



## HOUSING AUTHORITY REPORT

**DATE ISSUED:** February 23, 2010

**REPORT NO:** HAR 10-020

**ATTENTION:** Chair and Members of the Housing Authority  
For the Agenda of April 20, 2010

**SUBJECT:** Proposed Fiscal Year 2010 Budget Revision (Citywide)

**REQUESTED ACTION:**

Recommend Housing Authority approval to revise the Fiscal Year 2010 Budget to transfer \$600,000 in HOME funds from Rental Housing Financing to Homeownership.

**STAFF RECOMMENDATION:**

Housing Authority approve the revision (Attachment 1) that will result in a decrease in loans and grants for Rental Housing Financing from \$16,363,660 to \$15,763,660 and increase loans and grants for Homeownership from \$4,667,933 to \$5,267,933.

**SUMMARY:**

The San Diego Housing Commission has operated a citywide First Time Homebuyer (FTHB) Program since 1992. The FTHB Program was originally created as an eligible affordable housing activity under the new HOME Investment Partnership Program that was to benefit low-income families at 80 percent or below area median income (AMI) (presently \$66,100 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 financial assistance to help them purchase their first home. The assistance presently offered to prospective buyers is in the form of a shared appreciation deferred payment second trust deed loan up to 17 percent of the purchase price and closing cost assistance recoverable grants up to four percent of the purchase price; not to exceed \$15,000. Since the first loan was funded in 1993 approximately 1,200 homebuyers have received the Commission's financial assistance.

The fiscal year 2010 homeownership loan and grant budget totaled \$4,667,933. The majority of the funds were from the Neighborhood Stabilization Program (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 have been expended or the loans are in process. The total HOME funds budgeted for this fiscal year was \$2,375,343. Since July 1, 2009, 41 eligible homebuyers have purchased a home and eight others are in escrow with HOME funds reserved for their purchase. The balance of HOME funds remaining to assist buyers has been reduced to approximately \$491,900, which is sufficient to help about 11 more first time homebuyers (\$37,097 average deferred loan / \$8,080 average closing cost assistance grant).

This proposed budget revision transfers \$600,000 of HOME funds from loans and grants for Rental Housing Financing to Homeownership loans and grants. Rental Housing Financing has a total of \$16,363,660 in their fiscal year 2010 loans and grants budget; \$10,996,362 of those dollars are HOME funds. The majority of the funds have been reserved for specific projects or set aside for CHDOs. There is a balance remaining of approximately \$600,000 uncommitted that will not be used during this fiscal year. It is anticipated the Homeownership Program will spend all its HOME funds before the end of the

fiscal year and low income buyers may miss out on the opportunity to purchase a home in this affordable market. The infusion of an additional \$600,000 in HOME funds to the homeownership loans and grants budget will allow approximately 13 more families become first time homebuyers.

**FISCAL CONSIDERATIONS:**

The transfer of \$600,000 from Rental Housing Financing to Homeownership will result in a decrease in loans and grants for Rental Housing Financing from \$16,363,660 to \$15,763,660 and increase loans and grants for Homeownership from \$4,667,933 to \$5,267,933.

**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,



Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

Attachment: 1 – Budget Amendment

Attachment 1

Budget Amendment

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
<b>Homeownership (Org 347)</b>			
<u>Salaries and Benefits</u>	316,233		
<u>Services and Supplies</u>			
Legal	20,000		
Training	3,500		
Travel	2,000		
Contract/Consultant	61,000		
Direct Hire Contractor	60,662		
Office Rent	55,453		
Sundry	13,967		
<u>Housing Programs</u>			
Loans and Grants	4,667,933	5,267,933	600,000
<b>Grand Total</b>	<b>5,200,748</b>	<b>5,800,748</b>	<b>600,000</b>
<b>Rental Housing Financing (Org 346)</b>			
<u>Salaries and Benefits</u>	347,634		
<u>Services and Supplies</u>			
Legal	200,000		
Training	3,445		
Travel	4,500		
Contract/Consultant	139,000		
Temporary Agency Employees	9,500		
Office Rent	87,394		
Sundry	31,239		
Equipment	14,284		
PILOT and Property Taxes	6,200		
<u>Housing Programs</u>			
Site Acquisition/Housing Development	16,363,660	15,763,660	<600,000>
<b>Grand Total</b>	<b>17,206,856</b>	<b>16,606,660</b>	<b>&lt;600,000&gt;</b>