



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: January 12, 2023

HCR23-006

SUBJECT: Application for State of California CalHome Program Funds

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Real Estate Division

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:

- The California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) on January 6, 2023, for several activities, including First-Time Homebuyer Mortgage Assistance, with applications due in February 2023.
- The maximum application amount is \$5 million, and HCD will provide funding to cover activity delivery fees (administrative costs) of up to 5 percent of the total award amount.
- 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—\$4,079,250—was approved 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.
- Funding under this CalHome award will be deployed through the Housing Commission's existing First-Time Homebuyer Program.
- In Fiscal Year 2022, the average deferred-payment loan funded by the Housing Commission was \$89,267. In Fiscal Year 2023 to date, the average loan has increased to \$90,718 due to the increase in sales prices of homes in San Diego.
- Provided the average loan amount remains consistent with Fiscal Year 2023, the infusion of \$5 million in first-time homebuyer program funds will benefit approximately 45-50 low-income families.



## REPORT

**DATE ISSUED:** January 6, 2023

**REPORT NO:** HCR23-006

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of January 12, 2023

**SUBJECT:** Application for State of California CalHome Program Funds

**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) Board of Commissioners (Board) 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 Jeff Davis, the Housing Commission's Interim President and Chief Executive Officer (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. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the documents, and other required documents, including amendments to any documents.
- 3) Authorize the President & CEO, or designee, to amend the Homeownership Loan and Grant budget to include the CalHome funds, if and as awarded.

### **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), currently \$104,100 per year for a family of four in San Diego, to become homeowners.

HCD issued a Notice of Funding Availability (NOFA) on January 6, 2023, for several activities, including First-Time Homebuyer Mortgage Assistance, with applications due in February 2023. Funding under this NOFA is provided from the Affordable Housing Bond Act Trust Fund. The maximum application amount is \$5 million, and HCD will provide funding to cover activity delivery fees (administrative costs) of up to 5 percent of the total award amount. Per the NOFA, HCD will announce

awards in June 2023. 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 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 may receive a deferred-payment loan of up to 22 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 22 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 2022, the average deferred-payment loan funded by the Housing Commission was \$89,267. In Fiscal Year 2023 to date, the average loan has increased to \$90,718 due to the increase in sales prices of homes in San Diego. Provided the average loan amount remains consistent with Fiscal Year 2023, 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 2023 average homeownership assistance of \$90,718 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	\$4,750,000
-	-	Administration	\$ 250,000
<b>Total</b>	<b>\$5,000,000</b>	<b>Total</b>	<b>\$5,000,000</b>

**HOUSING COMMISSION STRATEGIC PLAN**

This item relates to Strategic Priority Area No. 1 and No. 2 in the Housing Commission’s Strategic Plan for Fiscal Year (FY) 2022-2024. Strategic Priority Area No. 1: Increasing and Preserving Housing Solutions. Strategic Priority Area No. 2: Helping Families Increase Opportunities for Self- Sufficiency and Quality of Life.

**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, January 7, 2020, and November 16, 2021 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  
Interim President and 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](http://www.sdhc.org).