

City of Sacramento

Legislation Details (With Text)

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Title: CalHome Application for First-Time Homebuyer Mortgage Assistance
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Date	Ver.	Action By	Action	Result
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Title:
CalHome Application for First-Time Homebuyer Mortgage Assistance

File ID: 2019-01806

Location: Citywide

Recommendation:

Adopt a City Council Resolution authorizing the Sacramento Housing and Redevelopment Agency (Agency) through its Executive Director to: 1) submit an application to the California Department of Housing and Community Development in the amount of \$5,000,000 for First-Time Homeowner Mortgage Assistance funding under the CalHome program; 2) execute a Standard Agreement for such funding and execute any related documents necessary to participate in the CalHome Program, and any amendments thereto; 3) adopt local CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines; and 4) amend the Agency Budget to receive and expend the \$5,000,000 in CalHome funding for the First-Time Homebuyer Mortgage Assistance Program.

Contact: Christine Weichert, Assistant Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

1-Description/Analysis
2-Resolution
3-Exhibit A CalHome First-Time Homebuyer Program Guidelines

4-CalHome Target Area Map

Description/Analysis

Issue Detail: The California Department of Housing and Community Development (HCD) announced a Notice of Funding Availability (NOFA) for the CalHome Program on November 27, 2019 which was amended on December 23, 2019. HCD awards CalHome grants to eligible organizations for activities that support homeownership programs aimed at low and very-low income households. Applications under the NOFA are due to HCD no later than January 27, 2020. The funding for this NOFA is provided by the Veterans and Affordable Housing Bond Act of 2018.

In the recently released NOFA, the maximum application amount is \$5,000,000. The eligible activities for the CalHome funding under the current NOFA are:

- First-Time Homebuyer Mortgage Assistance
- Owner-Occupied Rehabilitation Assistance
- Technical Assistance for Self-Help Housing
- Technical Assistance for Share Housing Programs
- Accessory Dwelling Unit (ADU)/Junior Accessory Dwelling Unit (JADU) Assistance
- Homeownership Project Development Loans

In order to apply for an activity listed in the NOFA, the applicant must meet the experience requirement for that activity. In general, the experience requirement is a minimum of two years of program administration for the type of activity within the four years immediately preceding the application. The Agency has administered a First-Time Homebuyer Program since 1996 but has not administered an Owner Occupied Rehabilitation Program since 2012. The Agency has not administered Technical Assistance programs for Self-Help Housing or Share Housing, ADU/JADU Assistance Programs, or Homeownership Project Development Loans. As a result, in order to submit an application that meets the experience required in the NOFA, this report requests authorization to apply for CalHome Program funds in the amount of \$5,000,000 to use for the First-Time Homebuyer Mortgage Assistance program. Funding from this program will assist 90-100 low-income homebuyers to purchase their first home in targeted areas of the City.

The Agency has administered the CalHome Program on behalf of the City since 2001. With this program the Agency has assisted over 300 low-income homebuyers in the City to purchase their first home. The CalHome First-Time Homebuyer Mortgage Assistance Program provides down payment and mortgage assistance to low-income first-time homebuyers in the form of deferred payment loans. The assistance will be calculated at up to 20 percent of the purchase price, and can range from a minimum amount of \$10,000 to a maximum amount of \$50,000. The program imposes housing ratio

guidelines to ensure the home being purchased is affordable to the homebuyer. Exhibit A includes proposed program guidelines for the CalHome First-Time Homebuyer Mortgage Assistance Program.

Program Targeting

The Agency's application to HCD for CalHome funding will be rated and ranked based upon various evaluation criteria. Extra points will be awarded in the category of Community Revitalization if the application restricts the program to properties located within a federal Promise Zone, a Choice Neighborhood Initiative Area, or an Opportunity Zone. Due to the need to increase homeownership in these areas, the limited number of homebuyers that can be assisted with CalHome funds, and to make the application more competitive, staff recommends that the program be targeted to the eligible Community Revitalization areas. Please see Attachment 3, CalHome Target Area Map.

Policy Considerations: The actions requested in this report will allow the Agency to apply for CalHome Program funds to use in a First-Time Homebuyer Mortgage Assistance program and is consistent with Agency policies to increase homeownership opportunities. The CalHome First-Time Homebuyer Mortgage Assistance program will result in 90-100 additional homeowners in the City, contributing to goals in the City's 2014-2021 Housing Element.

Economic Impacts: Not applicable

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action consists of an application to create or use a government funding mechanism, which is a financing mechanism, to provide purchasing assistance to low-income homebuyers for purchase of existing single family homes. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b)(4).

Sustainability Considerations: Not applicable

Other: The National Environmental Policy Act (NEPA) does not apply.

Rationale for Recommendation: A successful CalHome application will provide funding for homebuyer assistance for 90-100 low-income homebuyers in targeted areas of the City, increasing the level of homeownership in community revitalization areas.

Financial Considerations: The CalHome application will request \$5,000,000 in funding. The program includes funding to cover Activity Delivery Fees of up to ten (10) percent of the total grant amount, which is an offset to Agency staffing costs incurred in administering the CalHome Program. Loan repayments revolve into a CalHome reuse account which is used to fund future Agency loan programs for CalHome eligible activities.

LBE - M/WBE and Section 3 requirements: The items discussed in the staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.