



*Housing*

# Actions Related to the First-Time Homebuyer Loan Program: Equity Share Reduction

April 8, 2025

Item 8.1

**Erik L. Soliván**  
Housing Director

**Banu San**  
Deputy Director

# Recommendation Overview

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- Approve reducing the City's Equity Share payment from 30% to 15% for the First-Time Homebuyer Loan Program
- Authorize the Housing Director to renegotiate Equity Share terms related to the City's single-family housing portfolio in accordance with applicable laws and funding source requirements.

# Background & Purpose

## Background:

- The First-Time Homebuyer Loan Program was established to help low to moderate-income families purchase below-market-rate homes
- The program portfolio consists of:
  - 438 loans with the Equity Share loan re-payment provision.
  - Lower-cost, lower-value condos (71%) and single-family homes (29%).
  - Average area of 1,200 total square feet or less.

## Purpose:

- Align with the City's racial and social equity goals by continuing to support affordable homeownership.

# Proposed Change & Financial Impact

- First-Time Homebuyer Program Equity Share Loan Portfolio Overview
  - Total loans: 438
  - Total loan balance: \$30,827,666
  - Average loan per home: \$70,383
  - Loans due today: 13
  - Loans due by 2029: 18
  - Loans due after 2030: 407 (93% of loans)
  
- **AT THE TIME OF SALE**, reducing the City's Equity Share from 30% to 15%, valued at approximately \$48,600 per loan, will lower homeowner costs and help stabilize families, when they choose to sell their home.

# Proposed Change & Financial Impact (Cont'd)

Loans	# of Loans	30% City Equity	Average Borrower Equity per Loan (70%)	15% City Equity	Average City Equity per Loan (15%)	Average Borrower Equity per Loan (85%)	Average City Equity Subsidy per Loan
Loans Due Today	13	\$1,263,600	\$226,800	\$631,800	\$48,600	\$275,400	-\$48,600
Loans Due by 2029	18	\$1,989,631	\$257,915	\$994,816	\$55,268	\$313,183	-\$55,268

- Assumed average market value of \$650K per unit and a 4.4% annual appreciation rate.



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