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We're About People

# San Diego Housing Commission (SDHC)

## Workshop & Discussion: First-Time Homebuyer Programs

Presentation to the SDHC Board of Commissioners  
January 14, 2021

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# SDHC – First-Time Homebuyer Programs

## Overview

- SDHC has administered a First-Time Homebuyer program in the City of San Diego since 1988.
  - **5,842 families** have purchased a home in the City of San Diego with help from SDHC's First-Time Homebuyer program as of June 30, 2020.

First-Time Homebuyer Programs	# of Families
Deferred Loans, Grants & Mortgage Credit Certificates	4,966
Affordable For-Sales <i>without SDHC assistance</i>	131
Specialty Programs (late 1980's – early 1990's)	745
<b>GRAND TOTAL</b>	<b>5,842</b>



# SDHC – First-Time Homebuyer Programs Overview (Continued)

- In 2014, the County of San Diego asked SDHC to administer their First-Time Homebuyer Program.
  - August 1, 2014: SDHC Board approved SDHC's administration of the County program.
  - October 2014: SDHC began accepting applications for the County program.
- SDHC has helped **211 families** purchase their first home through the County of San Diego program.





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# SDHC – First-Time Homebuyer Programs

## City of San Diego Program

- **Deferred-Payment, Second Trust Deed Loan Program**
  - Buyer Down Payment: 3 percent of the purchase price
  - Program Loan Amount: Up to 17 percent of the purchase price
  - Interest Rate: 3 percent simple interest
  - Deferred for 30 years, no monthly payments
  - Income Limit: 80 percent or less of Area Median Income (AMI)
  - Eligible Properties: Single-Family Detached, Condominium, Townhome or Manufactured Home
  - Maximum Sales price:
    - Detached: \$679,250
    - Attached: \$445,550





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# SDHC – First-Time Homebuyer Programs

## City of San Diego Program (Continued)

- **Closing Cost Grants**

- Amount: 4 percent of the purchase price up to \$10,000
- Income Limit: 80 percent of AMI
- Must be used to pay closing costs for the purchase
- Must be applied for in conjunction with the Deferred-Payment Loan
- Forgiven at close of escrow





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# SDHC – First-Time Homebuyer Programs

## City of San Diego Program (Continued)

- **Closing Cost Assistance Forgivable Loan**
  - Amount: 4 percent of the purchase price up to \$10,000
  - Interest rate: 5 percent
  - Income Limit: 100 percent of AMI
  - Must be used to pay closing costs for the purchase
  - Can be applied for as a stand-alone product or in conjunction with the Mortgage Credit Certificate
  - Forgiven at the end of 6 years
  - Sales Price limit:
    - Detached: \$679,250
    - Attached: \$445,550





# SDHC – First-Time Homebuyer Programs

## City of San Diego Program (Continued)

- **Mortgage Credit Certificate (MCC)**
  - IRS Program funded with federal Bonds
  - Federal tax credit of 20 percent of the interest paid on the first mortgage
  - Dollar-for-dollar savings on the federal income tax liability, resulting in an increase in the buyer's net earnings
  - Income Limit: 140 percent of AMI
  - Maximum sales price:
    - Targeted Area: \$759,013
    - Non-Targeted Area: \$621,011



# SDHC – First-Time Homebuyer Programs

## City of San Diego Program (Continued)

### MCC Example

First Trust Deed	\$486,000
Interest Rate	5%
MCC Tax Credit	20%

	<u>With</u> MCC	<u>Without</u> MCC
Annual Income (Household Size – 1)	\$ 100,000	\$ 100,000
Exemptions	-\$ 10,300	-\$ 10,300
Real Estate Taxes	-\$ 6,750	-\$ 6,750
Interest Deduction	<u>-\$ 19,440</u>	<u>-\$ 24,300</u>
Taxable Earnings	\$ 63,510	\$ 58,650
Tax from Tax Table	\$ 11,640	\$ 10,440
First Year's MCC Credit	<u>-\$ 4,860</u>	<u>\$ 0</u>
Total Income Tax Liability	\$ 6,780	\$ 10,440







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# SDHC – First-Time Homebuyer Programs

## County of San Diego Program

- **Program Area**
  - Subject property must be located in an “Unincorporated Area” of the County of San Diego or in the cities of:

▪ Carlsbad	▪ Imperial Beach	▪ San Marcos
▪ Coronado	▪ La Mesa	▪ Santee
▪ Del Mar	▪ Lemon Grove	▪ Solana Beach
▪ Encinitas	▪ Poway	▪ Vista
  - The only areas not covered are the cities of Chula Vista, El Cajon, Escondido, National City and Oceanside



# SDHC – First-Time Homebuyer Programs

## County of San Diego Program (Continued)

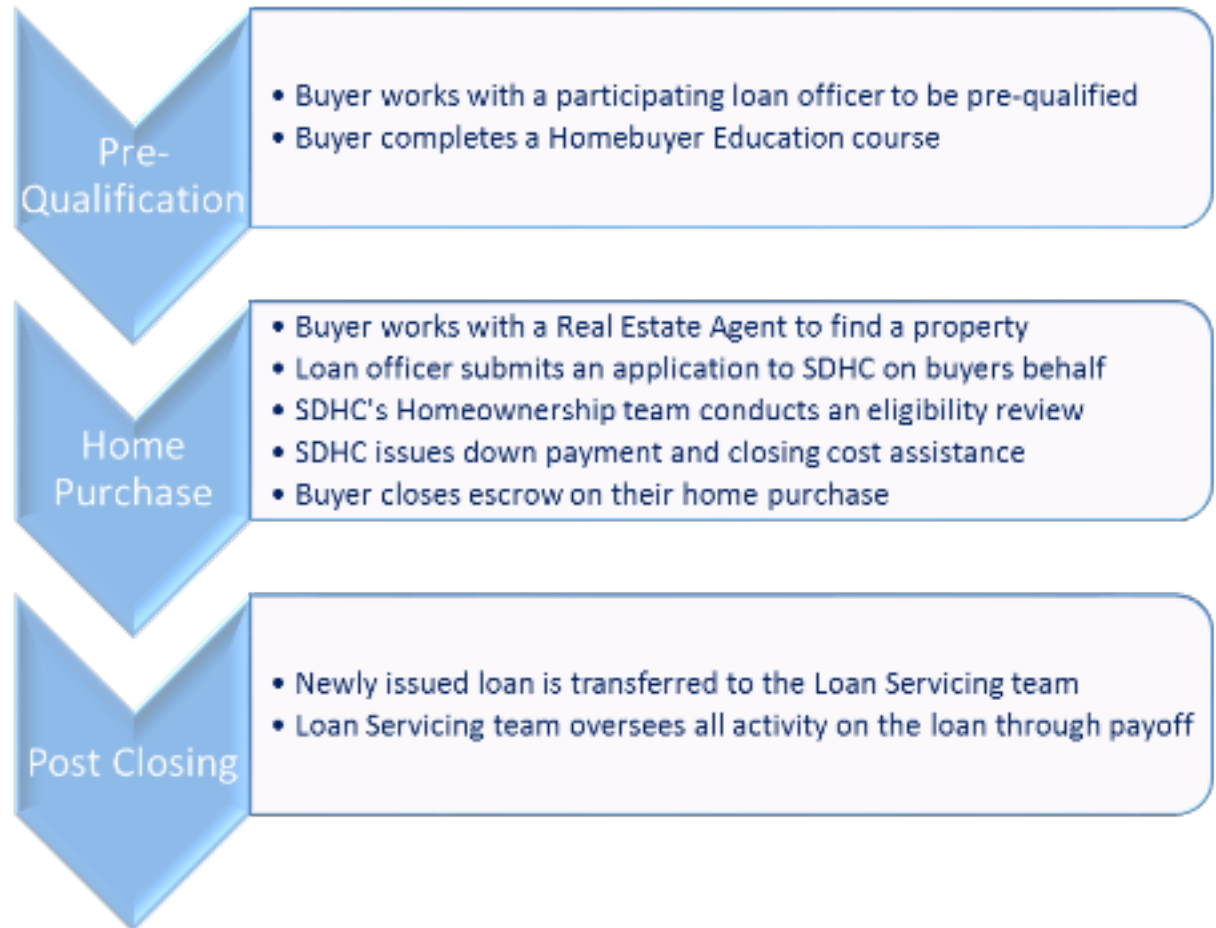
- **Deferred-Payment, Second Trust Deed Loan Program**
  - Buyer Down Payment: 3 percent of the purchase price
  - Program Loan Amount: Up to 17 percent of the purchase price
  - Interest Rate: 3 percent simple interest
- **Closing Cost Assistance**
  - Amount: Up to 4 percent of the purchase price up to \$10,000



# SDHC – First-Time Homebuyer Programs

## City and County – Application Process

SDHC staff members are responsible for determining eligibility, underwriting, and funding for the First-Time Homebuyer programs.



# SDHC – First-Time Homebuyer Programs

## City and County – Loan Example

HOME PURCHASE FINANCING		MONTHLY PAYMENT	
<b>Purchase Price</b>	<b>\$ 375,000</b>	Principal & Interest Payment	\$ 1,476
SDHC Down Payment Assistance Loan	\$ 63,750	Property Taxes	\$ 391
Buyer's Down Payment - 3%	\$ 11,250	Hazard Insurance	\$ 65
First Mortgage Loan	\$ 300,000	HOA Dues	\$ 0
Interest Rate	4.250%	<b>Total Monthly Payment</b>	<b>\$ 1,931</b>

- In the scenario above, to qualify, the buyer would need:
  - Minimum income of approximately \$50,000 annually
  - Maximum debt (excluding mortgage) payments of \$125 monthly





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# SDHC – First-Time Homebuyer Programs

## City and County – Funding Sources

- Federal HOME funds administered by SDHC
- Federal Community Development Block Grant funds (CDBG)
- State CalHOME funds
- City of San Diego Affordable Housing Fund (City program)





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# SDHC – First-Time Homebuyer Programs

## City and County – SDHC Lender Portal

- In July 2019, SDHC launched a new Loan Underwriting Platform and Lender Portal for application submissions and pipeline management.

**FTHB Lender Portal**

SDHC

Lender Home

Carrie Tapia Logout

MITAS

New Reservation  
View Products  
Loan Lookup

**Loan Statuses**

Status	Count
Pending Submission	1
Suspend	1
Conditions Submitted	1

**Outstanding Conditions**

Application #	Last Name	# Conditions
No records to display.		





# SDHC – First-Time Homebuyer Programs

## City and County – SDHC Lender Portal (Continued)

- First mortgage loan officer submits Borrower application and supporting documentation to SDHC via the Lender Portal.
- Logic built into the portal to prevent applications from being submitted that don't meet the guidelines.

Continue

Import

Back

Home

Property

Reservation Number: 1043

Lender Reference Number:

Purchase Price: \$350,000.00

Street Number: B561

Street Name: James Ave

Additional Street Info:

Unit Number:

City: San Diego

State: California

Zip: 92114

County: San Diego (1)

Census Tract: 20058

Home in Targeted Area: ☒ Yes ☐ No

Year Built: 1980

Number of Units: ☒ One ☐ Two ☐ Three ☐ Four

Property Type: Single Family Residence

Construction: Existing Construction (2)

Number in Household: 3

☐ Check if any household member that is not on the mortgage had homeownership interest in last 3 years?

Mortgagors

First Name: Thomas

Last Name: Smith

SSN: 888-55-2222

First Name: Thomas

Last Name: Smith

SSN: 888-55-2222

Relationship: ☐ U.S. Citizen

☐ Non-Permanent

☐ Non Resident Ali

☐ Unknown

Has had ownership interest in property in last 3 years

Present Residence: Rent

No. Years: 9

Prior Residence:

No. Years: 0

Mailing Address

Street: 6549 Any Ave

City: San Diego

State: California

Zip: 92888

Main: 619 - 111 - 2233

Alt: 0 - 0 - 0

Email: Thomas@test.com

Gender: ☒ Male ☐ Female ☐ Not Provided ☐ Not Applicable

☐ Female Head of Household

☐ American Indian or Alaska Native

☒ Asian

☐ Black or African American

☐ Native Hawaiian or Other Pacific Islander

☐ White

☐ Do not wish to provide this information

☒ Hispanic Latino ☐ Not Hispanic Latino ☐ Refused To

☐ Completed Homebuyer Education in with last 12 mo

☐ Completed Housing Counseling in with last 12 mont

CITY OF SAN DIEGO

3% INTEREST DEFERRED PAYMENT LOAN

Interest Rate: 3.0 %

Loan Amount: \$0.00

Term: 360 Payments

Lien Position: 2

Assistance Amount:  
Up to 17% of the Purchase Price

Eligible Buyers:  
80% AMI | First Time Homebuyer

Not Currently Eligible

Description	Data	Restriction
Max AMI	93	80
Program Income Limit	\$90,000.00	\$77,050.00

Please create any additional mortgagors before attempting to enter income, assets or liabilities for them.

Income

Borrower	Income Type	Monthly Amount
Thomas Smith TEST	Base Income	\$7,500.00

Liabilities

Does not apply

Borrower	Account Type	Company Name	Account Number	Unpaid Balance	Paid Before
Thomas Smith TEST	Revolving			\$100.00	

Borrower	Expense Type	Monthly Payment
No records to display.		

Assets

Borrower	Asset Type	Financial Institution	Account Number	Cash or Market Value
	Checking Account	Test Bank		\$12,000.00



# SDHC – First-Time Homebuyer Programs

## City and County – Underwriting Modules

- Pipeline Management

- Application status: Submitted, Underwriting, Suspend, Funded

- Compliance / Underwriting

- Income Limits based on household size
- Sales Price Limits based on unit type
- Area Median Income
- Debt-to-Income Ratios
- Loan-to-Value

COMPLIANCE				Loan:	Income	Purchase	Loan Amount
County Code: 1 - San Diego				Program:	\$76,770.72	\$360,000.00	\$71,200.00
Census Tract: 168.11					\$85,600.00	\$466,000.00	
Targeted Area: <input type="checkbox"/>							
New or Existing: Existing Construction							
Number in Household: 4							
Limit Code: County of San Diego Attached Limits							
Percent of AMI: 72%							
<input checked="" type="checkbox"/> Mortgagor is First Time Homebuyer							
<input type="checkbox"/> Other HH Members had Previous Homeownership							

Restriction Met	Source	Description	Value	Restriction Value
<input checked="" type="checkbox"/>	Program Restriction	First Time Homeowner	Yes	Yes
<input checked="" type="checkbox"/>	Program Restriction	Max Debt To Income Ratio	44.87	45
<input checked="" type="checkbox"/>	Program Restriction	Max Housing Expense Ratio	32.17	38
<input checked="" type="checkbox"/>	Program Restriction	Max Term	360	360
<input checked="" type="checkbox"/>	Program Restriction	Min Credit Score	766	640
<input checked="" type="checkbox"/>	Program Restriction	Max AMI	72	80
<input checked="" type="checkbox"/>	Program Restriction	Number Of Units	Single	Single
<input checked="" type="checkbox"/>	Program Income Limits	Program Income Limit	\$76,770.72	\$85,600.00
<input checked="" type="checkbox"/>	Program Purchase Price Limits	Program Purchase Price Limit	\$360,000.00	\$466,000.00

UNDERWRITING SUMMARY				
Borrower	Age	FICO	Profession	On Job
Garcia, Carina	26	766	2	2
Galvez, Steven	25	760	2	3
Housing Expense				
	Amount			
First Mortgage (P&I)	\$1,354.28			
Hazard Insurance	\$30.00			
Real Estate Taxes	\$375.00			
Homeowner Association Dues	\$299.00			
Total Escrow Payment	\$0.00			
Total Housing Expenses	\$2,058.28			
Asset Reserves	\$7,263.83			
Months in Reserve	3.5			
Appraised Value	\$365,000.00			
Sales Price	\$360,000.00			
Acquisition Cost	\$360,000.00			
Down Payment	\$10,800.00			
Down Payment %	3.0000%			
Base Loan Amount	\$71,200.00			
Loan Amount	\$71,200.00			
Subordinate Financing	\$288,000.00			
Property Type	Condominium / Townhome			
Loan Purpose	Purchase			
Monthly Income				
Base Income	\$2,417.90	\$3,929.60	\$6,347.50	
Other Income	\$0.00	\$50.06	\$50.06	
Net Rental Income	\$0.00	\$0.00	\$0.00	
Total Income	\$2,417.90	\$3,979.66	\$6,397.56	
Debts and Obligations				
Monthly Liabilities	\$812.00	Unpaid Balance \$39,978.00		
Other Monthly Payments	\$0.00			
Total Fixed Payment	\$812.00			
Borrower Funds to Close				
Required	\$10,922.00			
Verified Assets	\$18,185.83			
Qualifying Ratios				
LTV				19.78%
Combined LTV				99.78%
Hsg Expense to Income				32.17%
Debt to Income				44.87%
Payment Shock				586.09%
Seller's Contribution				4.21%
Land % of Appraisal				0.00%
Land % of Acquisition				0.00%
Acquisition Ratio				98.63%
Appraised Ratio				98.63%
VA Info				
Guideline Available for Family Support				
Does Loan Meet VA Credit Standard				
Remarks				







# SDHC – First-Time Homebuyer Programs

## City and County – Underwriting Modules (Continued)

- Task Management
  - Internal Tasks
  - Outstanding Conditions
  - Closeout Tasks
- Document Printing
  - Status Report & Conditions
  - Loan Documents
  - Forms & Letters

2	⚠	Satisfied	Lender / Borrower Disclosure Notice	000
14	⚠	Satisfied	1st TD Loan Estimate	000
15	⚠	Satisfied	Estimated Settlement Statement	000
16	⚠	Satisfied	Pay Stubs (Most Recent 2 Months)	000
18	⚠	Satisfied	Tax Returns (3 Years)	000
19	⚠	Satisfied	W2's (2 years)	000
20	⚠	Satisfied	Bank Statements (3 Months)	000
24	⚠	Satisfied	Wire Instructions	000
25	⚠	Satisfied	FTHB Closing Disclosure	000
26	⚠	Satisfied	1st TD Lender's Underwriting Approval & Conditions	000
28	⚠	Satisfied	Vesting Instructions	000
30	⚠	Satisfied	Appraisal Report (With clear photos)	000
31	⚠	Satisfied	HQS Inspection report	000
32	⚠	Satisfied	Termite Inspection Report	000
33	⚠	Satisfied	C.A.R. Lead Based Paint Disclosure	000
35	⚠	Satisfied	Hazard Insurance	000
36	⚠	Satisfied	Termite Clearance Report	000
37	⚠	Satisfied	HQS Clearance Report & Letter	000
	ⓧ	Close	Update Income Screen_Upload Income Calculation to Mitas	000
	ⓧ	Close	Calculate Closing Cost Assistance Amount	000
	ⓧ	Close	Upload Settlement Statement Calculation Form to Mitas	000
	ⓧ	Close	Update Settlement Details Screen - See Task Description	000
	ⓧ	Close	Verify Housing Expense Screen includes all proposed expenses	000
	ⓧ	Yes	Is Minimum 3% Down Payment Requirement Met?	000
	ⓧ	No		
	ⓧ	Yes	Update Assets Screen _Does Borrower Meet Asset Guidelines?	000
	ⓧ	No		
	ⓧ	Close	Update All Data on Information Screen	000
	ⓧ	Close	Add Appraised Value, Appraisal Type & Date	000
	ⓧ	Close	Add Council District (City Only) & APN - (Property Screen)	000
	ⓧ	Close	Print Status Report (archive checked) - Issue Conditions	000
	ⓧ	Close	Disclosure Meeting	000
53	⚠	Satisfied	MCC Application Fee payable to SDHC \$620	000
	ⓧ	Yes	Calculate Income_Does Applicant Meet the Income Limit?	000
	ⓧ	No		
	ⓧ	Close	Upload Income Calculation to Mitas	000
	ⓧ	Close	Update All Data on Information Screen	000
	ⓧ	Close	Add Appraised Value, Appraisal Type & Date	000
	ⓧ	Close	Add Council District & APN (Property Screen)	000
	ⓧ	Close	Print Status Report (archive checked) - Issue Conditions	000
	ⓧ	Close	Set up in Yardi	000
57	⚠	Satisfied	Gift letter & verification of donor's funds	000

Description	#
1_City_Status Report & Conditions	40
10_FTHB Disclosure Notice	122
11_County Disclosure Notice	123
12_CCAG Refund Memo	124
13_Application Fee Memo	125
2_County_Status Report & Conditions	41
3_AFS_Status Report & Conditions	65
4_City_Approval & Funding Request	112
5_City_Underwriting Analysis	113
6_County_Approval & Funding Request	114
7_County_Underwriting Analysis	115
8_NEPA Initiation Form	18
9_Welcome Letter_Deferred Loan (City)	120
CalHome Deed of Trust	56
CalHome Promissory Note	57
City Escrow Instructions	19
City_Decline Notice	117
County_Decline Notice	118
DCCA CalHome Deed of Trust	58
DCCA CalHome Promissory Note	59
DCCA CalHome Truth in Lending	60
DCCA HOME Declaration	61
DCCA HOME Deed of Trust	62
DCCA HOME Promissory Note	63
DCCA HOME Truth in Lending	64
Disclosure Notice	119
FTHB Truth in Lending	26
Grant Agreement_100% AMI	52
Grant Agreement_80% AMI	27
HOME Declaration	49
HOME Declaration with Grant	48
HOME Deed of Trust	50
HOME Promissory Note	51
TEST Status Report	111
Welcome Letter_CC Forgivable Loan (City)	121





# SDHC – First-Time Homebuyer Programs

## City Program Data – Fiscal Year 2020

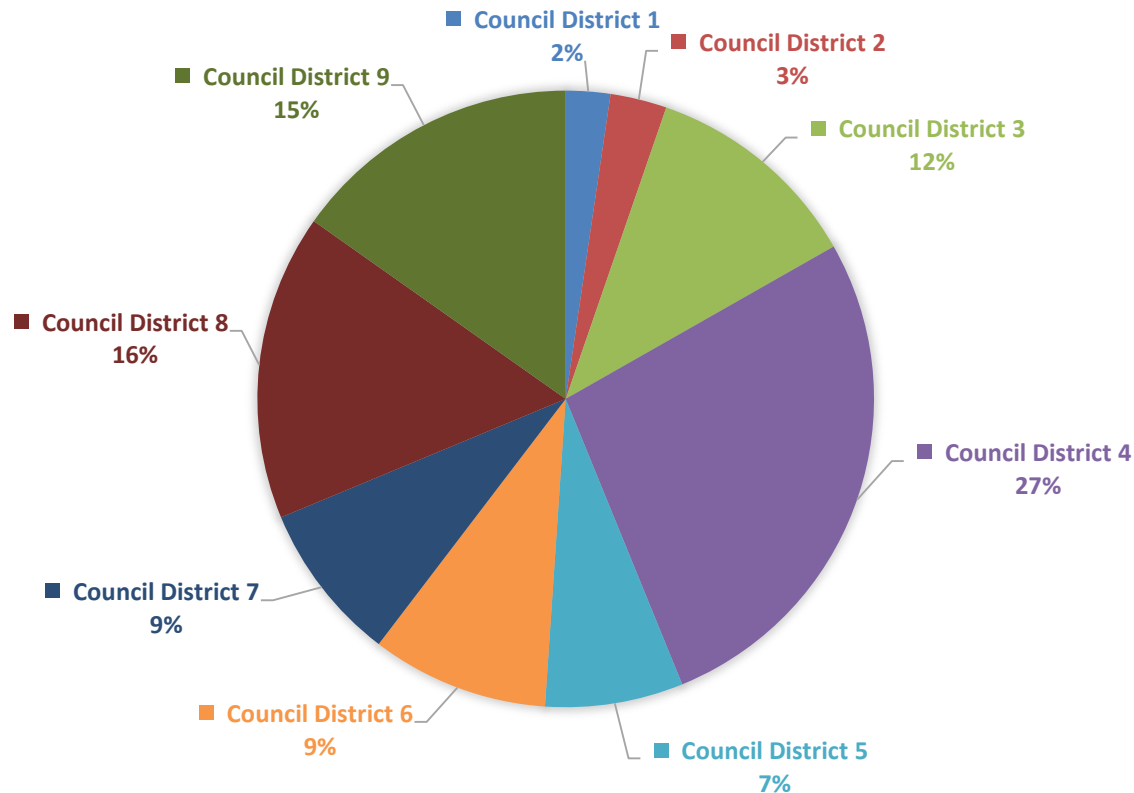
- Average Sales Price: \$366,000
- Average AMI: 67 percent
- Income Limit for a Four-Person Household: \$77,850
- Households Assisted: 68
- Average Down Payment & Closing Cost per Household: \$71,600





# SDHC – First-Time Homebuyer Programs

## Households Assisted by City Council District



# SDHC – First-Time Homebuyer Programs

## Participant Impact

- Antonio, his wife, Maria, and their two sons bought a home in City Heights.
  - 2-bedroom, 1-bathroom home with spacious backyard
  - Previously lived in 1-bedroom, 1-bathroom apartment for 15 years
  - Participated in homebuyer education class
  - Love the neighborhood and neighbors



**“My house is like, for me, it’s like Disneyland.”**  
**—Antonio**

*Photo courtesy of Antonio and his family*





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# SDHC – First-Time Homebuyer Programs

## Single-Family Housing Finance

- The Single-Family Housing Finance team is responsible for:
  - First-Time Homebuyer Program (City and County)
  - Affordable For-Sale Housing Program
  - Loan Servicing (servicing all single-family [1-4 units] loans)





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## SDHC – First-Time Homebuyer Programs

# Questions & Comments

