SAN DIEGO HOUSING COMMISSION
SDHC

HOUSING AUTHORITY REPORT

DATE ISSUED: October 10, 2011 **REPORT NO:** HAR 11-041

ATTENTION: Members of the Housing Authority of the City of San Diego
For the Agenda of November 15, 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") reaffirm and ratify the previous approval to apply 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. Be authorized to 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 and to perform all acts necessary to implement the approval and, 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:
On August 2, 2011, the Housing Authority approved the submission of an application to HCD for up to $1,500,000 in funding from the CalHome Program for the Housing Commission's First Time Homebuyer Program. Originally the Notice of Funding Availability ("NOFA") was to be issued in July, 2011. Additional changes were made to the program guidelines and the NOFA was not issued as scheduled. The NOFA was finally published on October 3, 2011 with applications due by December 7, 2011. Pursuant to the CalHome Program requirements, a Resolution by the Governing Board must be included in the application package. The Resolution must include the date the NOFA was issued, and the authorization to apply for CalHome funds must be approved after the release of the NOFA.

Therefore, Housing Commission staff is requesting the Housing Authority authorize the submission of the Housing Commission's application to HCD for $1,500,000 in CalHome Program funds pursuant to the NOFA issued October 3, 2011, and amendment of the Fiscal Year 2012 Homeownership Loan and Grant Budget to include the award of CalHome funds.

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

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
On August 2, 2011, the Housing Authority authorized an application to HCD for CalHome Program funds.

ENVIORNMENTAL REVIEW:
This activity is not subject to the State of 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 as no federal funds are involved.

Respectfully submitted,

Vicki Monce
Loan Services Manager

Approved by,

Deborah Ruane
Senior Vice President
Real Estate Depatment

Attachment: Housing Authority Report HAR 11-038

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.

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.

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.

ENVIORNMENTAL 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

Vicki Monce
Loan Services Manager

Approved by,

Carrol Vaughan

Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

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