



SAN DIEGO
HOUSING
COMMISSION

INFORMATIONAL REPORT

DATE ISSUED: June 7, 2023

REPORT NO: HCR23-074

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 15, 2023

SUBJECT: San Diego Housing Commission First-Time Homebuyer Pilot Program for
Middle-Income, Black, Indigenous, People of Color (BIPOC) Households

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The San Diego Housing Commission (Housing Commission) administers the first-time homebuyer and affordable for-sale housing programs for the City of San Diego and is a member of the San Diego Homeownership Equity Collaborative's (Collaborative) Executive Committee. The San Diego City-County Reinvestment Task Force (RTF) is also a member of the Collaborative's Executive Committee and leads the Collaborative's strategies throughout the San Diego region.

With funding from a Wells Fargo Foundation Wealth Opportunities Realized Through Homeownership (WORTH) grant and a National Fair Housing Alliance grant, the Housing Commission has created a new pilot program to assist middle-income, Black, Indigenous, People of Color (BIPOC) first-time homebuyers with income up to 150% of San Diego's Area Median Income (AMI), or \$175,200 per year for a family of four.

This new pilot program continues efforts to increase homeownership opportunities for households of color throughout San Diego. Homeownership rates for many households of color are significantly lower than other racial groups. For example, an Urban Institute study of City of San Diego households confirmed homeownership rates of 29.1% among Black households and 35.2% among Latino households, compared with 54.8% among White households. The study was commissioned by the Housing Commission. According to the Urban Institute study, Latino households represented 19.1% of all households in San Diego, but only 13.6% of all homeowner households. Black households accounted for 6.1% of all San Diego households, but only 3.6% of all homeowner households in the City of San Diego.,

The July 14, 2022, Urban Institute research report, "San Diego's First-Time Homebuyer Program: Exploring the Feasibility of Increasing Opportunities for Middle-Income and Black Homebuyers," the Federal Financial Institutions Examination Council of Home Mortgage Disclosure Act data, and New York University's Housing Solutions Lab provide statistical data indicating racial discrimination against BIPOC individuals has adversely affected their household wealth and rates of homeownership in San Diego County.

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PROGRAM OVERVIEW

The First-Time Homebuyer Pilot Program for middle-income BIPOC households (BIPOC Program) has been developed to help address longstanding and significant disparities in homeownership rates among certain populations and communities in San Diego County. The Housing Commission's existing Single-Family Housing Finance Department in the Real Estate Division, which administers existing first-time homebuyer programs for households with low income, will also administer the new BIPOC Program.

It will be incorporated as an additional product offering within the Commission's existing First-Time Homebuyer Program which helps eligible low- and moderate-income families buy their first home in the City of or County of San Diego and will be administered by the Commission's Real Estate Division, Single-family Housing Finance Department. The BIPOC Program will meet a need to serve middle-income homebuyers in the City of San Diego and will utilize the same processes as the existing First-Time Homebuyer Program in terms of the submission of applications to the Housing Commission from its partner lenders/loan officers on behalf of the homebuyers. Applicants will be required to self-certify that they are BIPOC households to establish their program eligibility.

The BIPOC Program will offer two types of financial assistance:

- \$40,000 total assistance, consisting of a \$20,000 deferred, down-payment assistance loan and a \$20,000 closing cost assistance grant; or
- \$20,000 total assistance as a grant toward the down payment and/or closing costs.

Under the terms of some private sources of funding, BIPOC first-time homebuyers earning 80% to 150% of AMI who are buying a home in San Diego County are eligible to apply for the BIPOC Program. Funds can be used for the following purpose(s):

- Down payment;
- Closing costs;
- Interest rate buydown; and
- Any other fees associated with escrow and closing as approved by the Commission

The following chart depicts the minimum/maximum income limits and maximum sales price:

Minimum / Maximum Income Limits

Effective May 2023 (until updated by the U.S. Department of Housing and Urban Development)

Household Size	Minimum Income 80% AMI	Maximum Income 150% AMI
1	\$77,200	\$122,650
2	\$88,200	\$140,150
3	\$99,250	\$157,700
4	\$110,250	\$175,200
5	\$119,100	\$189,200
6	\$127,900	\$203,250

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7	\$136,750	\$217,250
8	\$145,550	\$231,250

Maximum Sales Price

\$1,250,000

Franklin M. Lee, a partner of Tydings & Rosenberg LLP was retained to provide advice and counsel regarding the design, development and implementation of effective economic inclusion policies and BIPOC initiatives. Mr. Lee is one of the country's leading authorities on socio-economic policies that promote the use of underserved businesses in government agencies. He has advised numerous government entities regarding linked deposit policies for financial institutions, formation and oversight of multijurisdictional disparity study consortiums, disparity study oversight and independent peer review, and procedures for post-study economic inclusion policy deliberation and innovative public-private partnership initiatives that serve economic inclusion and economic development objectives. His expertise and advice guided the program design, development and implementation.

The BIPOC Program will be reviewed after the initial six months of implementation to identify successes, challenges, lessons learned and potential program improvements. Program adjustments will be made as necessary, and reports will be provided in accordance with the grant agreement. A combined total of \$2 million in WORTH grant funds and National Fair Housing Alliance grant funds will be allocated to homebuyer financial assistance programs (loans and grants) over a three-year period.

The Wells Fargo Foundation awarded a \$7.5 million, multiyear grant to the Housing Commission, on behalf of the Collaborative, in 2022 to help create 5,000 new homeowners of color in San Diego County by the end of 2025. Nationally, WORTH aims to help create 40,000 new homeowners of color by the end of 2025.

The WORTH initiative is a \$60 million national effort to address systemic barriers to homeownership for people of color. San Diego is one of eight markets across the U.S. to receive a WORTH grant. The grant provides funds for programs that help households of color prepare for homeownership and/or purchase a home. These activities include debt reduction, credit counseling, mentors, homeownership navigators and community educators, as well as down payment or closing cost assistance grants and loans.

The focus in the initial grant year has included developing a technical implementation plan and finalizing the BIPOC Program.

The Collaborative consists of 16 organizations. The Collaborative's Executive Committee comprises the Housing Commission, the City-County Reinvestment Task Force, Local Initiatives Support Corporation (LISC), Logan Heights Community Development Corporation, MAAC Project, National Association of Hispanic Real Estate Professionals (NAHREP), National Association of Real Estate Brokers (NAREB), San Diego Housing Federation, and San Diego Urban League.

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EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

The Housing Commission will continue to ensure the BIPOC First-Time Homebuyer Pilot Program is implemented equitably and in accordance with WORTH Grant and National Fair Housing Alliance Grant guidelines.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to the Vision, Purpose and SDHC's commitment to Equity and Inclusivity in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024. Vision: Everyone in the City of San Diego has a home they can afford. Purpose: Help individuals, families and the San Diego community thrive. Equity and Inclusivity: At the Housing Commission, we are about people. The Housing Commission embraces diverse approaches and points of view to improve our programs, projects and policies. We believe in delivering programs and services in innovative and inclusive ways. We are committed to advancing equity and inclusion both internally and externally.

COMMUNITY ENGAGEMENT/OUTREACH

To prepare for the Wells Fargo grant application, 20 focus group and one-on one interviews with potential BIPOC homebuyers, realtors, lenders and other residential real estate and down-payment assistance professionals were conducted.

An outreach plan has been developed that will individualize communications specifically for each racial and ethnic group that falls within the BIPOC definition parameters, with an emphasis placed on groups with the lowest homeownership rates. Outreach activities will include, but are not limited to, workshops, flyers, website postings, social media posts, and in-person and virtual presentations.

Existing business relationships with the Housing Commission's participating lenders will be leveraged for outreach communications; these partners will be included in the development of targeted and effective messaging campaigns.

Outreach efforts will include mentioning various ways borrowers may utilize this BIPOC Program, including options for down payment loans and/or closing cost grants.

Respectfully submitted,

Approved by,



Debra Fischle-Faulk
Senior Vice President, Compliance and
Equity Assurance
San Diego Housing Commission

Jeff Davis
Interim President and Chief Executive Officer
San Diego Housing Commission

Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.