

**EXECUTIVE SUMMARY****DATE ISSUED:** December 30, 2009**REPORT NO:** HCR 10-011**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of January 15, 2010**SUBJECT:** Offer to Purchase 3634 Polk Avenue (Council District 3)**SUMMARY:**

In August 2009, the Housing Authority approved a revision to the NSP guidelines to allow the Housing Commission to purchase single family dwellings or condominium units that have been abandoned or foreclosed in order to resell the homes to eligible low and moderate income first time homebuyers. On December 11, 2009, the Housing Commission acquired the home at 3634 Polk Avenue. The Commission's purchase price was \$188,659 with closing costs of \$2,261. The home was offered for sale to all buyers preapproved under the Housing Commission's NSP guidelines at \$190,920; which was the Housing Commission's acquisition price, plus closing costs. D. Huyhn has submitted an Offer to Purchase 3634 Polk Avenue at the asking price. The Housing Commission accepted the offer pending approval by the Board and Housing Authority.

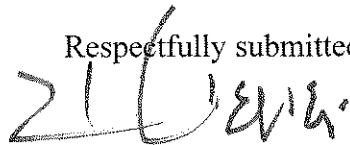
The total NSP funds to be expended on 3634 Polk Avenue are estimated to be \$246,316 including the cost of rehabilitation. The Housing Commission should recover an estimated \$177,556 from the sale of the property that will become NSP income funds. NSP regulations allow the recipient five years to reuse the program income on eligible activities.

**STAFF RECOMMENDATION:**

That the San Diego Housing Commission recommend final Housing Authority approval to:

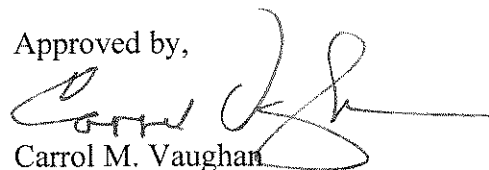
1. Accept the \$190,920 offer to purchase the property at 3634 Polk Avenue as submitted by D. Huyhn under the City's Neighborhood Stabilization Program (NSP); and
2. Authorize the President and Chief Executive Officer, or designee, to execute any and all documents and receive the sale proceeds.

Respectfully submitted,



D. Lawrence Clemens  
Senior Vice President

Approved by,



Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

**REPORT****DATE ISSUED:** December 30, 2009**REPORT NO:** HCR 10-011**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of January 15, 2010**SUBJECT:** Offer to Purchase 3634 Polk Avenue (Council District 3)**REQUESTED ACTION:**

Recommend Housing Commission and Housing Authority acceptance of the \$190,920 offer to purchase the property located at 3634 Polk Avenue.

**STAFF RECOMMENDATION:**

That the San Diego Housing Commission recommend final Housing Authority approval to:

1. Accept the \$190,920 offer to purchase the property at 3634 Polk Avenue as submitted by D. Huyhn under the City's Neighborhood Stabilization Program (NSP); and
2. Authorize the President and Chief Executive Officer, or designee, to execute any and all documents and receive the sale proceeds.

**BACKGROUND:**

In August 2009, the Housing Authority approved a revision to the NSP guidelines to allow the Housing Commission to purchase single family dwellings or condominium units that have been abandoned or foreclosed in order to resell the homes to eligible low and moderate income first time homebuyers. On December 11, 2009, the Housing Commission acquired the home at 3634 Polk Avenue. The Commission's purchase price was \$188,659 with closing costs of \$2,261. Based on an "as is" appraisal of the property completed on November 30, 2009, the estimated market value is \$230,000.

The subject property, located at 3634 Polk Avenue, is located in the City Heights area of San Diego (see Location Map). This single family dwelling was built in 1927 and has two bedrooms and two baths. The home has 958 square feet and considered to be in average condition. There is no garage; the only parking available is on the street.

On December 11, 2009 letters and fliers describing 3634 Polk Avenue were sent to all prequalified NSP buyers. The home was offered for sale in its "as-is" condition at \$190,920; which was the Housing Commission's acquisition price, plus closing costs. Only one letter of interest was received from an eligible buyer. The proposed buyer, D. Huyhn, has submitted an Offer to Purchase 3634 Polk Avenue for \$190,920. The Housing Commission made a counter offer accepting the offer subject to Board and Housing Authority approval.

The buyer is required to have a minimum down payment from their personal funds of three percent. The Housing Commission will fund a second position loan for 17 percent of the purchase price pursuant to the Commission's approved NSP First Time Homebuyer guidelines. In addition, the buyers are eligible for a recoverable grant up to three percent of the purchase price to pay their closing costs. The Housing Commission has completed a detailed write-up summarizing the rehabilitation work to be completed at 3634 Polk Avenue. The estimated cost to complete the improvements is \$17,212. The rehab loan will fund

concurrently with the acquisition loan. The buyer will remain at the current residence until the work has been completed. Since the buyers will be responsible to pay the mortgage payments and other costs associated with the ownership of a home, the rental expenses charged to the buyers will be included in the rehab loan. The rental expenses are estimated to be \$1,200 and are included in the total rehab costs of \$17,212. The total NSP funds to be expended on 3634 Polk Avenue are estimated to be \$242,969.

Housing Commission purchase	\$188,659
Closing costs to acquire	2,261
2 <sup>nd</sup> TD loan to buyer	32,456
Closing cost recoverable grant to buyer	5,728
Rehabilitation loan	<u>17,212</u>
<b>Total NSP Funds Expended</b>	<b>\$246,316</b>

The Housing Commission should recover an estimated \$177,556 from the sale of the property that will become NSP income funds. NSP regulations allow the recipient five years to reuse the program income on eligible activities.

Sales Price	\$190,920
Less:	
Costs to close escrow(2%)	3,818
Real estate commissions (5%)	<u>9,546</u>
<b>Estimated NSP Program Income</b>	<b>\$177,556</b>

**FISCAL CONSIDERATIONS:**

Sale of the property at 3634 Polk Avenue for \$190,920 would result in the expenditure of \$246,316 in NSP funds and the recovery of \$177,556 as NSP income funds.


**ENVIRONMENTAL REVIEW:**

This activity is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15060©(3) of the state CEQA guidelines (the activity is not a project as defined in Section 15378). The project is categorically excluded from review under the National Environmental Protection Act pursuant to Section 58.35(b)(5).

Respectfully submitted,

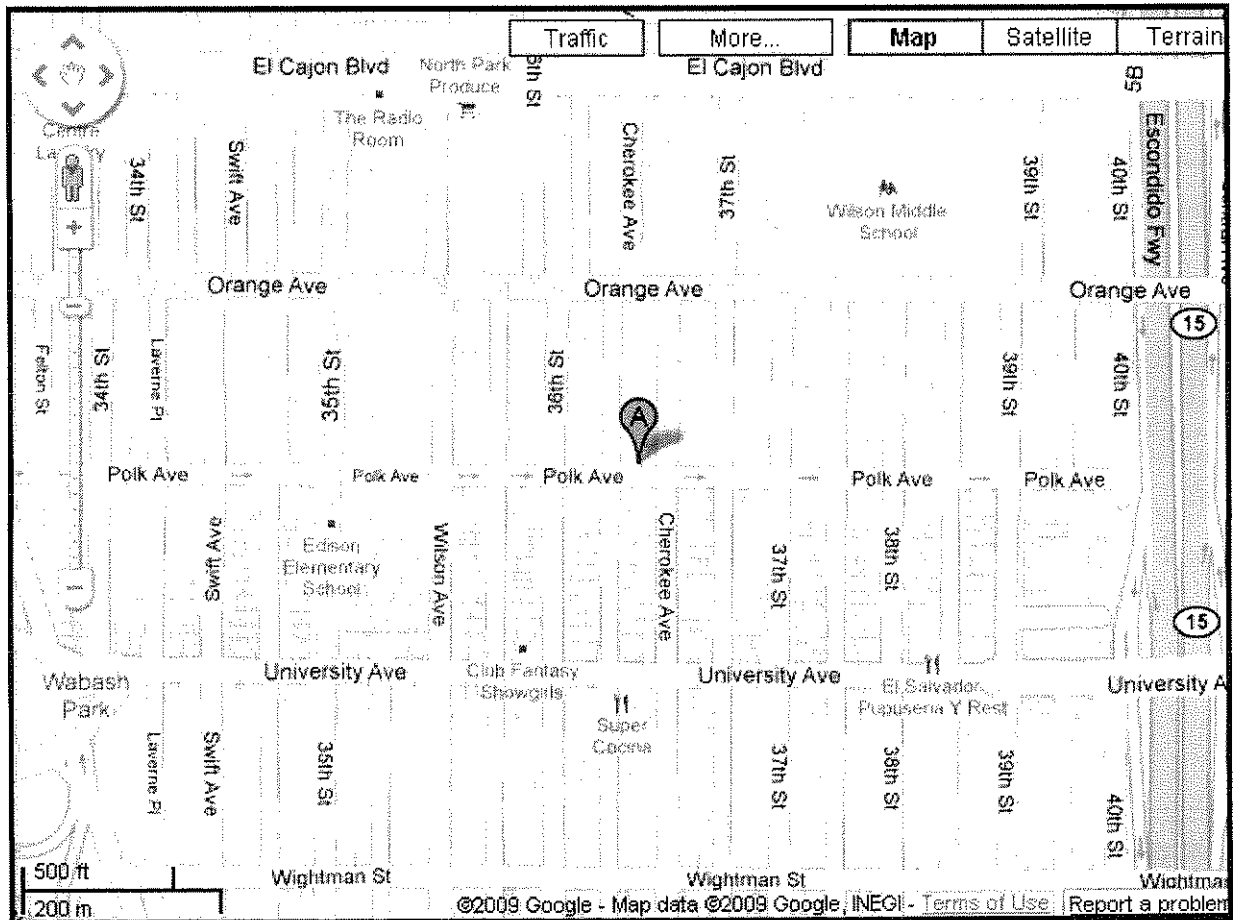
  
D. Lawrence Clemens  
Senior Vice President

Approved by,


  
Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

Attachment 1

**Location Map:**



**Address:**

 **3634 Polk Ave**  
San Diego, CA 92104