



## Legislation Text

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**File #:** 20-019, **Version:** 1

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**SUBJECT:** Authorization to Apply for and Receive Grant Funding Through the California State Department of Housing and Community Development's (HCD) CalHome Program and Authorization for the City Manager or Assistant City Manager to Execute Any and All Necessary Documents to Participate in the Program

### REPORT IN BRIEF

Authorizes Housing Division Staff to apply for grant funding in association with a CalHome Program Notice of Funding Availability issued by the California State Department of Housing and Community Development, and authorizes the receipt of grant funds.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Adopting **Resolution 2020-02**, a Resolution of the City Council of the City of Merced, California, hereby authorizes the submittal of an application to the California State Department of Housing and Community Development for funding under the CalHome Program; the execution of a standard agreement if selected for such funding and any amendments thereto; and any related documents necessary to participate in the Program; and,
- B. Authorizing the City Manager or the Assistant City Manager to execute the standard agreement and other necessary documents associated with the grant application and award process.

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, with modifications; or,
3. Deny the request completely; or,
4. Refer to staff for reconsideration of specific items as requested by Council; or,
5. Continue to a future City Council meeting (date and time to be specified in the motion).

### AUTHORITY

Municipal Code Section 200; California Health and Safety Code - HSC, Division 31, Part 16, Sections 54000-54034 (Veterans and Affordable Housing Bond Act of 2018); HCD Notice of Funding Availability (NOFA) - issued November 27, 2019

### CITY COUNCIL PRIORITIES

If awarded, this grant program will align with the City Council's FY 2019/20 priority for First-time

Homebuyer Education by providing deferred-payment mortgage loan assistance for eligible City of Merced individual first-time buyer households.

## **DISCUSSION**

The City of Merced Housing Division is requesting City Council consider adoption of a Resolution giving staff authorization to formally submit an application for CalHome grant funding under California's Veterans and Affordable Housing Bond Act of 2018.

The California State Department of Housing and Community Development (HCD) has implemented the program and is now accepting applications for funding towards activities including owner-occupied rehabilitation, accessory dwelling unit (ADU) assistance, and first-time homebuyer mortgage assistance. The application deadline is February 17, 2020. The adopted Resolution is a necessary part of the State's application.

### Background

In past years, the Housing Division has successfully applied for CalHome funding for First-time Homebuyer (FTHB) mortgage assistance, which, in turn, has helped numerous Merced residents afford the homes they and their families live in. The last and final deferred-payment loan for FTHB assistance using prior funding was issued in 2017.

While past funding has run dry, the need for this type of assistance has not. Since 2017, the Housing Division has maintained a waiting list of interested buyers, in hopes that further State funding will become available at some point. There currently are 31 interested potential homeowner on the list, with some having been on the list for two years. Given this demand, and as home prices are increasing, vacant rental units are scarce, and local home-building is active and creating single-family units once again, Housing staff believes it is an appropriate and opportune time to apply for this funding.

### Targeted Funding

Staff intends to apply for \$1,000,000 of grant funds and estimates this amount should be enough to assist most of those currently on the waiting list. Assistance to individual households will be in the form of deferred-payment loans payable on the sale or transfer of the home, when it ceases to be owner-occupied, or at maturity. The CalHome program requires that all funds be used within three years, and borrower household income must be at or below 80 percent of the Area Median Income (AMI). Funds can only be used as gap funding, to help fill the gap between the sale price of a home and the borrower's primary first mortgage.

For more details of the State's CalHome Program requirements, please refer to Attachment 1.

## **IMPACT ON CITY RESOURCES**

As these are funds granted by the State, staff does not expect an impact to any City resource, with the exception of staff time dedicated to its application and implementation.

## **ATTACHMENTS**

1. CalHome Program Guidelines
2. Draft Resolution