

EXECUTIVE SUMMARY**DATE ISSUED:** December 30, 2009**REPORT NO:** HCR 10-012**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of January 15, 2010**SUBJECT:** Offer to Purchase 321 Los Soneto Drive (Council District 4)**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 4, 2009, the Housing Commission acquired its first properties under the NSP; the home on Los Soneto Drive is one of the properties recently purchased. The Commission's purchase price was \$145,000 with closing costs of \$2,250. The home was offered for sale to all buyers preapproved under the Housing Commission's NSP guidelines at \$147,250; which was the Housing Commission's acquisition price, plus closing costs. R. Martinez and A. Chavez submitted an Offer to Purchase 321 Los Soneto Drive at the asking price. The Housing Commission accepted the offer pending approval by the Board and Housing Authority.

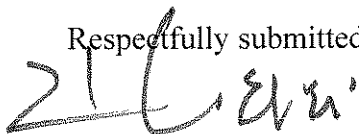
The total NSP funds to be expended on 321 Los Soneto Drive are estimated to be \$269,010 including the cost of rehabilitation. The Housing Commission should recover an estimated \$136,943 from the sale of the property that will become NSP income funds. NSP regulations allow the recipient five years to reuse the program income on eligible activities.

STAFF RECOMMENDATION:

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

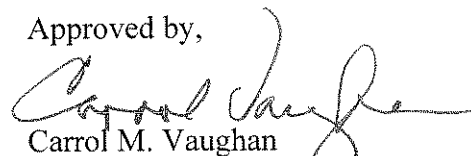
1. Accept the \$147,250 offer to purchase the property at 321 Los Soneto Drive as submitted by R. Martinez and A. Chavez under the City's Neighborhood Stabilization Program (NSP); and
2. Authorize the President and Chief Executive Officer, or designee, to execute any and all documents and receive the 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 10-012**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of January 15, 2010**SUBJECT:** Offer to Purchase 321 Los Soneto Drive (Council District 4)**REQUESTED ACTION:**

Recommend Housing Commission and Housing Authority acceptance of the \$147,250 offer to purchase the property located at 321 Los Soneto Drive.

STAFF RECOMMENDATION:

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

1. Accept the \$147,250 offer to purchase the property at 321 Los Soneto Drive as submitted by R. Martinez and A. Chavez 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 4, 2009, the Housing Commission acquired its first properties under the NSP; the home on Los Soneto Drive is one of the properties recently purchased. The Commission's purchase price was \$145,000 with closing costs of \$2,250. Based on an "as is" appraisal of the property completed on November 16, 2009, the estimated market value is \$158,000.

The subject property, located at 321 Los Soneto Drive, is located in the Skyline area of San Diego (see Location Map). This single family dwelling was built in 1960 and has three bedrooms and two baths. The home has 1,577 square feet. The garage has been converted to a permitted family room with a fireplace. The home is in poor condition and not habitable.

On November 30, 2009 letters and fliers describing 321 Los Soneto Drive were sent to all prequalified NSP buyers. The home was offered for sale in its "as-is" condition at \$147,250; which was the Housing Commission's acquisition price, plus closing costs. Under the NSP guidelines, if more than one buyer is interested in purchasing a home, a random drawing is held to select the buyer. Three letters of interest were received and through a drawing R. Martinez and A. Chavez were selected. The proposed buyers have submitted an Offer to Purchase 321 Los Soneto Drive for \$147,250. The Housing Commission made a counter offer accepting the offer subject to Board and Housing Authority approval.

The buyers are 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 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 321 Los Soneto Drive. The estimated cost to complete the improvements is \$92,311. The rehab loan will fund concurrently with the acquisition loan. Because the property is not habitable, the buyers will remain at their 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 buyer will be included in the rehab loan. The rental expenses are estimated to be \$1,200 and are included in the total rehab loan of \$92,311. The total N SP funds to be expended on 321 Los Soneto Drive are estimated to be \$269,010.

Housing Commission purchase	\$145,000
Closing costs to acquire	2,250
2 nd TD loan to buyers	25,032
Closing cost recoverable grant to buyers	4,417
Rehabilitation loan	<u>92,311</u>
Total NSP Funds Expended	\$269,010

The Housing Commission should recover an estimated \$136,943 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	\$147,250
Less:	
Costs to close escrow(2%)	2,945
Real estate commissions (5%)	<u>7,362</u>
Estimated NSP Program Income	\$136,943

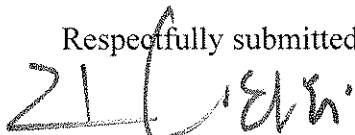
FISCAL CONSIDERATIONS:

Sale of the property at 321 Los Soneto Drive for \$147,250 would result in the expenditure of \$269,010 in NSP funds and the recovery of \$136,943 as NSP income funds.

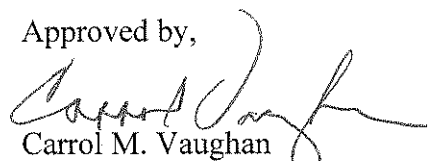
ENVIRONMENTAL REVIEW:

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,

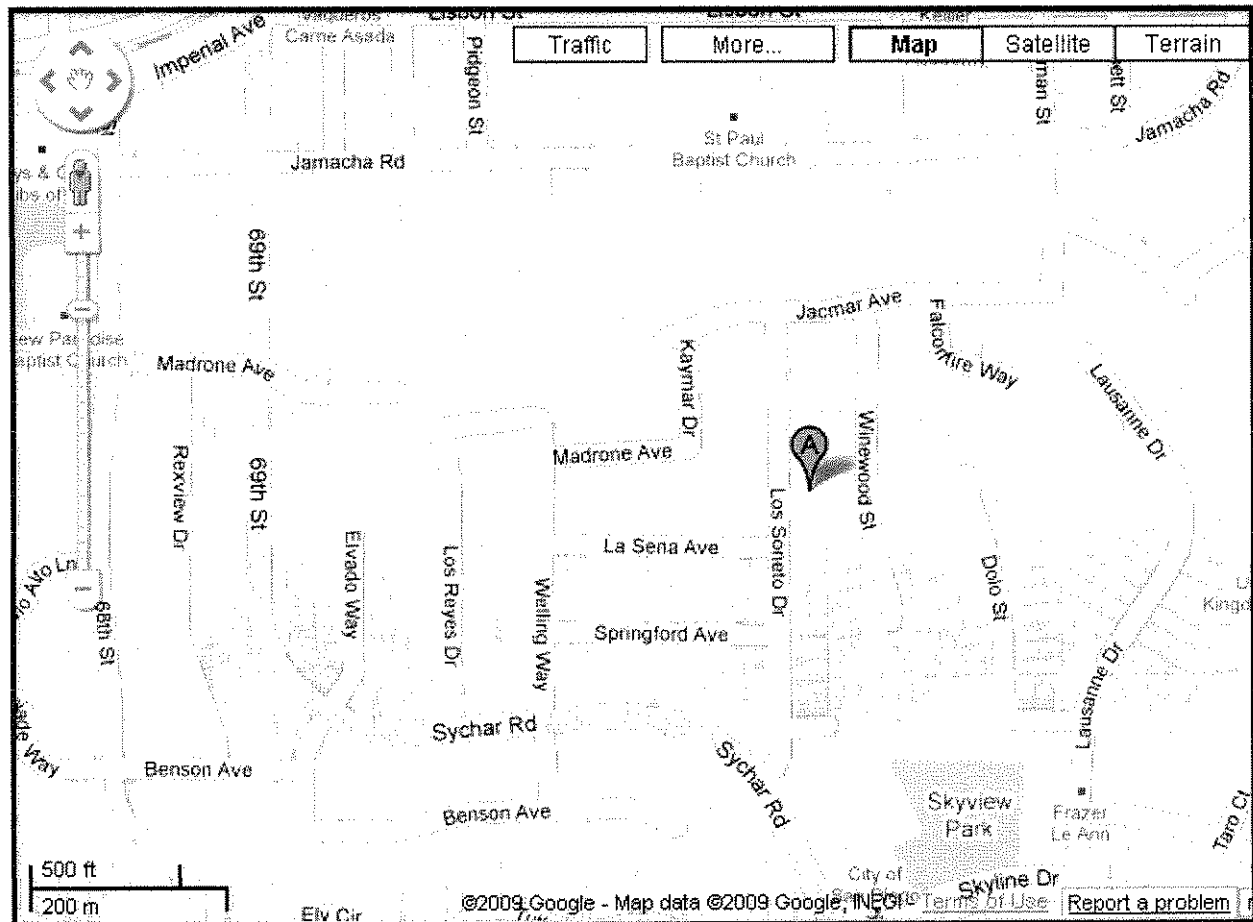

D. Lawrence Clemens
Senior Vice President

Approved by,


Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Attachment 1

Location Map:



Address:



321 Los Soneto Dr
San Diego, CA 92114