

EXECUTIVE SUMMARY**DATE ISSUED:** March 15, 2010**REPORT NO:** HCR 10-051**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of April 16, 2010**SUBJECT:** Proposed Fiscal Year 2010 Budget Revision (Citywide)**SUMMARY:**


The Housing Commission's Fiscal Year 2010 budget includes \$2,848,133 of Neighborhood Stabilization Program (NSP) funds allocated to assist eligible first time homebuyers (FTHB) acquire homes and rehabilitate the properties. The fiscal year 2010 homeownership loan and grant budget totals \$5,267,933. A portion of the funds are from the NSP, which helps buyers earning up to 120 percent of AMI (\$89,900 for a family of four). All of the \$1,300,000 of NSP funds set aside for FTHBs to acquire their homes have been expended or the loans are in process.

There are excess NSP funds remaining in the Rehabilitation Owner Occupied loans and grants fiscal year 2010 budget. This proposed budget revision transfers \$100,900 of NSP funds from Rehabilitation to Homeownership loans and grants. The Rehabilitation Owner Occupied fund has a total of \$8,010,456 remaining in the fiscal year 2010 loans and grants budget; \$1,549,033 of those dollars are NSP funds. The majority of the NSP funds have been expended, or set aside, for the homes that recently closed escrow or are in process. Also, additional NSP funds have been reserved to complete the repairs on the homes purchased by the Housing Commission that will be sold to eligible NSP buyers. There is a balance remaining of approximately \$100,900 (uncommitted) that will not be used during this fiscal year for rehabilitation. It is anticipated that the Homeownership Program will spend all of its NSP funds, including the additional \$100,900, before the end of the fiscal year (June 30, 2010). The infusion of an additional \$100,900 in NSP funds to the homeownership loans and grants budget will allow approximately three additional families to become first time home buyers.

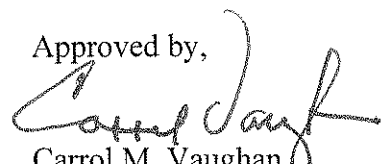
STAFF RECOMMENDATION:

That the Housing Commission approve the revision (Attachment 1) that will result in a decrease in loans and grants for Rehabilitation Owner Occupied from \$8,010,456 to \$7,909,556 and increase loans and grants for Homeownership from \$5,267,933 to \$5,368,833.

Respectfully submitted,


D. Lawrence Clemens
Senior Vice President

Approved by,


Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

REPORT**DATE ISSUED:** March 15, 2010**REPORT NO:** HCR 10-051**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of April 16, 2010**SUBJECT:** Proposed Fiscal Year 2010 Budget Revision (Citywide)**REQUESTED ACTION:**

Housing Commission approval of the revisions to the Fiscal Year 2010 Budget to transfer \$100,900 in Neighborhood Stabilization Program (NSP) funds from Rehabilitation Owner Occupied to Homeownership.

STAFF RECOMMENDATION:

That the Housing Commission approve the revision (Attachment 1) that will result in a decrease in loans and grants for Rehabilitation Owner Occupied from \$8,010,456 to \$7,909,556 and increase loans and grants for Homeownership from \$5,267,933 to \$5,368,833.

BACKGROUND:

On October 1, 2008 the Housing and Recovery Act of 2008 was enacted. Under the Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes provision, \$3.9 billion of funding was distributed to local entitlement jurisdictions and to the 50 states. The City of San Diego was awarded \$9,442,370; the Housing Commission administers the Neighborhood Stabilization Program (NSP) activities on behalf of the City.

The Housing Commission's Fiscal Year 2010 budget includes \$2,848,133 of NSP funds allocated to assist eligible first time homebuyers acquire homes and rehabilitate the properties. The existing program includes the following assistance:

Acquisition

- Zero percent interest deferred payment second trust deed loans up to 17 percent of the purchase price for a term of thirty years
- Closing cost assistance grants up to three percent of the purchase price. The grant is forgiven in six years if the property remains owner occupied
- Mortgage Credit Certificates

Rehabilitation

Loans are at zero percent interest with the following terms:

- Loans up to \$10,000 are forgiven after five years
- Loan balances of \$10,001 up to \$30,000 are forgiven after ten years
- Loan balances in excess of \$30,001 are forgiven after fifteen years

To date, 30 households have purchased their first home using the Housing Commission's financial assistance under the NSP. An additional seven are in escrow and should be closing within the next 45-

60 days. The average financial assistance to help the buyers acquire their homes is \$35,845 and the average rehabilitation loan is \$29,622.

The fiscal year 2010 homeownership loan and grant budget totaled \$5,267,933. The majority of the funds are from the NSP, which helps buyers earning up to 120 percent of AMI (\$89,900 for a family of four) and HOME for buyers earning up to 80 percent of AMI. All of the \$1,300,000 of NSP funds set aside for FTHBs to acquire their homes has been expended or the loans are in process. There are excess NSP funds remaining in the Rehabilitation Owner Occupied loans and grants fiscal year 2010 budget. This proposed budget revision transfers \$100,900 of NSP funds from Rehabilitation to Homeownership loans and grants. Rehabilitation Owner Occupied has a total of \$8,010,456 in fiscal year 2010 loans and grants budget; \$1,549,033 of those dollars are NSP funds. The majority of the NSP funds have been expended or set aside for the homes that recently closed escrow or in process. Also, additional NSP funds have been reserved to complete the repairs on the homes purchased by the Housing Commission that will be sold to eligible NSP buyers. There is a balance remaining of approximately \$100,900 (uncommitted) that will not be used during this fiscal year for rehabilitation. It is anticipated that the Homeownership Program will spend all of its NSP funds, including the additional \$100,900, before the end of the fiscal year (June 30, 2010). The infusion of an additional \$100,900 in NSP funds to the homeownership loans and grants budget will allow approximately three additional families to become first time home buyers.


FISCAL CONSIDERATIONS:

The transfer of \$100,900 from Rehabilitation Owner Occupied to Homeownership will result in a decrease in loans and grants for Rehabilitation Owner Occupied from \$8,010,456 to \$7,909,556 and increase loans and grants for Homeownership from \$5,267,933 to \$5,368,833.

ENVIRONMENTAL REVIEW:

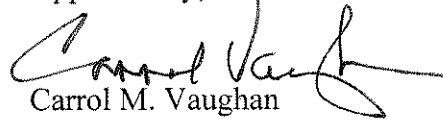
This activity is not a project within the meaning of the California Environmental Quality Act (CEQA) pursuant to Section 15060 (c)(3) of the State CEQA guidelines. This activity is also exempt from review under the National Environmental Policy Act per 24.CFR 58.34(a)(3).

Respectfully submitted,



D. Lawrence Clemens
Senior Vice President

Approved by,



Carol M. Vaughan
Executive Vice President &
Chief Operating Officer

Attachment: 1 – Budget Amendment

Attachment 1

Budget Amendment

Homeownership (Org 347)	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
<u>Housing Programs</u>			
Loans and Grants			
CalHome Program	102,524		
Cal State HTF	300,000		
CCDC Homeownership	3,619		
Condo Conversion/Density Bonus	54,128		
Bond (Emergency Foreclosure Intervention)	50,000		
HOME	2,975,343		
HTF Linkage	160,000		
Inclusionary Housing Fund	300,000		
Neighborhood Stabilization Program	1,300,000		
Shea Homes	<u>22,319</u>		
Total Loans and Grants	5,267,933	5,368,833	100,900
 Rehabilitation Owner Occupied (Org 318)			
<u>Housing Programs</u>			
Loans and Grants			
HOME Program	500,000		
Housing Rehab Trust Fund	349,634		
HTF CDBG	27,601		
HTF Linkage	200,000		
HUD Lead Reduction Demo	617,148		
HUD Lead Paint Control	359,455		
Neighborhood Stabilization Program	1,924,828		
RA City Heights Redev HELP	1,380,077		
RA College Grove Redev HELP	260,869		
RA Crossroads Redev HELP	584,666		
RA Grantville Redev HELP	217,391		
RA Linda Vista Redev HELP	242,736		
RA North Park Redev HELP	434,757		
RA San Ysidro Redev HELP	416,539		
SEDC Market Street Redev	106,961		
SEDC Mt. Hope Redev	58,908		
SEDC Southcrest Redev	68,017		
SEDC Southeast Redev	<u>260,869</u>		
Total Loans and Grants	8,010,456	7,909,556	<100,900>