



# City of Woodland

## REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR  
AND CITY COUNCIL

DATE: July 21, 2009

SUBJECT: 2009 HOME Investment Partnerships Program Application—  
First-Time Homebuyer Assistance Program

### **Report in Brief**

The City's Spring Lake Inclusionary Housing Ordinance requires that ten percent of units must be reserved for purchase by low to moderate-income households. To assist in the sale of these affordable homes the City's Affordable Housing Program has offered HOME First-time Homebuyer loans to eligible households.

Staff recommends that the City Council approve Resolution No. \_\_\_\_\_ authorizing the submittal of an application to the California State Department of Housing and Community Development (HCD) for funding under the HOME Investment Partnerships Program (HOME); and if awarded authorize the City Manager to execute a standard agreement, any amendments thereto, any related documents necessary to participate in the HOME Program.

### **Background**

On June 1, 2009, HCD announced its yearly Notice of Funding Availability (NOFA) for the HOME Program. A total of approximately \$60 million is available statewide to fund eligible affordable housing projects and programs implemented by local jurisdictions including homebuyer assistance, owner-occupied rehabilitation, and rental project new construction or rehabilitation.

City staff is proposing to apply for \$800,000 in HOME funds through the 2009 NOFA for the implementation of the City's First-Time Homebuyer Assistance Program. This program was started when the City responded to the 1998 HOME NOFA, in which Woodland received \$500,000 to provide low-interest deferred loans to assist low-income first-time homebuyers. The HOME program offers a 30 year deferred loan with 3% simple interest so long as the borrower maintains the home as their permanent residence. No payments are required for 30 years or upon the sale or transfer of the home.

The City also received awards in 2003, 2004, and 2007. Staff anticipates that the City will have loaned the full 2007 HOME grant of \$800,000, by August 2009. If a new grant is awarded, funds would not be available until April 2010.

### **Discussion**

The application that is proposed by staff for the 2009 HOME NOFA requests \$800,000 for continued implementation of the City's First-Time Homebuyer Assistance Program. The City's First-Time Homebuyer Assistance Program Guidelines allow the City to make loans to low-income households in order to assist in the purchase of a home in Woodland.

Under the State guidelines, a portion of the total grant funds may be used for staff and consultant costs associated with implementing the program. While Redevelopment Agency staff will oversee and manage the administration of the program, it is anticipated that the City's affordable housing consultant, NeighborWorks, Inc. will continue to provide assistance in activity delivery and technical assistance services, such as loan underwriting and homebuyer counseling. Currently, NeighborWorks provides these services under a contract with the City to provide assistance with the implementation of the City's First Time Homebuyer and Inclusionary Housing Programs. Last year, NeighborWorks processed 54 applications; 61% of those applications were from current Woodland residents. In addition, NeighborWorks provided financial consulting, prepared loan documents for all City loans and coordinated all sales transactions with title companies, builders, lenders, and borrowers.

The City of Woodland has not only received four previous HOME first-time homebuyer grants, but has also received and successfully managed other state housing grants, such as CalHome and BEGIN. Since the beginning of the City of Woodland's Spring Lake Inclusionary Housing program in 2006 to today, the City of Woodland has loaned \$2,570,780 in homebuyer grant funds to facilitate the purchase of 66 Spring Lake homes.

In the course of considering the recommended action, the City Council should note the HOME funds are Federal funds. The State, through HCD, administers these Federal funds to local agencies. These funds will not be impacted by the State's uncertain budget situation. The City received full reimbursement for all HOME funds in FY 09.

While the recommended action would enable the City to apply for the grant and authorize the City Manager to execute the standard agreement for the grant, the final authority to accept and implement the grant will reside with the City Council through approval of amendments to the FY 10 budget. This requirement acknowledges the City's uncertain fiscal situation and the concerns regarding the potential impacts of the State's budget. Since these issues are unknown at this time, staff is exercising some caution in the submittal of this application. However, staff also believes it would be unfortunate to not respond to the NOFA and submit the application in a timely manner.

**Fiscal Impact**

If approved with conditions favorable to the City such as timely reimbursement, this grant would have a positive impact on the budget. HCD allows jurisdictions that receive these funds to allocate some of the funds for staff directly administering the program. The home sales made under this program have resulted in leveraging approximately \$9.5 million in private mortgage funds, approximately \$4 million in permit fees to the City and additional property tax revenue.

**Public Contact**

Posting of the City Council agenda.

**Alternative Courses of Action**

1. Approve Resolution No. \_\_\_\_\_ authorizing the submittal of an application to HCD for funding under the HOME Program; and if awarded authorize the City Manager to execute a standard agreement, any amendments thereto, and any related documents necessary to participate in the HOME Program.
2. Do not approve the attached resolution and do not allow submittal of the HOME application

**Recommendation for Action**

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

Prepared by: Devon Horne  
Redevelopment Housing  
Analyst I

Reviewed by: Cynthia Shallit  
Redevelopment Manager

Reviewed by: Barry Munowitch, AICP  
Assistant City Manager

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Mark G. Deven  
City Manager

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

**RESOLUTION NO. \_\_\_\_\_**

**THE CITY COUNCIL OF THE CITY OF WOODLAND HEREBY AUTHORIZES:** Submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnerships Program; and if selected, the execution of a standard agreement, any amendments thereto, and of any related documents necessary to participate in the HOME Investment Partnerships Program.

**WHEREAS:**

- A. The California Department of Housing and Community Development (the “Department”) is authorized to allocate HOME Investment Partnerships Program (“HOME”) funds made available from the U.S. Department of Housing and Urban Development (“HUD”). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 92, and in Title 25 of the California Code of Regulations commencing with section 8200.
- B. On June 1, 2009 the Department issued a 2009 Notice of Funding Availability announcing the availability of funds under the HOME program (the “NOFA”).
- C. In response to the 2009 NOFA, the City of Woodland, a municipal corporation (the “Applicant”), wishes to apply to the Department for, and receive an allocation of, HOME funds.

**IT IS NOW THEREFORE RESOLVED THAT:**

- 1. In response to the 2009 NOFA, the Applicant shall submit an application to the Department to participate in the HOME program and for an allocation of funds not to exceed Eight Hundred Thousand Dollars (\$800,000) for the following activities and/or programs: First Time Homebuyer Program to assist low and very low-income homebuyers in purchasing a home in the City of Woodland.
- 2. If the application for funding is approved, then the Applicant hereby agrees to use the HOME funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may also execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department or HUD for participation in the HOME program (collectively, the required documents).
- 3. The applicant authorizes the City Manager or his/her designee(s) to execute, in the name of the applicant, the required documents.

**PASSED AND ADOPTED THIS 21st DAY OF JULY 2009, BY THE FOLLOWING VOTE:**

AYES:  
NAYS:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Marlin H. "Skip" Davies, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Sue Vannucci, City Clerk

\_\_\_\_\_  
Andrew Morris, City Attorney

The undersigned City Clerk of the applicant does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing board of the applicant passed and adopted at a duly convened meeting on the date set forth above, and said resolution has not been altered, amended, or repealed.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date