



INFORMATIONAL REPORT

DATE ISSUED: March 29, 2017

REPORT NO: HCR17-030

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of April 7, 2017

SUBJECT: Status of Loan Portfolio – Second Quarter of Fiscal Year 2017

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

Pursuant to San Diego Housing Commission (Housing Commission) Lending Authority Policy No. 600.101, the Housing Commission prepares quarterly reports that provide the following information:

- | | |
|----------------------------|---|
| 1) Loan Portfolio Summary | 5) Loans and Grants Written Off |
| 2) Loans and Grants Funded | 6) Defaults |
| 3) Loans Paid in Full | 7) Disposition of Foreclosed Properties |
| 4) Loan Payments | |

1. LOAN PORTFOLIO SUMMARY

The Housing Commission’s loan portfolio, as of December 31, 2016:

| FY17 Q2 | Loan Portfolio | Loans w/ Required Payments | Deferred / Residual Receipts Loans | Total Loans |
|----------------------------|-----------------------|----------------------------------|--|--------------|
| Multifamily Rental | \$ 222,860,983 | 17 | 96 | 113 |
| Rehabilitation 1 - 4 Units | \$ 14,763,657 | 14 | 843 | 857 |
| First-Time Homebuyer | \$ 52,559,838 | 8 | 1,419 | 1,427 |
| Affordable For-Sale | \$ 58,851,233 | 0 | 271 | 271 |
| TOTAL | \$ 349,035,711 | 39 | 2,629 | 2,668 |

All loan and grant programs, except the Affordable For-Sale Housing Program, are funded using Federal, State, and Local monies; and are approved in accordance with the General Lending Authority Policy No. 600.101. The Affordable For-Sale Housing Program uses a Promissory Note, representing the difference between (a) the fair market value of the property, and (b) the actual affordable price paid at the time the Affordable Restrictions were recorded.

2. LOANS AND GRANTS FUNDED

During the period of October 1, 2016 – December 31, 2016, the Housing Commission funded \$9,760,820 in assistance to create or preserve 79 affordable housing units and assist 29 first-time homebuyers:

| | | |
|--------------------------------|-----------|----------------------------------|
| Rehabilitation | | |
| Households Assisted | | 12 |
| Redevelopment Area Loans | \$ | 322,872 |
| TOTAL | \$ | 322,872 |
| First-Time Homebuyer | | |
| Households Assisted | | 29 |
| Closing Cost Assistance Grants | \$ | 306,981 |
| Deferred Payment Loans | \$ | 1,630,967 |
| TOTAL | \$ | 1,937,948 |
| Rental Housing Finance | | |
| No. of Units | | 67 |
| Project Name | | AMCAL Villa Encantada Fund, L.P. |
| Project Type | | Family |
| Residual Receipts Loan | \$ | 7,500,000 |
| TOTAL FUNDED | \$ | 9,760,820 |

3. LOANS PAID IN FULL

Below is a summary of the funds collected through loan payoffs during the period of October 1, 2016 – December 31, 2016. The Housing Commission received 37 payoffs, which generated \$1,177,068 in program income:

| FY17 Q2 | # Loans Paid Off | Loan Principal Repaid | Interest / Shared Equity Received | *DP/CC Repaid | *DP/CC Interest Received | Total Payoff Funds |
|----------------------------|------------------|-----------------------|-----------------------------------|------------------|--------------------------|---------------------|
| Multifamily Rental | 1 | \$ 27,050 | \$ - | \$ - | \$ - | \$ 27,050 |
| Rehabilitation 1 - 4 Units | 9 | \$ 140,635 | \$ 8,179 | \$ - | \$ - | \$ 148,814 |
| First-Time Homebuyer | 27 | \$ 790,661 | \$ 148,641 | \$ 53,707 | \$ 8,196 | \$ 1,001,204 |
| Affordable For-Sale | 0 | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | 37 | \$ 958,346 | \$ 156,820 | \$ 53,707 | \$ 8,196 | \$ 1,177,068 |

*Down Payment and Closing Cost Assistance Recoverable Grant

4. LOAN PAYMENTS

Below is a summary of the fixed monthly / annual and voluntary payments collected during the period of October 1, 2016 – December 31, 2016. The Housing Commission received \$1,290,005 in program income during this quarter.

| FY17 Q2 | Paid to Principal | | Paid to Interest | | Total Paid |
|----------------------------|-------------------|----------------|------------------|----------------|---------------------|
| Multifamily Rental | \$ | 779,685 | \$ | 465,959 | \$ 1,245,645 |
| Rehabilitation 1 – 4 Units | \$ | 5,460 | \$ | 399 | \$ 5,859 |
| First-Time Homebuyer | \$ | 26,812 | \$ | 11,690 | \$ 38,502 |
| Affordable For-Sale | \$ | - | \$ | - | - |
| TOTAL | \$ | 811,957 | \$ | 478,048 | \$ 1,290,005 |

5. LOANS AND GRANTS FORGIVEN OR SERVICE RELEASED

Below is a summary of the loans and grants forgiven or service released during the period of October 1, 2016 – December 31, 2016. The loans forgiven or service released during this quarter represent 0.10 percent of the total portfolio. Approximately 97 percent of the loans and grants forgiven were pursuant to standard terms and conditions of Housing Commission loan and grant programs. The rehabilitation and Affordable For-Sale loan programs typically have provisions that forgive all or a portion of the outstanding loan balance when borrowers meet specific criteria, such as occupying their property for a specified period of time (typically 10 years).

There were eight mobile home loans, issued 1992 – 1996, remaining in the portfolio. Based on the limited income of the borrowers, the lack of value in the units [the mobile homes], the age of the mobile homes, the cost to relocate the same and the administrative cost to recover these funds, the Housing Commission approved forgiveness of these eight loans. It was determined that the net value of the mobile home units was less than the costs referenced above [i.e. a negative value for the security.]

The first-time homebuyer forgiveness represents the closing cost assistance grants funded and immediately forgiven as per the terms of the program.

The loan forgiven under the Affordable For-Sale program during this quarter represents the difference between (a) the fair market value of the property, and (b) the actual affordable price paid at the time the Affordable Restrictions were recorded. There was no financial investment on the part of the Housing Commission.

| FY17 Q2 | \$ Forgiven | *\$ Service Released | Authority |
|----------------------------|-------------------|----------------------|------------------------------|
| Multifamily Rental | \$ - | \$ - | |
| Rehabilitation 1 - 4 Units | \$ 156,008 | \$ 33,651 | Forgivness Per terms of loan |
| Mobile Home Loans | \$ 20,831 | \$ - | CEO Approval |
| First Time Homebuyer | \$ 306,981 | \$ - | Per Terms of Program |
| Affordable For-Sale | \$ 136,308 | \$ - | Per terms of loan |
| TOTAL | \$ 620,128 | \$ 33,651 | |

*Service Released loans are a result of default activity, i.e., bankruptcy, foreclosure or short sale.

6. DEFAULTS

Defaults include all Housing Commission loans that are delinquent 30 days or more, and loans for which the senior lien holder has filed a Notice of Default. Historically the vast majority of borrowers are able to cure the default and remain in their home. The loans currently in default represent 0.07 percent of the Housing Commission total loan portfolio balance. As of December 31, 2016, the loans in default are as follows:

| FY17 Q2 | # in Default | \$ in Default | Default Ratio | Default w/ SDHC | Default w/ Senior Lien |
|-----------------------------|--------------|-------------------|---------------|--------------------|---------------------------|
| Multifamily Rental | 0 | \$ - | 0.00% | | |
| Rehabilitation 1 - 4 Units | 3 | \$ 84,824 | 0.57% | 1 | 2 |
| First-Time Homebuyer | 4 | \$ 151,194 | 0.29% | 1 | 3 |
| Affordable For-Sale Housing | 0 | \$ - | 0.00% | | |
| TOTAL | 7 | \$ 236,018 | 0.07% | 2 | 5 |

7. DISPOSITION OF FORECLOSED PROPERTIES

During the second quarter of Fiscal Year 2017, two loans previously in foreclosure were reinstated and the Notice of Defaults rescinded.

Respectfully submitted,

Carrie Tapia

Carrie Tapia
First-Time Homebuyer Program Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
Real Estate Division

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the “Public Meetings” section of the San Diego Housing Commission website at www.sdhc.org