



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: June 1, 2010

SUBJECT: 2010 CalHome Program Application – First-Time Homebuyer
Assistance

Report in Brief

The City of Woodland's Inclusionary Housing Ordinance requires 10 percent of single-family developments to be marketed and sold to low- or moderate-income homebuyers. To make the homes affordable to eligible households the City's Redevelopment Agency staff has aggressively pursued first-time homebuyer grant funding. CalHome is one grant program that has been very beneficial to the City's Affordable Housing Program and its buyers. To continue supporting the Affordable Housing Program and Spring Lake's development staff would like to apply for CalHome funding.

Staff recommends that the City Council approve Resolution No. _____ authorizing submittal of the application to the California Department of Housing and Community Development for the CalHome Program; execution of CalHome Program-related documents by the City Manager; and take any budgetary action needed to implement the grant.

Background

On April 19, 2010 the State Department of Housing and Community Development (HCD) announced the availability of approximately \$50 million to provide grant funding to local public agencies and nonprofit developers for affordable housing programs eligible under the CalHome Program. Many cities use the CalHome program to secure funding for first-time homebuyer mortgage assistance and owner-occupied housing rehabilitation. The program's flexibility makes it very attractive to jurisdictions seeking to increase their supply of affordable owner-occupied housing. As a result of the program's popularity and limited amount of funding, HCD's application process is very competitive.

Discussion

Redevelopment staff is preparing to submit an application package to HCD for CalHome funding in the amount of \$1,000,000. If awarded to the City, CalHome funds will be used to provide first-time homebuyer mortgage assistance for income qualified applicants. First-Time Homebuyer Mortgage Assistance comes in the form of loans to low-income homebuyers purchasing units. The maximum loan amount allowed under the CalHome program is \$60,000 (including any activity delivery costs). The typical loan terms are 3% simple interest for 35 years with payments deferred as long as the borrower occupies the house. If a unit is purchased in collaboration with another program, such as HOME, an affordability covenant will be placed on the property. With this other funding, upon transfer of title or sale, the borrower is required to sell to another eligible buyer at a price affordable to low-income households.

If funded for the requested amount of \$1,000,000, it is anticipated that the funds will provide an average amount of \$55,000 in mortgage assistance to approximately 16 low-income homebuyers.

If approved, this will be the thirteenth time the City has applied for state funds for a First Time Homebuyer program, including HOME, CalHome, and BEGIN. To date, the City has made 70 first-time homebuyer loans with approximately \$3.1 million of state funds. In 2007, the City successfully applied for CalHome First-Time Homebuyer funds. Thirteen first-time homebuyer loans were made with the 2007 CalHome grant and to date all funds have been expended.

The attached resolution (**Attachment A**) is required to be adopted by the City Council prior to the City's submittal of the CalHome application to HCD, which is due June 25, 2010.

Fiscal Impact

If awarded, the program allows the City to use approximately \$5,000 per loan for activity delivery costs. The activity delivery costs must be justified and accounts for staff time spent on loan processing. Any loan payments made by the borrowers will be returned to a housing revolving loan fund to be used for additional loans. There is no impact on the General Fund.

Public Contact

Posting of the City Council agenda.

Alternative Courses of Action

1. Approve Resolution No. _____ authorizing submittal of the application to the California Department of Housing and Community Development for the CalHome Program; execution of CalHome Program-related documents by the City Manager; and take any budgetary action needed to implement the grant..
2. Do not authorize the actions in the attached Resolution

Recommendation for Action

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

Prepared by: Devon Horne
Redevelopment/Housing
Analyst

Reviewed by: Cynthia Shallit
Redevelopment Manager

Mark G. Deven
City Manager

Attachment A: Resolution

RESOLUTION _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND HEREBY
AUTHORIZING 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 CALHOME PROGRAM.**

WHEREAS, the City of Woodland, a political subdivision of the State of California, wishes to apply for and receive an allocation of funds through the CalHome Program; and,

WHEREAS, the California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") for the CalHome program established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) 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 CalHome program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, The City of Woodland wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,000,000.

NOW THEREFORE BE IT RESOLVED, that the City of Woodland shall submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on April 19, 2010 which will request a funding allocation for the following activities:

First-Time Homebuyer Mortgage Assistance for approximately
\$1,000,000 and located within the city limits of Woodland.

BE IT FURTHER RESOLVED, if the application for funding is approved, the City of Woodland hereby agrees to use the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the CalHome Program.

BE IT FURTHER RESOLVED, 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 CalHome Program, and any amendments thereto.

PASSED AND ADOPTED this 1st day of June, 2010, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Marlin H. Davies, Mayor

ATTEST:

APPROVED AS TO FORM:

Susan L. Vannucci, City Clerk

Andrew J. Morris, City Attorney