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HOUSING COMMISSION HELPS SINGLE MOM BECOME HOMEOWNER DURING THE HOLIDAY SEASON

Federal monies still available for first-time homebuyers to purchase foreclosures

San Diego, CA— A single working mother of modest means will celebrate the new year as a first-time homeowner, thanks to a Housing Commission program that helps working families buy homes in San Diego neighborhoods hardest hit by the foreclosure crisis.

“Thank you for making my dreams come true,” said new homeowner Sheila Davis.

After qualifying for the Neighborhood Stabilization Program, Ms. Davis was able to purchase a foreclosed townhouse and obtain a zero-interest loan to renovate the home. It is the first home purchase for Ms. Davis, who has been a renter for the past 25 years.

“It’s always nice when you can share a feel-good story four days before Christmas,” said Mayor Jerry Sanders, who highlighted Ms. Davis’ entry into home ownership at a joint news conference today with Fourth District Councilmember Tony Young and San Diego Housing Commission President & CEO Richard C. Gentry.

“The Housing Commission is proud to help working families experience the joys and responsibilities of home ownership,” Gentry said. “We’re also pleased to play a key role in protecting neighborhoods from blight by making sure homes lost to foreclosure are quickly re-occupied by new owners.”

Three generations from the family will occupy the home: Ms. Davis, her teenage son and her mother. They will move into their 3-bedroom, 2-bath townhouse when renovations are completed in late January. The home is undergoing a complete makeover, including a remodeled kitchen with new energy efficient appliances and windows, carpeting and paint. Davis, the mother of a 16-year-old high school student, works two jobs. She is a special education technician at local elementary school, where she works with autistic children. She is also employed as a security guard at a nearby hospital.

“By purchasing her home close to where she works, Ms. Davis is fulfilling the Housing Commission’s goal to provide workforce housing in close proximity to job centers,” said Gentry.

Under the federally funded Neighborhood Stabilization Program, qualifying first-time homebuyers can purchase and renovate distressed properties as part of the effort to prevent blight caused by home foreclosures. Homebuyers are eligible for mortgage assistance as well as forgivable loans for remodeling and repairs. The program is aimed at preserving neighborhoods with a high concentration of distressed properties.

“What happens at the end is a wonderful story,” said Councilmember Young.

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Ms. Davis paid \$207,000 for the two-story townhome at the 6900 block of Pembroke Lane in San Diego's South Bay Terraces neighborhood just north of State Route 54. The Housing Commission is subsidizing the purchase with a \$35,190 2nd Trust Deed deferred loan, along with forgivable loans of \$41,316 to renovate the property and \$3,200 grant to cover closing costs.

The loans from the Housing Commission are at zero interest. In Davis' case, she does not have to repay the rehab loan if she continues living at the property for 15 years. The grant covering closing costs does not have to be repaid as long as she remains living at the house for six years. The deferred loan must be repaid after 30 years, or sooner if she refinances, moves or sells the property.

San Diego's Neighborhood Stabilization Program was launched in May, when the Commission began pre-qualifying first-time homebuyers. So far, the commission has pre-approved 98 first-time homebuyers from among 151 applicants. Five have successfully bid on homes and are now in escrow. Fourteen families have completed the process and are now homeowners.

The Commission has budgeted \$3.7 million for the program in the current fiscal year. The funds, which under federal rules must be spent by September 2010, are part of a \$9.4 million allocation awarded to the city of San Diego under the federal Housing and Recovery Act of 2008.

For more info:

http://portal.hud.gov/portal/page/portal/FHA_Home/consumers/housing_and_economic_recovery_act_of_2008_faq

Background:

Those who qualify must be first-time homebuyers with good credit and earn a household income that does not exceed 120 percent of the San Diego Area Median Income (AMI). That means a family of four may qualify if their household income does not exceed \$89,900 annually.

Qualified applicants also must be able to make a 3 percent down payment.

First-time homebuyers who qualify are eligible for the following assistance:

- Zero percent interest on a deferred payment second trust deed loan up to 17 percent of the purchase price for a term of 30 years;
- Grants of up to 3 percent of the purchase price to offset closing costs. If the property remains owner-occupied for six years, the grant is forgiven;
- Mortgage tax credit certificates.

In addition, first-time homebuyers may also obtain loans to rehabilitate their property. Rehab loans up to \$10,000 are forgiven after five years; loans from \$10,000 to \$30,000 are forgiven after 10 years; and loans greater than \$30,000 are forgiven after 15 years.

For more information visit the San Diego Housing Commission's website:

<http://www.sdhc.org/NSP.shtml>

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