



## REPORT

**DATE ISSUED:** September 14, 2015

**REPORT NO:** HCR15-068

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of October 9, 2015

**SUBJECT:** Proposed Fiscal Year 2016 Budget Revision HOME Investment Partnerships  
Program Federal Funds – Homeownership

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Recommend that the Housing Authority of the City of San Diego approve revisions to the San Diego Housing Commission Fiscal Year 2016 Budget to add \$1,500,000 of Federal funds from the HOME Investment Partnerships Program to the Homeownership budget for the First-Time Homebuyer Program, of which \$1,350,000 will be used for loans and grants and \$150,000 will be used for administration.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Approve the proposed revision to the Housing Authority-approved Fiscal Year (FY) 2016 Housing Commission Budget to add \$1,500,000 of Federal funds from the HOME Investment Partnerships Program (HOME) to the Homeownership budget for the First-Time Homebuyer (FTHB) Program, of which \$1,350,000 will be used for loans and grants and \$150,000 will be used for administration. HOME Funds are awarded by the U.S. Department of Housing and Urban Development (HUD) to the City of San Diego and are administered by the Housing Commission; and
- 2) Authorize the President & Chief Executive Officer, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals.

### **SUMMARY**

The Housing Commission has operated a citywide FTHB Program since August 13, 1990. The FTHB Program was originally created as an eligible affordable housing activity under the HOME program that was to benefit low-income families at 80 percent or below of the San Diego Area Median Income (AMI), currently \$64,800 a year for a family of four. HOME funds have been the main funding source for the FTHB Program since its inception. The FTHB Program provides eligible buyers with financial assistance to help with the purchase their first home.

“First-time homebuyer” is defined as someone who has not owned a home for at least the past three years.

The assistance currently provided to prospective buyers includes a 3 percent interest, deferred-payment, second trust deed loan of up to 17 percent of the purchase price; closing cost assistance grants of up to 4 percent of the purchase price, not to exceed \$15,000; and Mortgage Credit Certificates, which provide qualified homebuyers with a federal income tax credit.

Since July 1, 2015, the Housing Commission has processed 42 first-time homebuyer applications; 18 of the applications have been funded, and 24 others are in escrow with funds reserved for their purchase.

The following table summarizes the FY 2016 homeownership budget and activities:

	FY 2016 Budget	FY 2016 Closed	FY 2016 Pending	FY 2016 Balance
HOME	\$ 1,000,000	\$ 648,105	\$ 350,675	\$ 1,220
Inclusionary	\$ 1,000,000	\$ 306,913	\$ 641,270	\$ 51,817
CalHome	\$ 909,440	\$ 0	\$ 436,679	\$ 472,761
CDBG	\$ 491,840	\$ 123,824	\$ 154,590	\$ 213,426
<b>TOTAL</b>	<b>\$ 3,401,280</b>	<b>\$ 1,078,842</b>	<b>\$ 1,583,214</b>	<b>\$ 739,224</b>

Number of Households Assisted	FY 2016 Closed	FY 2016 Pending	Estimated number to be assisted with balance (\$739,224)
Up to 80% AMI	13	14	
Up to 100% AMI	5	10	
<b>TOTAL</b>	<b>18</b>	<b>24</b>	<b>12</b>

Average Assistance Per Household	\$63,382
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**AFFORDABLE HOUSING IMPACT**

If approved, \$1,350,000 of HOME Funds will assist approximately 22 low-income buyers in the purchase of their first home.

**FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action were not included in the FY 2016 Housing Authority-approved budget. Approving this action will authorize the Housing Commission to expend \$1,500,000 in addition to the FY 2016 Housing Authority-approved budget.

Funding sources approved by this action will be as follows:  
HOME Entitlement and Program Income Funds - \$1,500,000

Funding uses approved by this action will be allocated as follows:  
Loans and Grants - \$1,350,000  
Administration - \$150,000  
Funding Uses Total - \$1,500,000

Approving this action will result in the purchase of a first home by approximately 22 low-income homebuyers, with the Housing Commission providing average assistance of \$63,382 per homebuyer.

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**ENVIRONMENTAL REVIEW**

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is a government fiscal activity which does not involve any commitment to any specific project. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. This activity is exempt from the National Environmental Policy Act pursuant to 58.34(a)(2) and Part 58.34(a)(3) of Title 24 of the Code of Federal Regulations. In addition, activities to assist homebuyers purchase existing dwellings are categorically excluded pursuant to Part 58.35(b)(5).

Respectfully submitted,

*Carrie Tapia*

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Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Senior Vice President  
Real Estate Division

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).