



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: November 12, 2021

HCR21-107

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

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Sujata Raman (619) 578-7406

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.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On September 21, 2021, the California Department of Housing and Community Development (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 November 22, 2021.
- 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 2022.
- Funding under this CalHome award would be deployed through the Housing Commission's existing First-Time Homebuyer Program, through which eligible households earning up to 80 percent of San Diego's Area Median Income (AMI), currently \$97,000 per year 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.
- In Fiscal Year 2021, the average deferred payment loan funded by the Housing Commission was \$62,946. In Fiscal Year 2022 to date, the average loan has increased to \$86,753 due to the increase in sales prices of homes in San Diego.
- Provided the average loan amount remains consistent, the infusion of \$5 million in first-time homebuyer program funds will benefit approximately 45-50 low-income families.
- Since 2001, the Housing Commission has received eight awards from HCD, totaling \$12,079,250. The most recent allocation of CalHome funds—totaling \$4,079,250—was approved by HCD in June 2021.
- 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.



REPORT

DATE ISSUED: November 4, 2021

REPORT NO: HCR21-107

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of November 12, 2021

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 San Diego Housing Commission (Housing Commission) recommend 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 Housing Commission's 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 September 21, 2021, 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 November 22, 2021. 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 2022. 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 eight awards from HCD, totaling \$12,079,250. The most recent allocation of CalHome funds to the Housing Commission—totaling \$4,079,250—was approved by HCD in June 2021. The Standard Agreement for that award is expected to be executed in the next few months. 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 \$97,000 a year 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. Should an eligible buyer purchase a home in a higher price range where the loan request exceeds \$100,000, the loan will be funded with CalHome and an additional approved funding source.

In Fiscal Year 2021, the average deferred-payment loan funded by the Housing Commission was \$62,946. In Fiscal Year 2022 to date, the average loan has increased to \$86,753 due to the increase in sales prices of homes in San Diego. Provided the average loan amount remains consistent with Fiscal Year 2022, the infusion of \$5 million in first-time homebuyer program funds will benefit approximately 45-50 low-income families.

FISCAL CONSIDERATIONS:

Approving this action will provide homeownership assistance to approximately 45-50 families, based upon the Fiscal Year 2022 average homeownership assistance of \$86,753 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
Total	\$5,000,000	Total	\$5,000,000

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On October 27, 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, all of which resulted in CalHome awards to the Housing Commission. On March 5, 2013, and January 7, 2020, the Housing Authority authorized applications to HCD, which were submitted, but did not result in awards.

ENVIRONMENTAL REVIEW:

This activity is not a project pursuant to CEQA Guidelines Section 15378(b)(5), as it is 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 CalHome 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, Single-family Housing Finance
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
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.