



## REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** September 21, 2020

**REPORT NO:** HAR20-038

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of October 27, 2020

**SUBJECT:** Application for State of California CalHome Program Funds (Citywide)

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Approve the submission of an application to the California Department of Housing and Community Development for up to \$5 million in funding from the CalHome General Program in support of the First-Time Homebuyer Program.

### **STAFF RECOMMENDATION**

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

- 1) Approve the submission of an application to the California Department of Housing and Community Development (HCD) for up to \$5 million in CalHome Program funds;
- 2) Authorize the San Diego Housing Commission's (Housing Commission) President & CEO, or designee, to execute all necessary 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; and
- 3) Authorize such budget amendments as are necessary to allow for the utilization of any CalHome Program Funds, if any.

### **SUMMARY:**

HCD is responsible for administering the CalHome Program in support of homeownership and makes grants to experienced local public agencies and nonprofit corporations to assist individual households. The program goal is to enable households earning no more than 80 percent of Area Median Income (AMI) to become homeowners.

On August 31, 2020, HCD issued a Notice of Funding Availability (NOFA) for several activities, including First-Time Homebuyer Mortgage Assistance. Funding under this NOFA is provided from the Affordable Housing Bond Act Trust Fund of 2018. Applications under this NOFA are due to HCD no later than October 29, 2020. The maximum application amount is \$5 million, and HCD will provide funding to cover activity delivery fees (administrative costs) of up to 10 percent of the total award amount. Per the NOFA, HCD will announce awards in February 2021. If the application is successful, funds will be available after the Housing Commission enters into a Standard Agreement with HCD, which historically has occurred five to six months after the awards are announced.

Since 2001, the Housing Commission has received seven awards from HCD, totaling \$8 million. The latest allocation of CalHome funds, totaling \$1.5 million, was approved by HCD in June 2013 and received in December 2013. The Housing Commission services loans made with CalHome funds and upon repayment, the funds cycle back to the First-Time Homebuyer Program to be redeployed to eligible homebuyers.

Funding under this CalHome award will be deployed through the Housing Commission's existing First-Time Homebuyer Program, through which eligible households earning up to 80 percent of AMI (currently \$92,400 for a family of four) may receive a deferred payment loan of up to 17 percent of the purchase price, at 3 percent simple interest. The loan will be fully deferred for 30 years with no monthly payments of principal or interest. The loan plus accrued interest will be due upon sale, non-owner occupancy, cash-out refinance or at the end of the 30-year term. Under the current NOFA, the maximum loan amount per eligible household is 40 percent of the purchase price up to \$100,000; however, to maximize the number of households served, Housing Commission staff recommends keeping the current program loan limit of 17 percent of the purchase price, with the \$100,000 maximum loan amount.

In Fiscal Year 2020, the average deferred payment loan funded by the Housing Commission was \$66,624. Provided the average loan amount remains consistent, the infusion of \$5 million in first-time homebuyer program funds will benefit approximately 60 low-income families.

#### **FISCAL CONSIDERATIONS:**

Approving this action will provide homeownership assistance to approximately 60 families, based upon the Fiscal Year 2020 average homeownership assistance of \$66,624 per household.

The sources and uses approved by this action will be as follows:

SOURCES		USES	
CalHome Award	\$5,000,000	FTHB Deferred Payment Loans	\$4,500,000
-	-	Administration	\$ 500,000
<b>Total</b>	<b>\$5,000,000</b>	<b>Total</b>	<b>\$5,000,000</b>

#### **PREVIOUS COUNCIL and/or COMMITTEE ACTION**

On January 7, 2020, June 24, 2014, March 5, 2013, November 15, 2011, June 15, 2010, April 17, 2007, September 9, 2003, and January 30, 2001, the Housing Authority authorized an application to HCD for CalHome Program funds. The last two applications in 2014 and early 2020 did not result in a funding award.

#### **ENVIRONMENTAL REVIEW:**

This activity is not a project pursuant to CEQA Guidelines Section 15378(b)(5), as it is simply an administrative activity of government that will not result in direct or indirect physical changes in the environment. This action seeks to authorize the submission of an application to the California Department of Housing and Community Development for up to \$5 million in funding from the Cal

Home General Program in support of the First-Time Homebuyer Program, which will not cause a significant environmental impact on its own accord. As such, this activity is not subject to CEQA pursuant to CEQA guidelines Section 15060(c)(3). Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,

*Sujata Raman*

Sujata Raman  
Vice President, Loan Servicing  
Real Estate Division

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Docket materials are available in the in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

HOUSING AUTHORITY OF  
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-\_\_\_\_\_

DATE OF FINAL PASSAGE \_\_\_\_\_

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO APPLY TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING OF \$5 MILLION UNDER THE CALHOME PROGRAM AUTHORIZING THE SAN DIEGO HOUSING COMMISSION'S PRESIDENT AND CHIEF EXECUTIVE OFFICER, OR DESIGNEE, TO EXECUTE A STANDARD AGREEMENT, IF SELECTED, AMEND THE FISCAL YEAR 2021 HOMEOWNERSHIP BUDGET TO INCLUDE THE CALHOME FUNDS, IF AWARDED, AND RELATED ACTIONS.

WHEREAS, the San Diego Housing Commission (Housing Commission) wishes to apply for and receive an allocation of funds through the CalHome Program; and

WHEREAS, the State of California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) on August 31, 2020, for the CalHome program, established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the California Health and Safety Code (Statute). Pursuant to the Statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the Statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, the Housing Commission wishes to submit an application for an allocation of CalHome funds in the amount of \$5 million; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, as follows:

1. The President and Chief Executive Officer of the Housing Commission (President & CEO), or designee, is authorized to submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on August 31, 2020, which will request a funding allocation of \$5 million to provide First Time Homebuyer Mortgage Assistance to eligible households earning up to 80 percent of area median income, eligible households may apply for a deferred payment loan at 3 percent simple interest of up to 17 percent of their purchase price, not to exceed \$100,000, for the purchase of a home located in the City of San Diego.

2. The Housing Commission agrees to use the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement. The Housing Commission acknowledges and agrees that it may be required to execute any and all other instruments necessary or required by HCD for participation in the CalHome Program.

3. The President & CEO, or designee, is authorized to take such actions and to execute such documents, as approved by the Housing Commission General Counsel and to execute in the name of the Housing Commission, the application, the Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

4. The President & CEO, or designee, is authorized to amend the Fiscal Year 2021 Homeownership Loan and Grant Budget to include the CalHome funds, if awarded.

APPROVED: MARA W. ELLIOTT, General Counsel

By \_\_\_\_\_  
Katherine Anne Malcolm  
Deputy City Attorney

KAM:soc  
10/07/2020  
Or.Dept: Housing Authority  
Doc. No. 2498198



The City of San Diego  
**Item Approvals**

**Item Subject:** Application for State of California CalHome Program Funds (Citywide).

<b>Contributing Department</b>	<b>Approval Date</b>
DOCKET OFFICE	09/25/2020

<b>Approving Authority</b>	<b>Approver</b>	<b>Approval Date</b>
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	09/22/2020
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	09/28/2020
CITY ATTORNEY	MALCOLM, KATE	10/07/2020