

EXECUTIVE SUMMARY**DATE ISSUED:** March 22, 2010**REPORT NO:** HCR 10-046**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of April 16, 2010**SUBJECT:** Offer to Purchase 6836 Hyde Park Drive, Unit B (Council District 7)**SUMMARY:**

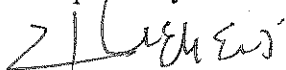
On December 9, 2009, the Housing Commission acquired the condominium unit at 6836 Hyde Park Drive, Unit B. This property was acquired using local funds, from JPMorgan Chase Bank (Chase) for a donation of \$1 (one dollar), plus closing costs and expenses incurred to date of \$3,812. The purchase was made in accordance with the Real Estate Acquisition Policy No. 300.103. Pursuant to this policy, any acquisition of single family homes/condominium units may be accomplished by the President and Chief Executive Officer, without further action from or by the Board of Commissioners of the San Diego Housing Commission, provided that the acquisition is based upon a purchase price at or below an appraised value. Although the condominium was not acquired using Neighborhood Stabilization Program (NSP) funds, it is located in an eligible targeted area and was offered for sale to prequalified NSP buyers. D. Reeves submitted an Offer to Purchase the property for the asking price of \$145,000. The Housing Commission accepted the offer pending approval by the Commission and Housing Authority. The Housing Commission will fund a second position loan, a recoverable grant and rehabilitation loan pursuant to the terms approved for the First Time Homebuyer NSP. The Housing Commission's financing will be funded through the escrow proceeds.

STAFF RECOMMENDATION:

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

1. Accept the \$145,000 offer to purchase the property at 6836 Hyde Park Drive, Unit B as submitted by D. Reeves; and
2. Authorize the funding of a deferred second trust deed loan, closing cost assistance grant and rehabilitation loan to D. Reeves, as described within the report, from the escrow proceeds; and
3. Authorize the President and Chief Executive Officer (CEO), or designee, to execute any and all documents and receive the sale proceeds; and
4. Authorize the President and CEO to revise the fiscal year 2010 budget to include the net sale proceeds, estimated at \$63,488 in local funds, for Homeownership Loans and Grants.

Respectfully submitted,



D. Lawrence Clemens
Senior Vice President

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer



REPORT

DATE ISSUED: March 22, 2010

REPORT NO: HCR 10-046

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of April 16, 2010

SUBJECT: Offer to Purchase 6836 Hyde Park Drive, Unit B (Council District 7)

REQUESTED ACTION:

Recommend Housing Commission and Housing Authority acceptance of the \$145,000 offer to purchase the property located at 6836 Hyde Park Drive, Unit B.

STAFF RECOMMENDATION:

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

1. Accept the \$145,000 offer to purchase the property at 6836 Hyde Park Drive, Unit B as submitted by D. Reeves; and
2. Authorize the funding of a deferred second trust deed loan, closing cost assistance grant and rehabilitation loan to D. Reeves, as described within the report, from the escrow proceeds; and
3. Authorize the President and Chief Executive Officer (CEO), or designee, to execute any and all documents and receive the sale proceeds; and
4. Authorize the President and CEO to revise the fiscal year 2010 budget to include the net sale proceeds, estimated at \$63,488 in local funds, for Homeownership Loans and Grants.

BACKGROUND:

On December 9, 2009, the Housing Commission acquired the condominium unit at 6836 Hyde Park Drive, Unit B. This property was acquired using local funds, from JPMorgan Chase Bank (Chase) for \$1 (one dollar), plus closing costs and expenses incurred to date of \$3,812. This property was offered to the Housing Commission by Chase as a part of their first look program. The purchase was made in accordance with the Real Estate Acquisition Policy No. 300.103. Pursuant to this policy, any acquisition of single family homes/condominium units may be accomplished by the President and CEO, without further action from or by the Board of Commissioners of the San Diego Housing Commission, provided that the acquisition is based upon a purchase price at or below an appraised value. The purchase was pursued based on the nominal cost to acquire, the desirable location, and because it is located in a Neighborhood Stabilization Program (NSP) eligible targeted area, can be offered for sale to an eligible NSP buyer.

The property, located at 6836 Hyde Park Drive, Unit B, is located in the San Carlos community of the City of San Diego (see Location Map). This condominium is part of the 182 unit development known as Brentwood. The condominium project was built in 1971. The subject property has two bedrooms and two bathrooms with 1,253 square feet, plus a balcony and has two assigned covered parking spaces. The unit is considered to be in average condition; however, it is 39 years old and has not been updated and is in need of modernizing. The estimated after-rehabilitation market value is \$185,000.

On February 15, 2010, a letter and flier describing 6836 Hyde Park Drive, Unit B was sent to all prequalified NSP buyers. The condominium was offered for sale in its "as-is" condition at \$145,000. The sales price was based on the after-rehabilitation value; less the estimated cost of \$40,000 to renovate the unit. Two letters of interest were received from eligible buyers. The proposed buyer, D. Reeves, has submitted an Offer to Purchase 6836 Hyde Park Drive, Unit B for \$145,000. The Housing Commission made a counter offer accepting the offer subject to Commission and Housing Authority approval. Although this property is not eligible under the NSP guidelines, the Housing Commission is offering similar financing terms available to the buyer as stated under the First Time Homebuyer NSP.

The buyer is required to have a minimum down payment from personal funds of three percent. The Housing Commission will fund a second position loan for 17 percent of the purchase price pursuant to the terms approved for the First Time Homebuyer NSP. In addition, the buyer is eligible for a recoverable grant up to three percent of the purchase price to pay closing costs. The rehabilitation loan will fund concurrently with the acquisition loan. The Housing Commission's financial assistance offered to the buyer will be funded through the escrow proceeds from the resale of 6836 Hyde Park, Unit B.

The Housing Commission will net an estimated \$63,488 from the sale of the property.

Sales Price	\$145,000
Less:	
Commission's cost to close escrow and expenses incurred to date	12,512
2 nd TD loan to buyer	24,650
Closing cost assistance grant to buyer	4,350
Rehabilitation loan to buyer	40,000
Estimated Net Proceeds	\$ 63,488

Finally, it is recommended that the CEO be authorized to revise the fiscal year 2010 budget to include the net proceeds from the sale for homeownership loans and grants.


FISCAL CONSIDERATIONS:

Sale of the property at 6836 Hyde Park Drive, Unit B for \$145,000 would result in estimated net proceeds of \$63,488 in local funds for use in homeownership loans and grants.

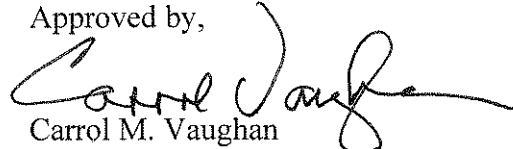
ENVIRONMENTAL REVIEW:

This activity is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15060(c)(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,

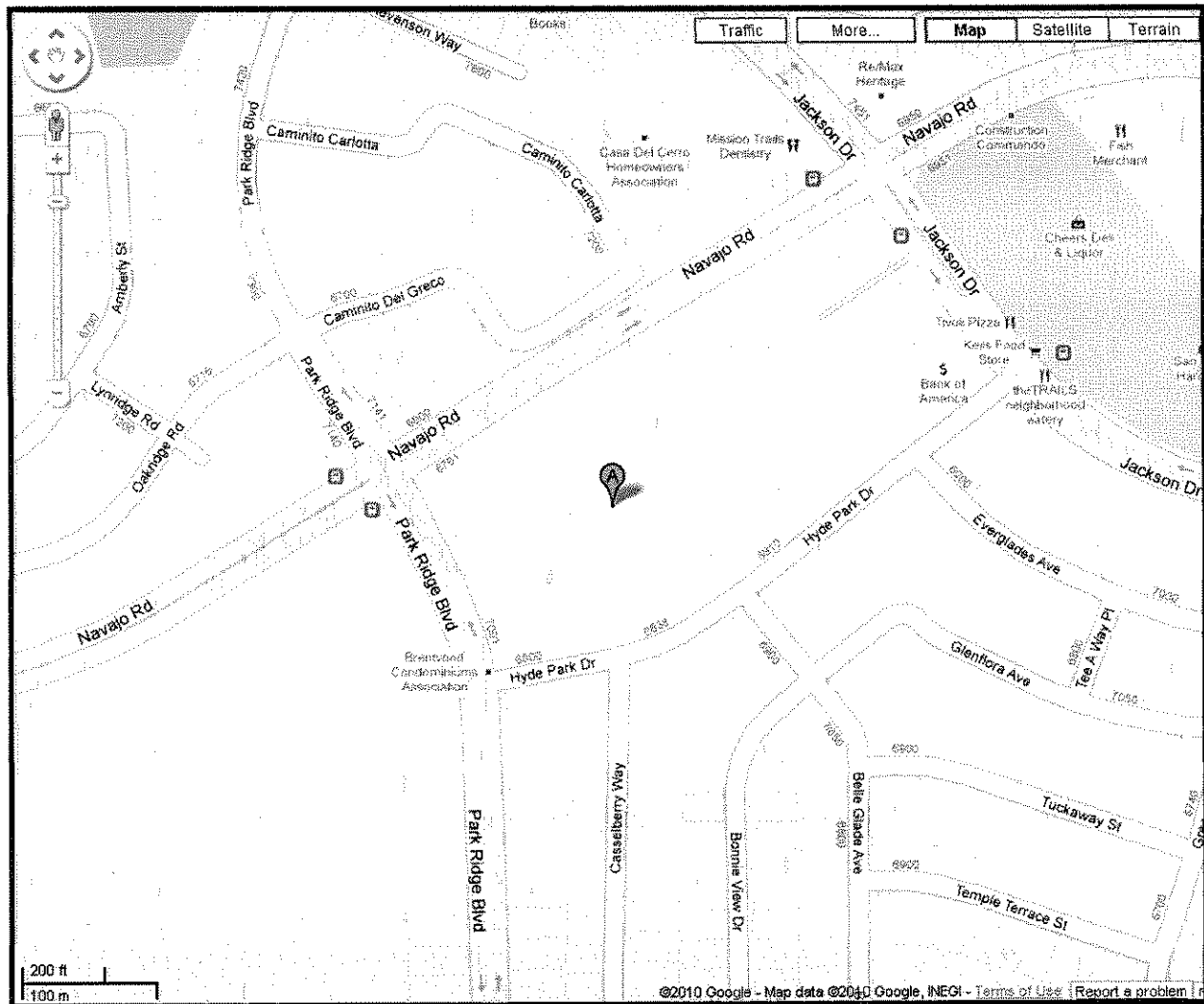

D. Lawrence Clemens
Senior Vice President

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Attachment 1

Location Map:



Address:

 **6836 Hyde Park Dr**
San Diego, CA 92119