



Legislation Details (With Text)

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Title: RESOLUTION NO. 2020-8757 - APPROVING A BUDGET TRANSFER FROM THE SUCCESSOR HOUSING AGENCY FUND (250) TO THE CALHOME FUND (214)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution_DAP loan transfer

Date	Ver.	Action By	Action	Result
5/12/2020	1	City Council		

MEETING DATE:

MAY 12, 2020

SUBJECT:

RESOLUTION NO. 2020-8757 - APPROVING A BUDGET TRANSFER FROM THE SUCCESSOR HOUSING AGENCY FUND (250) TO THE CALHOME FUND (214)

Recommendation

ADOPT a resolution approving a budget transfer from the Successor Housing Agency Fund (250) to the CalHOME Fund (214) to facilitate Down Payment Assistance Program (DAP) loans.

Board or Commission Action

Not applicable

Relevant Council Strategic Theme

Good Governance

Relevant Department Goal

Continue to assist existing Mortgage Assistance Program (MAP)/Downpayment Assistance Program (DAP)/San Marcos Affordable Homeownership Program (SMAHP) homeowners and first-time homebuyers

Executive Summary

The City of San Marcos' Downpayment Assistance Program (DAP) is funded by the CalHOME Program and offers eligible first-time homebuyers a simple interest, deferred payment loan to assist with the purchase of a home within the City of San Marcos. The DAP loan must be used in conjunction with an original first, fixed-rate, fully amortized 30-year loan. The DAP loan provides gap financing between the first mortgage and the purchase price for the property in question.

Discussion

The DAP is subject to the availability of funds. In order to facilitate recent DAP transactions, a budget transfer from Successor Housing Agency Fund (250) to CalHOME fund (214) was deemed necessary.

This first transaction involves a SMAHP unit that currently has a DAP loan. The current unit owner's (Owner) DAP loan is approximately \$60,000. Owner is selling to a new buyer (Buyer A) who has requested a DAP loan using, in effect, \$15,000 of the Owner payoff money in a re-use manner.

The second transaction is a DAP loan for a different buyer (Buyer B). Buyer B is requesting a new DAP loan currently estimated at \$45,000. After the deposit of the Owner payoff into Fund 214 (Cal HOME), enough money will be available to wire \$45,000 to Buyer B at close of escrow.

The City would first fund the two Buyers' DAP loans, and then receive the Owners' loan payoff money after it has been directed to the City's third party loan management firm. Therefore, a budget transfer was administratively processed from Fund SHA 250 to complete the DAP loans and is being requested for City Council approval.

Given the short timeframe involved, the budget transfer has been completed administratively via City Manager approval.

Environmental Review

Not applicable.

Fiscal Impact

The CalHOME Grant Fund will have a budget increase of \$60,000 transferred from the San Marcos Successor Housing Agency Funds. The proposed increase in the budgeted expenditures will be offset by \$60,000 in Loan Repayment revenue for a zero net budget impact.

Attachment(s)

Resolution 2020-xxxx

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