



SAN DIEGO
HOUSING
COMMISSION

HOUSING AUTHORITY REPORT

DATE ISSUED: May 9, 2011

REPORT NO: HAR 11-030

ATTENTION: Members of the Housing Authority of the City of San Diego
For the Agenda of June 7, 2011

SUBJECT: Proposed Fiscal Year 2011 Budget Revision

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

That the Housing Authority of the City of San Diego ("Housing Authority") approve the revision to the Fiscal Year 2011 Budget to add \$396,731 in Inclusionary Housing Funds to Homeownership.

STAFF RECOMMENDATION:

That the Housing Authority approve a budget revision that will increase loans and grants for Homeownership from \$3,772,418 to \$4,169,149.

SUMMARY:

The San Diego Housing Commission ("Housing Commission") has operated a citywide First Time Homebuyer ("FTHB") Program since 1992. The FTHB Program was originally created as an eligible affordable housing activity under the new HOME Investment Partnership Program that was to benefit low-income families who earned 80 percent or below of the area median income ("AMI") (presently \$62,800 for a family of four). In July 2003, the Inclusionary Housing Ordinance came into existence creating an additional source of revenue from in-lieu fees paid by the developers. The Inclusionary funds assisted first time homebuyers earning up to 100 percent AMI (presently \$75,500 for a family of four). The FTHB Program provides eligible buyers financial assistance to help them purchase their first home. The assistance presently offered to prospective buyers is (1) a shared appreciation, deferred payment second trust deed loan up to 17 percent of the purchase price; and (2) closing cost assistance recoverable grants of up to four percent of the purchase price; not to exceed \$15,000 for buyers up to 80 percent AMI and \$10,000 for buyers earning over 80 percent AMI. Since the first loan was funded in 1993, approximately 1,616 homebuyers have received the Housing Commission's financial assistance.

The fiscal year 2011 homeownership loan and grant budget totaled \$3,772,418. The bulk of the funds (\$2,839,648) were from HOME for buyers earning up to 80 percent of AMI. The remaining balance of funds came from various sources that assisted buyers earning up to 120 percent AMI. All of the funds budgeted for fiscal year 2011 have been expended or committed. Since July 1, 2010, 92 eligible homebuyers have purchased a home and 15 others are in escrow with funds reserved for their purchase.

This proposed \$396,731 homeownership budget revision will increase funds for loans and grants under the First Time Homebuyer Program. The funds are proposed for homeownership due to the current demand for funds and the infusion of an additional \$396,731 in Inclusionary Housing funds to the homeownership loans and grants budget will allow approximately ten more families to become first time homebuyers.

FISCAL CONSIDERATIONS:

The increase of \$396,731 into the fiscal year 2011 budget will increase loans and grants for homeownership from \$3,772,418 to \$4,169,149 (see Attachment).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This item was approved unanimously at the May 13, 2011 Housing Commission Board Meeting.

ENVIRONMENTAL REVIEW:

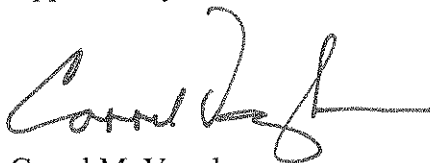
This activity is not a project within the meaning of the California Environmental Quality Act (CEQA) pursuant to Section 15060 (c)(3) of the State CEQA guidelines. Processing under the National Environmental Policy Act is not required since no federal funds are involved.

Respectfully submitted,



Vicki Monce
Loan Services Manager

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Attachment: Homeownership Budget Amendment

Hard copies are available for review during business hours in the main lobby 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 on the San Diego Housing Commission website at www.sdhc.org.

Attachment 1

BUDGET AMENDMENT

Homeownership (Org 347) <u>Loans and Grants</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
CalHome	\$ 10,169		
Condo Conversion/Density Bonus	\$ 62,111		
Discretionary	\$ 53,766		
HOME	\$2,839,648		
Inclusionary Housing	\$ 200,000		
NSP Program Income	\$ 228,404		
Shea Homes	<u>\$ 378,320</u>		
Grand Total	\$3,772,418	\$4,169,149	\$396,731