



THE CITY OF SAN DIEGO

## “HOME IN THE HEIGHTS” First-Time Homebuyer Program in City Heights FACT SHEET

The City of San Diego’s Redevelopment Agency and the City Heights Redevelopment Project Area Committee (PAC) developed the “Home in the Heights” program to encourage a larger degree of homeowner occupancy within the project area, as well as assist low- and moderate-income families to purchase a home. City Heights is one of San Diego’s most densely populated and lowest income neighborhoods. The “Home in the Heights” program allows residents, who most likely would not have been able, to purchase a home at an affordable price within the project area.

The Housing Subcommittee was established by the City Heights Redevelopment Project Area Committee to determine the best use of housing set-aside funds for the area. The first priority for the subcommittee was to establish the “Home in the Heights” first-time homebuyer program, implemented in November 2001 to assist the residents of City Heights buy their first home. As a result, 60 new families are first-time home owners in the community.

**Home in the Heights Program:** The City funds silent-second mortgages of up to \$30,000 per property to qualified borrowers purchasing a home for the first time within the City Heights Redevelopment Project Area. The Home in the Heights loan can be combined with San Diego Housing Commission funds or with Price Charities funds.

**Project Area:** In 1998, San Diego voters approved Proposition MM to construct and improve schools within the San Diego Unified School District. Four new elementary schools in the City Heights Redevelopment area will displace several hundred residents. Additional residents will be displaced by other redevelopment projects within the City Heights community. Within all redevelopment project areas, twenty percent of the tax increment funds are set aside for affordable housing as well as the use of fifteen percent of all housing developed for low- and moderate-income residents.

**Program Goal:** The goal of the program is to assist residents of the City Heights Redevelopment Project Area, specifically those displaced by new public schools and redevelopment projects, to purchase and occupy homes within the Project Area. Increased homeowner occupancy rate has been identified as an important factor in increasing neighborhood stability and improvement of local housing stock.

**Eligibility and Requirements:** All residents of the City Heights Redevelopment Project Area and City Heights Planning Area may qualify for the “Home in the Heights” silent-second mortgage, with priority given to those participants eligible for relocation assistance as a result of displacement by the San Diego Unified School District from new school sites, by the Redevelopment Agency as a result of Redevelopment Projects or by Price Charities as a result of their development projects within the project area.

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- Those eligible for the program must be either a resident within the project area or a City of San Diego employee, police officer, firefighter, teacher working within City Heights, employee from nonprofit organizations or public employee working within City Heights. Priority will be given to those displaced by new public schools and redevelopment projects.
- Participants household income may not exceed 100% of the San Diego region median income
- Participants are required to participate in home-ownership classes

### Limitations, Terms and Conditions of the Silent-Second

- Borrower is required to provide a minimum down payment of 3% of the purchase price
- The silent-second mortgage must be in an amount from \$5,000 to \$30,000 and cannot exceed 20% of the purchase price of the home
- Affordability is defined as not requiring the resident to pay more that 30% of the household income for monthly housing mortgage payments
- No silent-second funds may be used to improve a property
- The annual percentage rate of 6% interest accrues on the second mortgage
- After 72 months the amount of total interest due decreases by 14.3 percent per year, so that after 156 months the entire interest is forgiven
- After ten years the principle decreases 10 percent per year, so that after 20 years the entire principle is forgiven
- Upon sale of the home or refinancing of the original loan amount, the silent-second mortgage principle and any accrued interest is due unless a new home is purchased as a primary residence in the project area. The principle and interest would then be carried over to the second property.
- The first mortgage loan must be for a 30-year term at a fixed interest with the most favorable terms available
- All properties must be inspected for termites and related damage by an approved inspector
- Buyer must obtain one-year home protection policy
- Eligible units are single family homes within the project area
- The unit must be owner occupied and will require re-certification by the homeowner annually
- There is no minimum household size

**Operation of Program:** The City of San Diego Redevelopment Agency has contracted with Community HousingWorks (CHW) to manage the “Home in the Heights” program. CHW will provide:

- Outreach, Implementation and Administration of program
- Monitoring throughout the term of the loan

### Funding

- \$2,070,000 of currently budgeted City Heights Redevelopment tax increment affordable housing funds available for loans
- \$206,768 allocated for administration
- Total = \$2,276,768

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For more information about “Home in the Heights” eligibility, please contact Community HousingWorks at (619) 282-6647 or visit them online at [www.chworks.org/](http://www.chworks.org/).

For more information about Affordable Housing Programs, please contact the San Diego Housing Commission at (619) 231-9400 or visit the Web site at [www.sdhc.net/](http://www.sdhc.net/).

For more information about the City Heights Redevelopment Project Area, please contact **Bob Kennedy**, Redevelopment Area Project Manager at (619) 533-4276 or via e-mail at [RHKennedy@sandiego.gov](mailto:RHKennedy@sandiego.gov), or contact the City Planning and Community Investment Department at (619) 533-4233. Extensive information on redevelopment activities in the City of San Diego is also available on the City’s Web site at [www.sandiego.gov/redevelopment-agency](http://www.sandiego.gov/redevelopment-agency).



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The City of San Diego Redevelopment Agency eliminates blight from designated areas, as well as achieves the goals of development, reconstruction and rehabilitation of residential, commercial, industrial, and retail districts. Redevelopment is one of the most effective ways to breathe new life into deteriorated areas plagued by social, physical, environmental or economic conditions that act as a barrier to new investment by private enterprise. **The City of San Diego Redevelopment Agency consists of three divisions:** the City Redevelopment Division (which provides overall agency management and is housed in the City of San Diego’s City Planning and Community Investment Department), the Centre City Development Corporation and the Southeastern Economic Development Corporation.

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