

EXECUTIVE SUMMARY**DATE ISSUED:** March 17, 2010**REPORT NO:** HCR 10-049**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of April 16, 2010**SUBJECT:** Offer to Purchase 359 Winewood Street (Council District 4)**SUMMARY:**

In August 2009, the Housing Authority approved a revision to the Neighborhood Stabilization Program (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 February 22, 2010, the Housing Commission acquired the single family dwelling located at 359 Winewood Street. The Housing Commission purchased the property for \$222,900 and paid \$2,860 in closing costs for a total cost to acquire of \$225,760. The Commission's projected expenses to close escrow through the resale are included in the sale price of \$237,000. E. Torres and S. Torres submitted an Offer to Purchase 359 Winewood Street at the asking price. The Housing Commission accepted the offer pending approval by the Commission and Housing Authority.

The net proceeds are estimated to be \$225,760 and will become NSP income funds. NSP regulations allow the recipient five years to use the program income on eligible activities.

STAFF RECOMMENDATION:

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

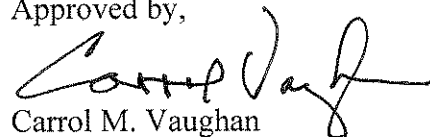
1. Accept the \$237,000 offer to purchase the property at 359 Winewood Street as submitted by E. Torres and S. Torres under the City's NSP; and
2. Authorize the President and Chief Executive Officer, or designee, to execute any and all documents and receive the sale proceeds.

Respectfully submitted,



D. Lawrence Clemens
Senior Vice President

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

REPORT

DATE ISSUED: March 19, 2010

REPORT NO: HCR 10-049

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

SUBJECT: Offer to Purchase 359 Winewood Street (Council District 4)

REQUESTED ACTION:

Recommend Housing Commission and Housing Authority acceptance of the \$237,000 offer to purchase the property located at 359 Winewood Street.

STAFF RECOMMENDATION:

The San Diego Housing Commission recommends final Housing Authority approval to:

1. Accept the \$237,000 offer to purchase the property at 359 Winewood Street as submitted by E. Torres and S. Torres 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 February 22, 2010, the Housing Commission acquired a four bedroom, two and a half bathroom, 1,489 square foot single family dwelling located at 359 Winewood Street. The property is located in the Skyline area of San Diego (see Location Map). The Housing Commission purchased the property for \$222,900 and paid \$2,860 in closing costs for a total cost to acquire of \$225,760. At the time of acquisition the Housing Commission obtained an appraisal stating the "as-is" market value to be \$255,000. The home was built in 1984; therefore, the Housing Commission was not obligated to obtain inspections for lead based paint, and asbestos. The property was inspected for termites.

On March 8, 2010, letters and fliers describing the subject property were sent to all prequalified NSP buyers. 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, E. Torres and S. Torres were selected. The proposed buyers have submitted an Offer to Purchase 359 Winewood Street for the asking price of \$237,000. The Housing Commission made a counter offer accepting the offer subject to Commission and Housing Authority approval.

The following is a summary showing the estimated NSP expenses and net proceeds from the sale of 359 Winewood Street:

SDHC Purchase Transaction		Sale Transaction		Projected Program Income	
Purchase Price	\$222,900	Sales Price	\$237,000	Sales Price	\$237,000
Closing Costs	\$ 2,860	Buyer 3% DP	\$ 7,110	Est. SDHC Closing Cost	\$ 1,760
Total Cost	\$225,760	1st Trust Deed	\$229,890	RE Commission	\$ 9,480
"As-is" Value	\$255,000				
Discount	13%	Loan to Value	97%	Net Proceeds	\$225,760

As displayed in the graph, the total cost to acquire the subject property was \$225,760. The Housing Commission's projected expenses to close escrow through the resale are included in the sales price of \$237,000. The estimated net proceeds of \$225,750 will become NSP income funds. NSP regulations allow the recipient five years to reuse the program income on eligible activities.

Buyers are required to have a minimum down payment from their personal funds of three percent. In accordance with the approved NSP guidelines, eligible buyers can apply for a deferred second trust deed loan up to 17 percent of the purchase price, a closing cost recoverable grant up to three percent of the purchase price, a mortgage credit certificate, and a rehabilitation loan for needed repairs.


FISCAL CONSIDERATIONS:

Sale of the property at 359 Winewood Street for \$237,000 would result in an estimated recovery of \$225,750 as NSP income funds.

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,

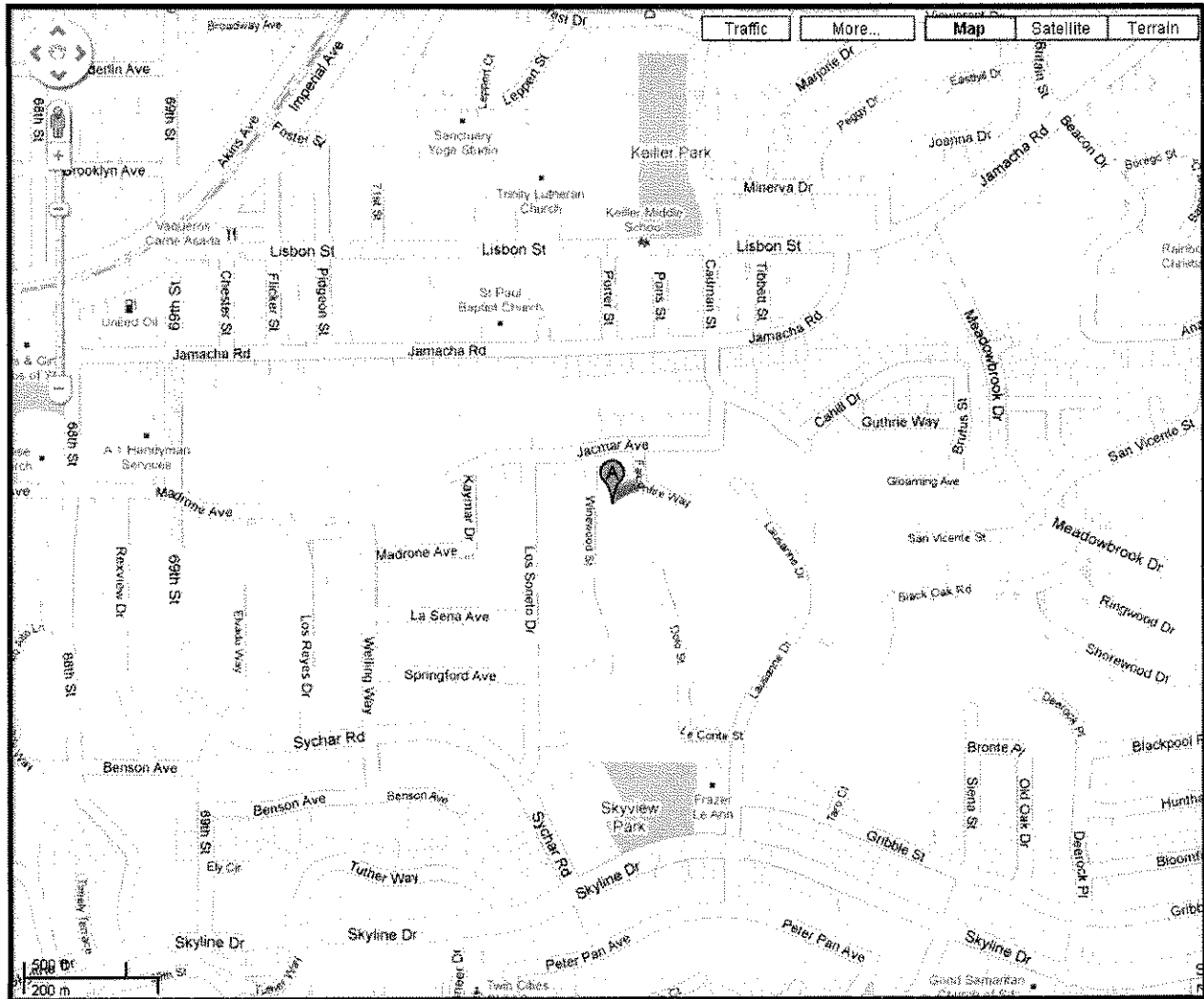

D. Lawrence Clemens
Senior Vice President

Attachment 1 – Location Map

Approved by,


Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Attachment 1
Location Map:



Address:



359 Winewood St
San Diego, CA 92114