



DATE: December 16, 2025

TO: Chair and Commission Members

FROM: Housing and Neighborhood Services Department

SUBJECT: **REINSTATEMENT OF THE CALHOME/HOME FIRST-TIME
HOMEBUYER PROGRAM**

SYNOPSIS

Staff recommends that the Housing Commission recommend City Council approval of \$500,000 in CalHome funds and \$500,000 in HOME Investment Partnership funds to the City of Oceanside's First-Time Homebuyer Program (FTHB Program) as part of the Fiscal Year 2025–26 Operating Budget

BACKGROUND & ANALYSIS

Since 2001, the City of Oceanside's CalHome Program has assisted lower-income families in achieving homeownership by providing down payment assistance (DPA) for the purchase of single-family homes for owner occupancy. The program utilizes two distinct funding sources: CalHome, state funding from the California Department of Housing and Community Development and HOME Investment Partnership Program, federal funding from the U.S. Department of Housing and Urban Development (HUD).

Current market conditions suggest this is an opportune time for reinstatement. Mortgage rates began to decline in the fourth quarter of 2025, creating more favorable borrowing conditions for potential homebuyers. Additionally, Oceanside's average home values have decreased over the past year, improving affordability for lower-income families. These converging factors create a potentially favorable environment for families seeking to achieve homeownership in Oceanside.

The CalHome/Home FTHB Program was previously paused due to the COVID-19 pandemic and the increasing unstable housing market conditions. The Housing & Neighborhood Services Department seeks to ensure readiness with this program, should all market conditions align favorably for lower-income families seeking to achieve homeownership in Oceanside. Staff is seeking a recommendation of re-instatement of the current FTHB program previously approved by City Council, HCD and HUD, in its current form with increased lending limit amounts and updated periods of affordability only.

The current program provides down payment assistance through a 30-year loan structured to encourage long-term residency and generational wealth building in

Oceanside. During the first 15 years of the loan, borrowers are able to defer monthly payments while interest accrues at 3% annually. After 15 years of continuous homeownership, all accrued interest is forgiven, serving as an incentive for families to establish long-term residency in the community.

After this forgiveness, borrowers owe only the original loan amount (principal). This interest forgiveness structure supports generational wealth by preventing interest accumulation that can erode home equity, allowing families to build financial security and potentially pass property to the next generation. The loan must be repaid in full when the home is sold, refinanced, no longer owner-occupied for the required terms of the loan, or at the end of 30 years—whichever comes first.

The current FTHB Program aligns with the following policies:

- **Consolidated Plan (Federal)** → Defines community priorities and allocates HOME/CDBG funds, including to FTHB assistance. -governed by 24 CFR PART 91
- **HOME Program** → Provides direct funding for down payment programs for low-income first-time buyers- governed by 24 CFR Part 92
- **HCD Oversight** → Ensures compliance, distributes funds, and coordinates with local Housing Elements-governed by Cal. Health & Saf. Code §§ 50650-50650.7 and 25 Cal. Code Regs. tit. 25, div. 1, ch. 7, subch. 9
- **Housing Element (State/Local)** → Embeds FTHB/DPA programs as strategies to meet identified housing needs and equity goals. governed by California Government Code Sections 65580-65589

Program Eligibility: This program is available to qualified applicants who meet the following criteria:

- **First-Time Homebuyer Status:** Applicants must be first-time homebuyers, defined as individuals who have not owned or held title to a principal residence during the three-year period preceding the date of purchase, consistent with CalHOME and HUD definitions. This includes single parents who have only owned a home with a former spouse while married, and displaced homemakers.
- **Residency/Employment:** Applicants must currently live or work in Oceanside and have done so for at least the last two years.
- **Income Limits:** Household income must not exceed 80% of the Area Median Income (AMI) for San Diego County, as determined by HUD and adjusted for household size. (Please see attachment A, Pg. 5) for details on income & family size)

- **Owner Occupancy:** The purchased property must be occupied as the buyer's principal residence throughout the loan term. (Please see attachment B, Pg. 6) for details on HOME Funds required occupancy)
- **Funding Sources: (CalHome and HOME)** Down Payment Assistance (DPA) is provided through two distinct funding sources—CalHome (state) and HOME (federal)—each with separate regulatory requirements. Assistance may be up to **20% of the purchase price**, with a maximum of **\$50,000 per funding source**. When both funding sources are combined, the total assistance cannot exceed **\$100,000**. Because each source carries its own compliance obligations, a **separate lien** will be recorded for each to secure the City's interest in the property and ensure adherence to applicable state and federal program requirements throughout the loan term
- **Property Requirements:** The home must be a single-family residence located within Oceanside city limits.

AFFORDABLE HOUSING IMPACT

This program provides direct financial assistance and operates separately from affordable housing production programs governed by density bonus provisions (Government Code §§ 65915–65918), inclusionary zoning ordinances, or the Surplus Land Act (Government Code §§ 54220–54232). Unlike those regulatory mechanisms that create affordable units through development requirements, this program provides homeownership assistance to income-qualified households purchasing homes on the open market through federally and state-funded grant programs. Participants are not purchasing deed-restricted affordable housing units but rather receiving down payment and closing cost assistance to make market-rate homeownership attainable.

ENVIRONMENTAL REVIEW

None

FISCAL IMPACT

The recommended actions will have no direct impact on, or use of, General Funds. Current funds are from prior grant allocations from the California Department of Housing and Community Development and HUD.

RECOMMENDATION

Staff recommends that the Housing Commission recommend City Council approval of \$500,000 in CalHome funds and \$500,000 in HOME Investment Partnership funds to the current City of Oceanside's FTHB Program as part of the Fiscal Year 2025–26 Operating Budget.

PREPARED BY:

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Attachment A:

1. Family Size and Area Median Income Limits for San Diego County for year 2025

Household Size	50%-Very Low	80%- Low Income
Family of 1	\$57,900	\$92,700
Family of 2	\$66,150	\$105,950
Family of 3	\$74,450	\$119,200
Family of 4	\$82,700	\$132,400
Family of 5	\$89,350	\$143,000

Source:

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_CA_2025.pdf

Attachment B:

During the Period of Affordability, the borrower (or an eligible heir) must live in the home as their primary residence. If the home is no longer occupied by them, the full amount of HOME assistance must be repaid.

The table below shows the amount of HOME assistance and the required occupancy period, referred to as the “**Period of Affordability in Years.**” These details will also be included in the promissory note and deed of trust

1.

Amount of HOME Assistance	Period of Affordability in Years
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

Source:

https://www.congress.gov/crs-product/R48422#_Ref187654205