



SAN DIEGO
HOUSING
COMMISSION

HOUSING AUTHORITY REPORT

DATE ISSUED: July 12, 2011

REPORT NO: HAR 11-038

ATTENTION: Members of the Housing Authority of the City of San Diego
For the Agenda of August 2, 2011

SUBJECT: Application for State of California CalHome Program Funds

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

That the Housing Authority of the City of San Diego ("Housing Authority") approve an application to the California Department of Housing and Community Development ("HCD") for up to \$1,500,000 in funding from the CalHome Program in support of homeownership.

STAFF RECOMMENDATION:

That the San Diego Housing Commission ("Housing Commission"):

1. Submit an application to HCD for \$1,500,000 in CalHome Program funds;
2. Authorize the President and Chief Executive Officer of the Housing Commission, or designee, to execute all necessary documents, to receive the funds for homeownership; and
3. Amend the Fiscal Year 2012 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 it 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 five awards from HCD totaling \$5,000,000. The CalHome proceeds have been used to fund shared appreciation and three percent interest deferred payment second trust deed loans. Previous awards of CalHome funds have resulted in 66 families becoming home-owners.

On July 8, 2011, HCD notified agencies that a Notice of Funding Availability ("NOFA") for first time homebuyer mortgage assistance or owner-occupied rehabilitation was expected to be issued within a few days and that applications would be due on September 8, 2011. As of this date, the NOFA has not been issued; however, approval to submit this application is being requested so that the City's application can be submitted without delay. The funds are provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. The maximum application amount for a City that is expected to have a high demand for assistance (as evidenced by a population in excess of 400,000) is \$1,500,000. 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 for similar loans by other lenders.

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Based on a survey of other lenders offering second trust deed loans, the average processing fee was \$2,500 per loan. If successful, it is anticipated HCD will issue a letter of commitment in November 2011, with funds available to eligible buyers around January 2012.

The CalHome Program guidelines allow the applicant to design a loan program, with some limits, that will be effective in the 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 years, the average first time homebuyer loan funded by the Housing Commission was \$39,732.

The infusion of \$1,500,000 in first time homebuyer program funds will benefit approximately 35 low income (\$65,900 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 2012 Homeownership Loans and Grants budget be amended to include the funds.

FISCAL CONSIDERATIONS:

An award of CalHome funds would increase the Fiscal Year 2012 Homeownership Loans and Grants budget by \$1,500,000 if the Housing Commission's application is approved, including approximately \$87,500 for administration.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On June 15, 2010, 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 no processing is required pursuant to the National Environmental Policy Act.

Respectfully submitted,



Vicki Monce
Loan Services Manager

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

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.