



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: January 8, 2008

SUBJECT: KB BEGIN Grant Application

Report in Brief

The California Department of Housing and Community Development has the Building Equity and Growth in Neighborhoods (BEGIN) Program that provides homebuyer assistance grants to jurisdictions for projects that meet the eligibility requirements. KB Homes has 10 units in their Village 3 development that meet the requirements of the BEGIN Program.

Staff recommends that the City Council approve Resolution No. _____ authorizing submission of an application for the BEGIN Program in the amount of \$540,000 and authorizing the City Manager to sign any documents as needed to execute the grant.

Background

The BEGIN Program was established as part of the Proposition 46 Housing Bond that was approved by the California voters. BEGIN provides jurisdictions with a grant of \$30,000 per low or moderate unit that can be loaned to potential homebuyers. The City successfully received a BEGIN award in 2004 for 20 affordable units that were built by Monley Cronin and Russell Ranch.

The third round of BEGIN was announced in June of 2007. The program did not receive enough applications to expend the entire amount that was approved by the voters and the program is now accepting applications over-the-counter. After reviewing the locations of affordable units in the Spring Lake Specific Area, staff was able to identify 18 units within the KB project that met the BEGIN Criteria. Staff then prepared the application for the City Council's consideration.

Discussion

An award of BEGIN funds will allow the City to market the units in the City's Inclusionary Housing Program to more people. Because these funds can be used for low and moderate income individuals, there is a chance that more families will be eligible for these units. BEGIN will also allow staff to save other precious homebuyer assistance funds for use on non-BEGIN eligible units. This will allow the City to stretch these other funds further and help to facilitate more closings on Inclusionary Units.

The impact on staff to implement this program is minimal. However, there will be additional loan documents that need to be prepared and additional time spent tracking funds and ongoing monitoring to ensure the occupants continue to meet the requirements and terms of the loans as set forth by the BEGIN Program. Many of the functions required to operate the BEGIN Program are already being implemented for other grant funds that the City has received.

A copy of the application is on file with the City Clerk.

Fiscal Impact

If approved by the California Housing and Community Development Department (HCD), this BEGIN application will have a positive fiscal impact on the City. When these loans are repaid, the City can then reloan them for additional BEGIN eligible activities. An award of BEGIN will provide the City an additional \$540,000 for homebuyer activities. There is no impact on the City's General Fund.

Public Contact

Prior to submission of this application staff has had phone conversations with HCD and KB to prepare the application. This application was also posted in the City Council Agenda.

Alternative Courses of Action

1. Approve Resolution No. _____ authorizing submission of an application for the BEGIN Program in the amount of \$540,000 and authorizing the City Manager to sign any documents as needed to execute the grant.
2. Cease further consideration of a BEGIN Program application at this time.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Prepared by: Jamie McLeod
Assoc. Housing Analyst

Reviewed by: Barry Munowitch, AICP
Assistant City Manager

Cynthia Shallit
Redevelopment Manager

Mark G. Deven
City Manager

Attachment:

1. BEGIN Resolution

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF WOODLAND**

RESOLUTION NO. _____

THE CITY COUNCIL OF THE CITY OF WOODLAND HEREBY AUTHORIZES the submittal of an application to the California State Department of Housing and Community Development for funding under the BEGIN 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 BEGIN Program.

WHEREAS:

- A. The City of Woodland, a [political subdivision of the State of California], wishes to apply for and receive an allocation of funds through the BEGIN Program; and
- B. The California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") for the BEGIN program established by Chapter 14.5, Sections 50860 through 50866 of Part 2 of Division 31 of the Health and Safety Code (the "statute"). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the BEGIN program, subject to the terms and conditions of the statute and the BEGIN Program Guidelines adopted as amended by HCD on 05/21/07; and
- C. The City of Woodland wishes to submit an application to obtain from HCD an allocation of BEGIN funds in the amount of \$540,000.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. The City of Woodland shall submit to HCD an application to participate in the BEGIN Program in response to the NOFA issued on May 21, 2007 which will request a funding allocation for the following activities:

To provide down payment mortgage assistance to eighteen (18) low-income homebuyers in a 10-unit affordable for-sale housing project located in the KB Village 3 of the Spring Lake Specific Plan, City of Woodland. If awarded, BEGIN funds will be used to provide low-interest deferred loans of up to \$30,000 each to low and moderate income homebuyers.

2. If the application for funding is approved, the City of Woodland hereby agrees to use the BEGIN funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program Guidelines cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the BEGIN Program.
3. The City of Woodland authorizes the City Manager to execute in the name of the City of Woodland, the application, the Standard Agreement, and all other documents required by HCD for participation in the BEGIN Program, and any amendments thereto.

PASSED AND ADOPTED THIS 8th Day of January, 2008, by the following vote:

AYES: _____

NAYS: _____

ABSTAIN: _____

ABSENT: _____

David Flory, Mayor

The undersigned City Clerk there before named does hereby attest and certify that the foregoing is a true and full copy of a resolution of the Governing Board adopted at a duly convened meeting on the date above-mentioned, which has not been altered, amended or repealed.

ATTEST:

APPROVED AS TO FORM:

Sue Vannucci, City Clerk

Ann Siprelle, City Attorney