



SAN DIEGO
HOUSING
COMMISSION

“We’re About People”

COMM22 For-Sale Housing First-Time Homebuyer Assistance May 6, 2016

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COMM22 For-Sale Housing Staff Recommendations

- 1) Approve Housing Commission first-time homebuyer assistance for 11 homebuyers in the form of 3 percent interest-deferred payment loans of up to \$70,000 per loan with a total project investment not to exceed \$770,000;
- 2) Approve a funding commitment of up to \$770,000 in U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program funds, awarded to the City of San Diego and administered by SDHC;
- 3) Approve a minimum buyer cash investment of \$3,000 per unit to be used toward closing costs;



COMM22 For-Sale Housing Staff Recommendations (Continued)

- 4) Authorize the President and Chief Executive Officer, or designee, to reinvest original principal balance loan proceeds, upon future sale of any given unit, pursuant to report HCR16-038 and SDHC First-Time Homebuyer Program guidelines in effect at the time of sale;
- 5) Authorize the President & CEO, or designee, to:
 - Execute any and all documents;
 - Implement the approvals upon advice of General Counsel; and
 - Substitute approved funding sources with any other available funds as deemed appropriate.





COMM22 For-Sale Housing Proposed Construction

- Proposed 11-unit new construction affordable for-sale urban infill development
- Located on the corner of Commercial Street and Harrison Avenue, in Council District 8
- Part of multi-phase plan to construct transit-oriented mixed-use development near the 25th & Commercial Street Station of the San Diego Trolley
- Located adjacent to SDHC partnership affordable housing developments:
 - Paseo at COMM22 – 128 affordable multifamily rental units for families and two manager units
 - Victoria at COMM22 – 69 affordable multifamily rental units for seniors and one manager unit



COMM22 For-Sale Housing Proposed Construction (Continued)

- Available for families earning up to 80% of the Area Median Income (AMI)
- 11 Townhomes composed of:
 - Three 1,248 sq. ft., 3 bedroom, 2 ½ bathroom units
 - Five 1,292 sq. ft., 3 bedroom, 2 ½ bathroom units
 - Three 1,360 sq. ft., 4 bedroom, 2 1/2 bathroom units (one compliant with Americans with Disabilities Act)
- Private outdoor space, garage, and energy-efficient features such as Energy Star appliances, low-flow plumbing fixtures, and drought-tolerant landscape



COMM22 For-Sale Housing Commercial Street and Harrison Avenue



COMM22 For-Sale Housing Artist's Renderings – Site Plan



COMM22 For-Sale Housing

Artist's Renderings (Continued) – Site Elevations



- Material Legend**
1. STUCCO FINISH
 2. HARDIES SIDING
 3. METAL ROOFING
 4. STONE VENEER
 5. HORIZONTAL HARDIES SIDING





COMM22 For-Sale Housing Habitat for Humanity International

- Founded in 1976
- Nonprofit housing organization
- 1,500 U.S. affiliates
- Working in more than 70 countries
- Built or repaired more than 1 million homes worldwide
- More than 6.8 Million people served worldwide
- Help from more than 2 million volunteers annually





COMM22 For-Sale Housing

San Diego Habitat for Humanity

- Founded in 1988
- Built, rehabilitated, or repaired 285 homes in San Diego County
- Served 1,000 adults and children
- Help from more than 175,000 volunteers
- 25 years is the average occupancy of a Habitat for Humanity home
- San Diego Habitat For Humanity has never had a default on a Habitat for Humanity home



COMM22 For-Sale Housing San Diego Habitat for Humanity (Continued)

- Project funding:
 - Donations
 - Loan repayments
 - Proceeds from Habitat for Humanity's discount home improvement center, the "ReStore"
- Building the Homes:
 - General Contractor, San Diego Habitat for Humanity
 - "Sweat equity" contribution from partner families
 - Help from more than 5,000 volunteers annually





COMM22 For-Sale Housing Partner Families

- Earn an annual household income between 50% and 80% of Area Median Income
- Able to pay an affordable monthly mortgage
- Show a demonstrated need for improved housing
- Willing to partner with Habitat for Humanity and commit to contribute 250 hours per adult borrower in “sweat equity”
 - “Sweat Equity” is the family’s contribution of labor in the construction of their future home
- Able to contribute a minimum cash investment of \$3,000





COMM22 For-Sale Housing Partner Family Financing

- Upon completion, the units will be sold at fair market value, estimated to range from \$310,000 - \$325,000
- San Diego Habitat for Humanity finances the first mortgage at 0% interest
 - Supportable mortgage not to exceed 33% of household income
- \$15,000 forgivable loan through the Workforce Initiative Subsidy for Homeownership (WISH) Program
 - Funded by the Federal Home Loan Bank
 - Forgivable over 5 years
- SDHC Deferred-payment loan up to \$70,000
- If needed, additional subordinate deferred loan from San Diego Habitat for Humanity





COMM22 For-Sale Housing SDHC Financing Terms

- Up to \$70,000 per borrower
- 3% simple interest
- 30-year term
- Fully deferred; no payments required until the unit is sold, non-owner occupied or at the end of the 30-year term
- Application will receive a full underwriting and eligibility review by staff
- Principal repayments of up to \$70,000 per unit will be reinvested to future borrowers



COMM22 For-Sale Housing Partner Family Financing Model

	3 Bedroom			4 Bedroom		
Income Assumptions						
*Income Level	60%	65%	70%	60%	65%	70%
Assumed Family Size	4	4	4	5	5	5
2015 Median Income (HUD)	\$ 48,600	\$ 52,650	\$ 56,700	\$ 52,500	\$ 56,850	\$ 61,250
Income Allocation to Housing	33%	33%	33%	33%	33%	33%
Amount Available for Housing Annually	\$ 16,038	\$ 17,375	\$ 18,711	\$ 17,325	\$ 18,761	\$ 20,213
Amount Available for Housing Monthly	\$ 1,337	\$ 1,448	\$ 1,559	\$ 1,444	\$ 1,564	\$ 1,685
Monthly Payment Assumptions						
Annual HOA	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225
Annual Homeowners Insurance	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Annual Utilities	\$ 205	\$ 205	\$ 205	\$ 261	\$ 261	\$ 261
Annual Taxes	\$ 250	\$ 250	\$ 250	\$ 266	\$ 266	\$ 266
First Mortgage	\$ 612	\$ 723	\$ 834	\$ 647	\$ 767	\$ 888
Total Monthly Payment	\$ 1,337	\$ 1,448	\$ 1,559	\$ 1,444	\$ 1,564	\$ 1,685
**Supportable Mortgage (0% interest)	\$ 220,140	\$ 260,235	\$ 300,330	\$ 232,950	\$ 276,015	\$ 319,575
Financing Assumptions						
Estimate FMV (Sales Price)	\$ 310,000	\$ 310,000	\$ 310,000	\$ 325,000	\$ 325,000	\$ 325,000
1st Mortgage @ 0% for 30 year (SDHFH Financed)	\$ 220,140	\$ 260,235	\$ 295,000	\$ 232,950	\$ 276,015	\$ 310,000
***Down Payment Assistance (WISH Program)	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
SDHC Deferred Loan	\$ 70,000	\$ 34,765	\$ -	\$ 70,000	\$ 33,985	\$ -
Gap - Silent Mortgage financed by SDHFH	\$ 4,860	\$ -	\$ -	\$ 7,050	\$ -	\$ -

*Units can be sold to families earning 50% - 80% AMI; 60% AMI is the average used in SDHFH proforma

**Supportable mortgage not to exceed 33% of gross monthly income

***WISH is from the Federal Home Loan Bank and is forgivable over 5 years



COMM22 For-Sale Housing Proposed Mortgage Payment vs. Fair Market Rent Comparison

	3 Bedroom			4 Bedroom		
<u>Income Assumptions</u>						
Income Level	60%	65%	70%	60%	65%	70%
Assumed Family Size	4	4	4	5	5	5
2015 Median Income (HUD)	\$ 48,600	\$ 52,650	\$ 56,700	\$ 52,500	\$ 56,850	\$ 61,250
<u>Monthly Payment Assumptions</u>						
Annual HOA	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225
Annual Homeowners Insurance	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Annual Utilities	\$ 205	\$ 205	\$ 205	\$ 261	\$ 261	\$ 261
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First Mortgage	\$ 612	\$ 723	\$ 834	\$ 647	\$ 767	\$ 888
Total Monthly Payment	\$ 1,337	\$ 1,448	\$ 1,559	\$ 1,444	\$ 1,564	\$ 1,685
HUD 2015 Fair Market Rents	\$ 2,021	\$ 2,021	\$ 2,021	\$ 2,462	\$ 2,462	\$ 2,462
Difference between Payment and FMR	(\$684)	(\$573)	(\$462)	(\$1,018)	(\$898)	(\$777)



COMM22 For-Sale Housing Construction Schedule

- Built in three phases
- Construction scheduled to begin:
 - September 2016 – 4 units
 - October 2017 – 4 units
 - July 2018 – 3 units
- SDHC financing allocated at the end of each phase scheduled to be completed in fiscal years 2018 and 2019:

	3 Bedroom Units		4 Bedroom Units		*Total	
November 2017 (FY18)	3	\$ 210,000	1	\$ 70,000	4	\$ 280,000
August 2018 (FY19)	3	\$ 210,000	1	\$ 70,000	4	\$ 280,000
March 2019 (FY19)	2	\$ 140,000	1	\$ 70,000	3	\$ 210,000
	8 Units	\$ 560,000	3 Units	\$ 210,000	11 Units	\$ 770,000

**Based on maximum \$70,000 for each of the 11 units*



COMM22 For-Sale Housing

Questions & Comments

