap between high construction costs and low achievable rents and sales prices. By creating efficient housing co-located with the County

Library, a planned fire station, and potential medical services, the development is positioned not only as a housing project but as a catalyst for the service hub the community currently lacks.



# PUBLIC FINANCING PRIMER

Identifying and evaluating public financing opportunities can be confusing. ULI prepared the information below to familiarize the Wellsprings Community Foundation team with some of those opportunities. We encourage the Foundation team to do its own research as well and/or retain a consultant knowledgeable about available programs and requirements. (CD Funding Solutions may be such a consultant?)

Note that applicants must align with budget cycles to pursue funding. Start conversations with your elected representatives no later than December of the previous year. In May, financing requests are revised when elected representatives submit their requests. The negotiation runs from May through July.

When making a request, consider building in flexibility for when you need to draw down the funds. Have this conversation with your elected representatives about claw-back language.

## About New Market Tax Credits (NMTC)

New Market Tax Credits are federal incentives designed to attract private investment into low-income communities, providing investors with a credit of 39% of their investment over seven years.

Qualifying projects can include health clinics, daycare centers, and other community development initiatives. ULI's panel of experts thinks the Wellsprings project is a good match for this program (if pursuing housing and medical clinic development at the same time) for the following reasons:

- ▶ Critical need for an urgent care clinic
- ▶ Low-income population served

More information [here](#).

## About Low Income Housing Tax Credit (LIHTC)

The LIHTC program subsidizes affordable rental housing for low- and moderate-income tenants through tax incentives for developers and investors. Developers secure tax credits by applying for an allocation of credits. The credits can then be sold to investors to raise equity. In California, this program is facilitated by the California Tax Credit Allocation Committee.

The Qualified Application Plan (QAP) outlines the selection criteria and application requirements for housing tax credits and tax-exempt bonds. ULI's panel of experts does not think the Wellsprings project is a good match for this program for the following reasons:

- ▶ Project scale
- ▶ Constraints placed on the project with this funding

## About Greenhouse Gas Reduction Fund (GGRF)

The GGRF is funded primarily through the Cap-and-Trade Program, where the California Air Resources Board auctions allowances for greenhouse gas emissions. Revenue from those auctions are deposited into the GGRF and appropriated by the legislature and governor to state agencies for programs that reduce emissions and provide economic, environmental, and public health benefits, particularly for disadvantaged communities and low-income households.

ULI's panel of experts thinks the Wellsprings project may be a good match for this program for the following reasons:

- ▶ Could qualify under the Transformative Climate Community, which supports local projects in overburdened communities to reduce emissions and build resilience
- ▶ Alleviate "super commuters" need to live outside of the community in which they work
- ▶ Project is in the town center/walkable
- ▶ In addition to greenhouse gas (GHG) reduction, this funding can also support public health initiatives

## About Vehicle Miles Traveled (VMT) Mitigation Program

The state of California is developing this program to reduce the environmental impact for development projects with significant transportation impacts. The Governor's Office of Land Use and Climate Innovation (LCI) invited public comment on the [draft guidance](#) for the AB 130

Statewide VMT Mitigation Program through May 8, 2026.

ULI's panel of experts thinks the Wellsprings project may be a good match for this program and recommends following the bill closely for final details.

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## Earmark Process

Earmarks are one-time government funding allocations requested by elected officials for specific community projects benefiting public agencies, nonprofits, or other eligible entities. At the federal level, earmarks are referred to as Congressionally Directed Spending (CDS) in the Senate and Community Project Funding (CPF) in the House. Similar discretionary funding opportunities also exist at the state and local levels through legislative budget requests, special appropriations, and locally directed funding programs.

Earmark funding can support a wide range of activities, including affordable housing, infrastructure, community development, supportive services, education, and public facility improvements. Funding amounts vary depending on project scope and funding source, ranging from several hundred thousand dollars to several million dollars.

For federal earmarks, Congressional offices typically begin accepting requests in January and February, with most submission deadlines occurring between March and April. Projects are then reviewed through the federal appropriations process during the spring and summer, with final approvals often occurring in the fall or winter. State and local funding processes generally follow annual

budget adoption cycles and may have different timelines depending on the jurisdiction.

Because these funding opportunities are competitive and relationship-driven, organizations are encouraged to begin outreach well in advance of formal deadlines. Early coordination with elected officials and staff can help identify eligible funding sources, refine project requests, and improve competitiveness.

Typical steps in pursuing earmark funding include:

- ▶ Identify the applicable federal, state, and local elected officials representing the project area.
- ▶ Develop a clear project description, funding request amount, and explanation of community benefit.
- ▶ Research which funding programs or budget accounts best align with the proposed project.
- ▶ Conduct outreach meetings with elected officials and staff to introduce the project and discuss timing and requirements.
- ▶ Submit formal request materials during the applicable budget or appropriations cycle.
- ▶ Provide follow-up information and participate in discussions throughout the review and approval process.

# EXECUTIVE SUMMARY



*The Wellsprings Foundation team provided the panel with a thorough briefing of the project and the community.*

## The Assignment

Wellsprings Community Foundation (WCF) is requesting a ULI Technical Assistance Panel (TAP) to provide multidisciplinary expertise in land use, design, market feasibility, financial structuring, and implementation strategy. The TAP's guidance will be critical to aligning development phasing, funding structures, and long-term sustainability planning with the outcomes of the recently completed market study that was shared with ULI TAP members.

As WCF transitions from concept to pre-development, the organization seeks ULI's expertise to evaluate the feasibility of a two-story, mixed-income housing model that balances affordability for seniors and local workers with the financial realities of rural construction. Specific areas of focus include identifying creative financing and partnership models to strengthen the capital stack, integrating essential community services within Borrego Springs' unique desert environment, and building the operational and governance

frameworks needed to ensure the project's long-term viability and community benefit.

ULI TAP panelists, composed of planning, affordable housing development, engineering, and economic development experts, convened for two days (April 20-21, 2026) to meet with project stakeholders and develop a set of recommendations. TAP members considered the following questions in their analysis and recommendations:

### 1. Development Strategy, Site Planning & Community Integration

How can the Borrego Springs Senior Housing Development be planned and integrated within the broader community context – considering infrastructure capacity, mobility connections, urban design, environmental constraints, and community amenities – to support a sustainable, resilient, and service-rich environment for aging residents?

## 2. Capital Strategy, Funding Approach, and Braided Financing Opportunities

Evaluate the most viable and innovative funding and financing strategies – across public subsidies, philanthropic partnerships, health-related funding, mobility and infrastructure grants, and private investment – to support the project from pre-development through construction.

Assess how housing funding can be braided with healthcare, emergency services, mobility, or infrastructure sources to finance both capital and ongoing operations for co-located community facilities (e.g., fire station, clinic, affordable senior housing). Identify comparable models in rural or low-rent markets where co-location of essential services, cross-subsidy structures, or community benefit financing has enabled long-term viability of multi-use developments.

## 3. Long-Term Operating Sustainability & Community Services

What operational models, shared-services partnerships, and revenue strategies could ensure long-term financial

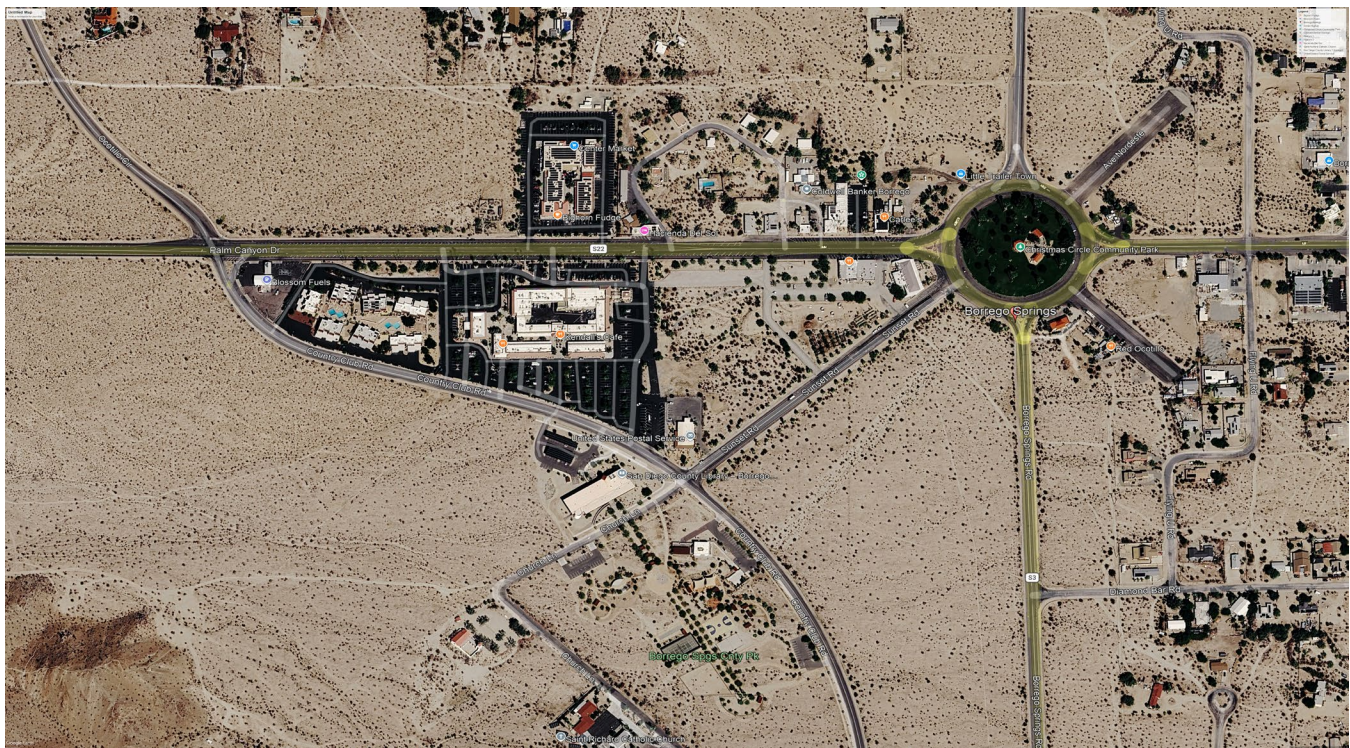
sustainability for the senior housing, fire station, and community health clinic – while maintaining deeply affordable rents, high-quality services, and stable operations in this context?

## 4. Community Vision & Phasing Strategy

How can the project fit into a broader long-term vision for Borrego Springs – considering land use, economic development, health access, aging-in-place needs, climate resilience, and mobility? What short-term and long-term phasing strategies could help build momentum and attract additional partners and funding?

## 5. Housing Typologies & Senior Housing Models

Identify the housing typologies that will work best for the site and for the funding that is available, looking at construction types, building methods, and alternative approaches to residential development to support community and affordability. Explore various senior housing models to see what innovative approaches exist out there that could provide a viable alternative to conventional development.



Aerial view of the project site and surrounding context.

## Major Conclusions

Wellsprings Community Foundation's current plan focuses more on senior housing, but our panel of experts suggest a combination of senior and workforce affordable housing is needed. Making this change will predicate a need for more 2- and 3-bedroom homes.

Adjusting the site plan to concentrate the housing and urgent-care clinic closer to the existing library will create a dynamic community node and move the housing further away from the future fire station. It can also open up land for a potential phase two of housing development.

As construction costs are elevated in Borrego Springs due to its remote location and small population, consider increasing the amount of stakeholders participating in one site and/or coordinating development efforts. If consolidation occurs, remaining land offers a lot of opportunity and may merit a specific plan for the town center area.

The ULI panel of experts agrees with WCF that modular housing construction is a good option for cost, speed, and simplicity.

As a key part of WCF's project, the urgent-care clinic can be instrumental in securing funding. Identifying interested clinic operators should be a priority and will be an important part of some funding applications.

WCF's early success in securing funding through Civic Solutions and private donors should be sustained throughout the development process. It also provides momentum for pursuing several public funding programs.

When securing public funds, WCF should think about New Market Tax Credits (NMTC) as its last financing piece. Start with an application for an implementation grant through the Transformative Climate Communities (TCC) program.

The next priority should be to work on earmarks with Borrego's elected state representatives.

Finally, the gap between earmarks and money WCF can get from TCC and NMTC will determine its remaining philanthropic ask.

Consider that residential tax credits would put a lot of requirements on the project and be discerning about which programs WCF pursues.

The ULI panel of experts DOES NOT recommend using Low Income Housing Tax Credits for this project due to:

- a) The site does not meet enough program requirements to receive a competitive score
- b) The program is overly restrictive in terms of who the homes can be rented to, lease terms, etc.

For robust private fundraising, make sure the field is relatively clear of competing "asks." Work with other Borrego community organizations with similar missions to unify behind WCF's project as the first priority.

Design and execute a private fundraising campaign, supported by marketing and public relations strategies, to tap into Borrego's deep well of philanthropic donors.

Recommended action plan:

1. Create community buy-in by aligning organizations with similar missions behind the Wellsprings Community Foundation project as the first development priority
2. Continue/accelerate a private capital raising project. The Wright family's land donation is already a major component.
3. Readdress the site plan and proforma and make any changes necessary
4. Explore options for an urgent care clinic operator
5. Pursue a [California Strategic Growth Council's \(SGC\) Transformative Climate Communities \(TCC\)](#) program grant
6. With funds raised through private and/or grant funding, retain additional consultants recommended in this report
7. Pursue additional public and private funding

## Briefing Materials

- ▶ Wellsprings Community Foundation Briefing Packet
- ▶ Scope of Services
- ▶ Stakeholder Bios
- ▶ Working Session Agenda

# WHO WE SPOKE WITH

## Stakeholder Interviews



**David Brinkman**  
CEO  
DAP HEALTH



**John Peterson**  
Chair  
BORREGO SPRINGS COMMUNITY SPONSOR GROUP



**David Garmon**  
President  
BORREGO VALLEY ENDOWMENT FUND



**Joseph Sanford**  
Board member  
WELLSPRINGS COMMUNITY FOUNDATION



**Françoise Rhodes**  
Executive Director  
BORREGO CHAMBER OF COMMERCE



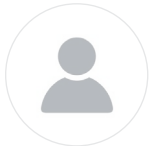
**Martha Deichler**  
President  
BORREGO COMMUNITY RESOURCE CENTER



**Kenny Rodgers**  
Deputy Director  
COACHELLA VALLEY | LOW INCOME  
INVESTMENT FUND



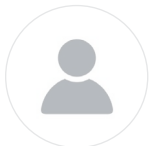
**Michael Lengyel**  
Executive Vice President  
CIVIC COMMUNITIES



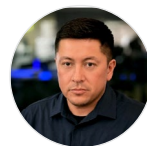
**Kerry Hubert**  
Treasurer  
WELLSPRINGS COMMUNITY FOUNDATION



**Pastor Mateo Mamea**  
Co-Chair  
BORREGO MINISTERS ASSOCIATION



**Kirit Patel**  
President  
BORREGO CHAMBER OF COMMERCE



**Tony Cecena**  
General Manager  
LA CASA DEL ZORRO



**Jim Wermers**  
Community Member

# WHAT WE HEARD

## Input from Key Stakeholders

### Medical

- ▶ No options nearby for urgent/24-hour care
- ▶ No mental health services except for once a month from County LiveWell bus
- ▶ Closest medical office is five miles from town but will move to The Mall. Keeps business hours, appointment only.
- ▶ Healthcare & community are the two primary funding objectives for the Borrego Valley Endowment Fund
- ▶ Area is a possible candidate to receive New Markets Tax Credits (NMTCs), primarily for the medical center



Housing adjacent to project site.

### Economy/Community

- ▶ Many interviewees expressed support for Wellsprings' project
- ▶ Potential to harness the philanthropic ethos in Borrego Springs
- ▶ Schools and businesses have trouble attracting talent due to lack of housing availability
- ▶ The employment market is weak with seasonal employment and lack of industry/ skilled labor
- ▶ Utilities' cost and reliability can be problematic
- ▶ Lack of public transit
- ▶ Unmet demand for childcare
- ▶ Endowment Fund is acquiring The Mall and adjacent acres
- ▶ The Borrego Ministers Association is very involved with Borrego community



Sky Art sculptures of Galleta Meadows

### Housing

- ▶ Housing needs to be designed for year-round livability
- ▶ Modular housing may be most optimal
- ▶ Many existing housing units are in disrepair
- ▶ Existing homes in Borrego Springs can be purchased at half the cost of replacement value
- ▶ Building materials and labor must be imported
- ▶ Legacy investor(s) may be a financing option for the housing component
- ▶ Several organizations in Borrego have similar missions to develop affordable housing
- ▶ County needs to provide oversight and enforcement of short-term rentals



The Borrego Lutheran Church is adjacent to the project site.

# PANEL FINDINGS



*Project site.*

## Top Priorities

ULI's panelists identified a robust menu of recommendations but wanted to highlight the following as the top priorities, as determined through client and stakeholder interviews.

### Proforma

Rework the project's proforma to reflect information and suggestions detailed in this report

### Consultants

Retain consultants to assist with government, philanthropic, and community outreach. Prioritize some philanthropic dollars first to subsequently encourage public funds. A planning grant can fund consultant hires. (See details about California Strategic Growth Council's (SGC) Transformative Climate Communities (TCC) program on [page 16](#).)



*ULI San Diego–Tijuana TAP panel and client team at the project site.*

### Cultivate community buy-in

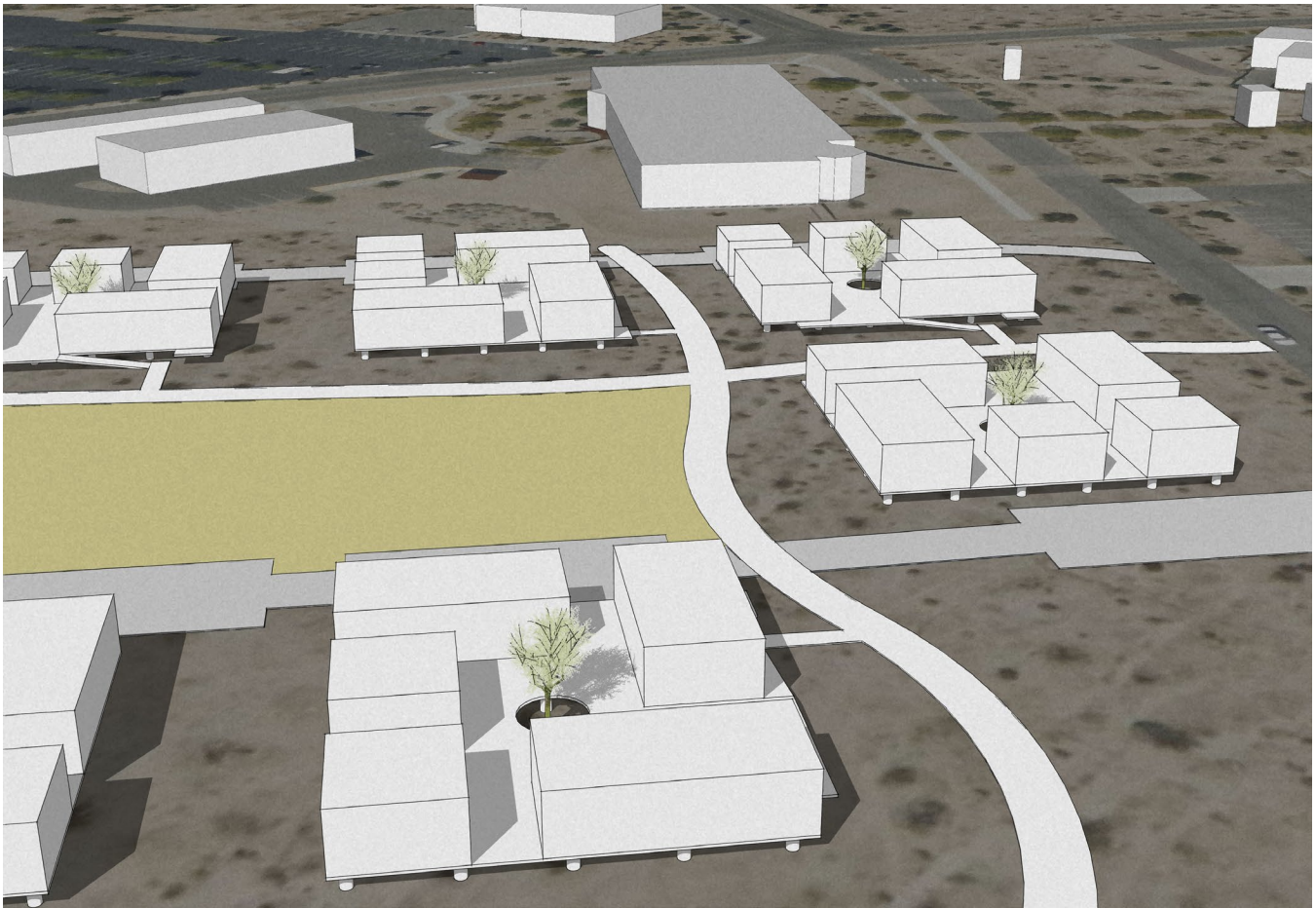
Engage with churches, nonprofits, and private endeavors that may be pursuing similar developments to streamline efforts and establish the Wellsprings project as THE priority

# RECOMMENDATIONS

## Development Strategy, Site Planning & Community Integration



- ▶ Embrace a more compact plan
- ▶ Connect the library and medical clinic with paseos and dedicated paths
- ▶ Cluster the development around open space and shade
- ▶ Connect the development to pedestrian paths to the south
- ▶ Use existing Church Lane and access to the site, avoiding new roadway construction
- ▶ Cluster parking areas
- ▶ Provide for a range of gathering areas
- ▶ Consider integrating arts and culture elements to create synergy with Palm Canyon Drive



3-D View of potential development.



3-D View of potential development.

## Capital Strategy, Funding Approach, and Braided Financing Opportunities

### Existing Proforma Analysis

- ▶ Evaluate whether 60% Area Median Income (AMI) San Diego Rents (-\$1750-\$1860) are truly affordable for the region
- ▶ There is not enough market spread; higher AMI targets will affect occupancy goals. To address actual need in the community, WCF would need to adjust Net Operating Income (NOI)/Permanent Loan assumptions.
- ▶ More units are needed between 30-50% AMI
- ▶ Impact fees are substantial
- ▶ Evaluate whether there is a way to obtain fee waivers for impact fees (Likely not feasible for school fees)
- ▶ Evaluate the Rural Health Transformation (RHT) program for potential medical center funding. This would require advocacy from the State of California.
- ▶ **As envisioned, the housing component of Wellsprings' project does NOT work as a low-income housing tax credit (LIHTC) project**

### Recommendations

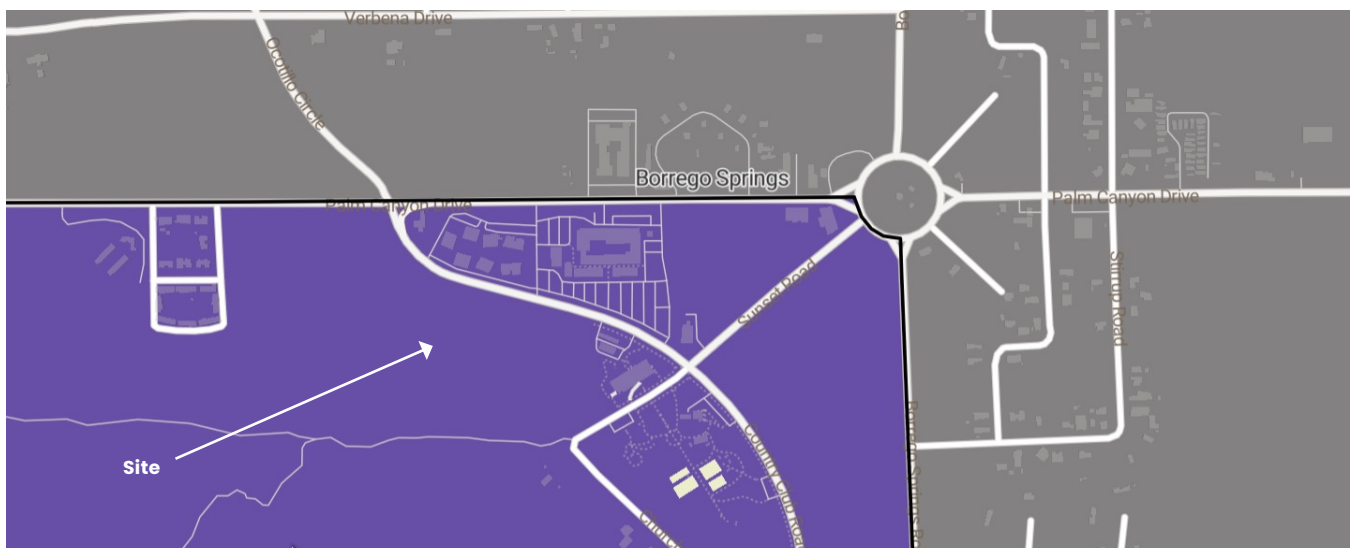
- ▶ Engage with State and Federal elected officials to seek earmarks for seed funding
  - State-level elected officials can earmark up to \$3 million for local priority projects
  - Federal-level elected officials can earmark up to \$3 million for housing-related projects from the annual Transportation, Housing and Urban Development (T-HUD) appropriations process
  - State and Federal funds will have wage requirements – it's best to use for land acquisition or other uses that will not trigger wage requirements for the entire project
- ▶ Enroll in the SGC TCC program for planning and then implementation grants
  - What helps qualify for this grant: Development of workforce housing that will address excessive levels of super-commuters and reduce overall Vehicle

Miles Traveled (VMT) / Greenhouse Gas (GHG) Emissions

- The planning grant component provides funds for coalition-building efforts and engineering, architecture, and third-party studies through construction drawings
- The successful project then moves on to the implementation grant, which can fund the equity portion of the housing development
- See Mariposa case study on [page 26](#)
- ▶ Pursue New Markets Tax Credit (NMTC) financing for the health & housing component
  - Suggested range of investment is \$6 million for the medical clinic

- NMTC can also fund a related housing development, as long as the deeper targeting requirement of 20% of the housing at 80% AMI is met
- If using new market tax credits, develop both the housing and medical clinic at same time

- ▶ Pursue funding through the Greenhouse Gas Reduction Fund. It got caught in the federal defunding effort, but the [state-level program](#) is still alive. Money is there and available.
- ▶ The California VMT Mitigation Program is expected to come into play in July 2026. Explore potential for investment from other projects that need to reduce their VMT impacts. Developers can do so by investing in affordable housing.



Purple shading indicates census tracts designated as Deep Distress or High Migration Rural Counties under the New Markets Tax Credit (NMTC) Program.

## Long-Term Operating Sustainability & Resident Services

### Long-term operating sustainability for the housing component

- ▶ Wellsprings Community Foundation (WCF) should start with an initial debt coverage ratio of 1.20 or greater
- ▶ The WCF needs to thoroughly vet the following costs:
  - Insurance, particularly due to flood zone designation
  - Utilities
  - Property management fees, which may be higher due to the remoteness of the location
- ▶ WCF should also understand which lenders would be willing to lend to a project in a flood zone
- ▶ WCF needs to fund initial capitalized operating and replacement reserves

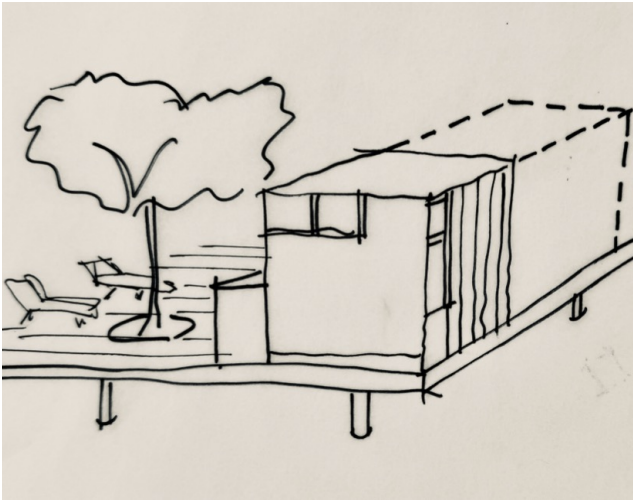
- ▶ Consider whether replacement costs in the operating budget be higher than usual due to extreme weather, difficulty of sourcing tradespeople / vendors to perform the work
- ▶ Consider whether turnover be higher than expected due to the difficulty of obtaining off-season work

### Resident services

- ▶ Determine whether a workforce execution (80-120% AMI) will require any resident services
- ▶ Aside from referrals to other existing programs, there may not be any need for onsite programming.

## Housing Typologies & Workforce Housing Models

- ▶ Modular housing
  - As it relates to prevailing wage, the premium with modular housing is not as large because of mechanized/automated manufacturing



- ▶ Cluster housing
  - Scalable Pod Clusters – development platforms
    - Explore modular manufacturers – including [Boxabl](#)
    - Minimize utility connection points and provide for shared infrastructure
- ▶ Bungalow courts
- ▶ Redesign for fewer one-bedrooms and replace with more 2- and 3-bedrooms to attract residents for the workforce housing component

## Community Vision & Phasing Strategy

- ▶ Comprehensive Community Engagement Plan
  - Prepare detailed vision and renderings of medical and housing components
  - Community buy-in
    - Shephard alignment of churches, nonprofits and the business community around the WCF development as THE priority
    - Position the WCF project as THE ask (for government and philanthropic funds)
- ▶ Private Fundraising Plan
  - Design a fundraising program to leverage the generosity of Borrego Springs residents and visitors
    - Consider ways donors can “own” the development (personalized paver bricks, legacy wall, etc.)
    - Promote progress to encourage community “ownership” through news releases, updates on a website and social media, etc.
  - Engage a grant writer to identify and pursue grant opportunities
  - Explore property donation potential from private, San Diego-based company (connection through ULI board member/report writer Jennifer Whitelaw)
- ▶ Build a coalition for an earmark or special set aside from County, State, or Federal partners
  - Letter of Support campaign
  - Resolutions from local nonprofit boards
  - Enhance [website](#) to showcase project
- ▶ Phasing
  - Work with the broader community and elected officials to determine if a phased approach will attract more resources to the development (ie: medical facility in first)



Rendering of the proposed pedestrian crossing on Country Club Road.

## Mobility

### Short-Term Recommendations

- ▶ **Pedestrian:** Focus on improving the pedestrian connections to The Mall, Library, Park, and future medical center.
  - Create an enhanced pedestrian crossing at the intersection of Country Club Road and Church Lane.
  - Create a mid-block pedestrian crossing along Country Club Road
- ▶ **Bicycle:** Seek funding to create a bikeshare program for residents (potential VMT mitigation for other developments)
  - A bikeshare could be funded just for the Wellspring project residents, but paying for more bikes and opening it to the community could be used as leverage with another developer who needs to offset VMT impacts

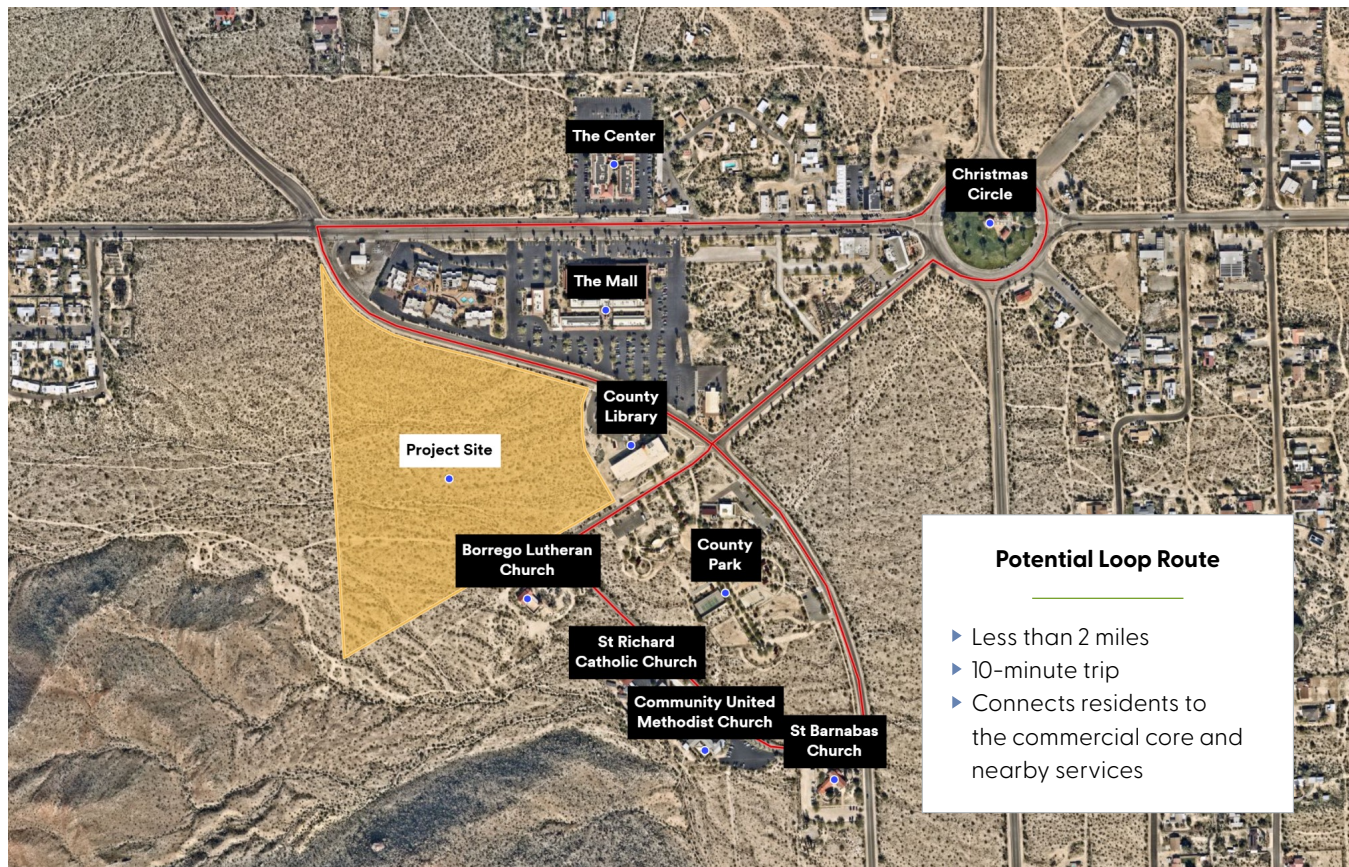


**Longer-Term Recommendations**

- ▶ **Carshare:** Look into partnering with a carshare program (such as [Zipcar](#)) to provide access to automobiles for residents and the community as a whole
- ▶ **Microtransit:** Investigate the potential of seeking a [SANDAG Flexible Fleet](#) grant to provide localized transit service for the project to the greater community

**MICROTRANSIT DESCRIPTION**

<b>Typical Service Range</b>	1.5 – 4.5 miles
<b>Capacity</b>	Up to 15 passengers
<b>Community Context</b>	Urban mixed-use environments; suburban areas; areas with poor transit
<b>Supporting Infrastructure and Policies</b>	Maintenance and storage depots; pick-up/drop-off infrastructure; wayfinding signage; digital geofence for service boundary; shared mobility lanes
<b>Examples</b>	Carlsbad Connector (suspended, 2020)   Metro Micro (Los Angeles)   OC Flex (Orange County)   Smart Ride (Sacramento)   Flexride (Denver)   SamTrans, OnDemand (ceased operations, 2020)   Via to Transit (Seattle)   Chariot (ceased operations, 2019)



# CASE STUDIES



Julian, CA.

## Short-Term Rental Restrictions

### Julian, CA Effort

- ▶ County controls regulations
- ▶ Julian Community Planning Group (JCPG) drafted a letter to the county regarding short-term rentals (STRs)
- ▶ They found: County Assessor's Office doesn't know how many STRs are available. They only keep track of principal residences through the homeowner's exemption.
- ▶ Julian volunteer did a count of AirBnB and VRBO listings and found there are more on listings than the County says are paying taxes
- ▶ JCPG submitted this info to the County
- ▶ [FIRE SPARKS PUBLIC CONCERNS IN JULIAN OVER SHORT-TERM RENTALS](#) | [East County Magazine](#)

## California Strategic Growth Council (SGC) Transformative Climate Communities (TCC)

### Mariposa, CA Effort

- ▶ In Mariposa, a gateway community to Yosemite National Park, the city and county successfully competed for a TCC planning grant
- ▶ Mariposa has a high level of "super commuters" spending 2+ hours each way to travel between home and work
- ▶ No new housing is being built in Mariposa, and existing housing is being appropriated by VRBO and Air BnB
- ▶ Major employers are losing employees due to lack of housing and lack of housing affordability
- ▶ The TCC grant targets workforce housing 80-120% Area Median Income (AMI) but can also be applied to housing with deeper affordability
- ▶ TCC can make approximately \$1 million available to fund early efforts
- ▶ Mariposa assembled a local coalition known as the "Governance Committee" - all major stakeholders and large employers
- ▶ The coalition hired a lead architect, engineers, and other third parties



Mariposa, CA.

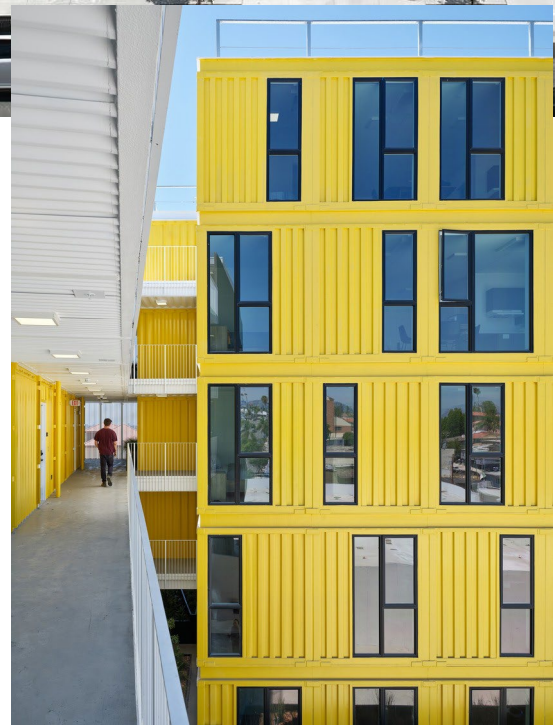
- ▶ The grant funds work all the way through the construction drawings phase, which is the performance milestone to be able to complete for the TCC Implementation Grant
- ▶ The Implementation Grant will fund the equity portion of the housing development



## Family Health Centers of San Diego – El Cerrito

### San Diego, CA Effort

- ▶ **Co-location Model:** An 8-story facility in Mid-City San Diego that integrates 5 stories of supportive housing with 3 specialized ground-floor clinics serving families, veterans, and individuals with substance-use issues
- ▶ **Braided Financing via New Markets Tax Credits (NMTC):** Civic Community Partners provided \$21 million in NMTC, with total project costs of approximately \$23.6 million
- ▶ **Innovative Construction to Reduce Costs & Time:** The project used a hybrid of traditional and modular construction
- ▶ **Replicable Partnership Model:** The project was developed through a partnership between Family Health Centers of San Diego and PATH Ventures



Photos: Bruce Damonte

## Vista Sunrise II

### Palm Springs, CA Effort

- ▶ **Health-Anchored Campus:** A permanent supportive and affordable housing project on the expanded DAP Health campus in Palm Springs, where residents have access to DAP Health's extensive healthcare and educational services
- ▶ **Braided Capital Stack:** The \$31 million project was funded through state tax credits, city funds, and private donations
- ▶ **Hospital/Healthcare System as a Philanthropic Partner:** Regional health systems, Desert Care Network, and Tenet Healthcare contributed \$2.5 million to the project



Vista Sunrise II.

## Boxabl

### Modular Prefab Housing

- ▶ Studio, 1-bedroom, or 2-bedroom homes are available
- ▶ The company offers an all-inclusive quote
- ▶ Financing is available
- ▶ Permitting is included
- ▶ The homes are delivered, installed, and unfolded within 24 hours
- ▶ 19'x19' module, approx. 400 sq ft



Credit: Google Earth.



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