



## EXECUTIVE SUMMARY

**DATE ISSUED:** April 28, 2010

**REPORT NO:** HCR 10-072

**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of May 14, 2010

**SUBJECT:** Application for State of California CalHome Program Funds (Citywide)

### **SUMMARY:**

The California Department of Housing and Community Development (HCD) is responsible for administering the CalHome Program in support of homeownership and makes grants to experienced local public agencies and nonprofit corporations to assist individual households. The Housing Commission has received a total of four awards from HCD totaling \$3.5 million. The CalHome money has been used to fund shared appreciation and three percent interest deferred payment second trust deed loans.

On April 19, 2010, HCD issued a Notice of Funding Availability (NOFA) for first time homebuyer mortgage assistance or owner-occupied rehabilitation. The maximum application amount is \$1.5 million. If successful, it is anticipated HCD will issue a letter of commitment in August 2010, with funds available to eligible buyers around September 2010. The CalHome Program guidelines allow the applicant to design a loan program that will be affective in their individual jurisdiction. Based on the requirements of the Proposition 1C funds, not more than \$60,000 of CalHome funds may be used per home. Over the past couple of years, the average first time homebuyer loan funded by the Housing Commission was \$39,732. The infusion of \$1.5 million in first time homebuyer program funds will benefit about 35 low income families. The maximum income is capped at 80 percent of area median income (\$66,100 for a family of four) pursuant to the CalHome regulations.

### **STAFF RECOMMENDATION:**

That the San Diego Housing Commission recommend final Housing Authority approval to:

1. Submit an application to HCD for \$1.5 million in CalHome Program funds;
2. Authorize the President and Chief Executive Officer, or designee, to execute all necessary documents, to receive the funds for homeownership; and
3. Amend the Fiscal Year 2011 Homeownership Loan and Grant Budget to include the CalHome funds, if awarded.

### **FISCAL CONSIDERATIONS:**

An award of CalHome funds would increase the Fiscal Year 2011 Homeownership Loans and Grants budget by \$1.5 million if the Housing Commission's application is approved, including approximately \$70,000 for administration.

**REPORT CONTACT:** Vicki Monce (619) 578-7491



## REPORT

**DATE ISSUED:** April 28, 2010

**REPORT NO:** HCR 10-072

**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of May 14, 2010

**SUBJECT:** Application for State of California CalHome Program Funds (Citywide)

**REQUESTED ACTION:**

Recommend Housing Commission and Housing Authority approval to apply to the California Department of Housing and Community Development (HCD) for up to \$1.5 million in funding from the CalHome Program in support of homeownership.

**STAFF RECOMMENDATION:**

That the San Diego Housing Commission recommend final Housing Authority approval to:

1. Submit an application to HCD for \$1.5 million in CalHome Program funds;
2. Authorize the President and Chief Executive Officer, or designee, to execute all necessary documents, to receive the funds for homeownership; and
3. Amend the Fiscal Year 2011 Homeownership Loan and Grant Budget to include the CalHome funds, if awarded.

**SUMMARY:**

The HCD is responsible for administering the CalHome Program in support of homeownership and makes grants to experienced local public agencies and nonprofit corporations to assist individual households. The program goal is to enable households earning no more than 80 percent of area median income (AMI) to become homeowners.

The Housing Commission has received a total of four awards from HCD totaling \$3.5 million. The CalHome money has been used to fund shared appreciation and three percent interest deferred payment second trust deed loans. All previous awards of the CalHome funds have been spent resulting in 66 families able to realize their dream of homeownership.

On April 19, 2010, HCD issued a Notice of Funding Availability (NOFA) in the amount of \$50 million for first time homebuyer mortgage assistance or owner-occupied rehabilitation. The funds are provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. Applications under this NOFA are due to HCD on June 25, 2010. The maximum application amount for a city expected to have a high demand for assistance as evidenced by a population in excess of 400,000 is \$1.5 million. The Proposition 1C funds prohibit any of the funds to be used to pay an administrative fee to the grantee. HCD will allow the Housing Commission to charge a loan processing activity delivery fee that is equal to the amount normally and customarily charged in relation to similar loans by other lenders. Based on a survey of other lenders offering second trust deed loans, the average processing fee was \$2,000 per loan. If successful, it is anticipated HCD will issue a letter of commitment in August 2010, with funds available to eligible buyers around September 2010.

The CalHome Program guidelines allow the applicant to design a loan program, with some limits, that will be effective in their individual jurisdiction. Based on the requirements of the Proposition 1C funds to encourage leveraging of other funds and to serve the highest possible number of eligible households, not more than \$60,000 of CalHome funds may be used per home. Over the past couple of years, the average first time homebuyer loan funded by the Housing Commission was \$39,732.

The infusion of \$1.5 million in first time homebuyer program funds will benefit about 35 low income (\$66,100 for a family of four at 80 percent AMI) families. Considering the modest cost of program application and administration, it is recommended that the Housing Commission proceed with the application on behalf of the City of San Diego. If the CalHome funds are awarded to the City of San Diego it is further recommended the Fiscal Year 2011 Homeownership Loans and Grants budget be amended to include the funds.

**FISCAL CONSIDERATIONS:**

An award of CalHome funds would increase the Fiscal Year 2011 Homeownership Loans and Grants budget by \$1.5 million if the Housing Commission's application is approved, including approximately \$70,000 for administration.

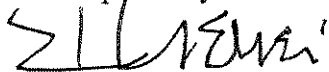
**PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

On March 23, 2007, September 9, 2003 and January 30, 2001, the Housing Authority authorized an application to HCD for CalHome Program funds.

**ENVIRONMENTAL REVIEW:**

This activity is not a project within the meaning of California Environmental Quality Act and is categorically exempt and/or excluded under the provisions of National Environmental Policy Act; see 24 CFR 58.35(a).

Respectfully submitted,



D. Lawrence Clemens  
Senior Vice President

Approved by,



Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer