



TOWN OF APPLE VALLEY TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** March 12, 2013

From: Lori Lamson **Item No:** 10
Community Development Director
Community Development Department

Subject: SUBMISSION OF CALHOME PROGRAM APPLICATION TO THE
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT (HCD)

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

1. That the Town Council adopt Resolution 2013-11 authorizing the submittal of an application to the California State Department of Housing and Community Development (HCD) for funding under the CalHome Program;
2. Authorize the Town Manager and Community Development Director to execute, on behalf of the Town of Apple Valley, the application, the Standard Agreement, and all other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

SUMMARY:

On January 22, 2013, HCD released a Notice of Funding Availability (NOFA) for the 2013 CalHome Program. Under this NOFA, approximately \$49 million is provided by passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to provide funding to local public agencies or nonprofit corporations for eligible activities within the CalHome Program such as First-Time Home Buyer Mortgage Assistance and Owner-Occupied Rehabilitation Loans.

Staff recommends applying for funds in the amount of \$1,000,000 to be used to continue implementing both the RRLP and the DAP Programs.

The RRLP provides 0% interest rate deferred loans of up to \$20,000 to low-income owner-occupied households for the purpose of providing needed repair that addresses one or more health and safety items. Under the RRLP program, eligible Apple Valley homeowners may obtain a deferred loan to rehabilitate and improve an owner-occupied, single-family residential property. Funds under the RRLP must be used for eligible improvements that address code violations, health and safety violations, incipient code violations, and other improvements that are intended to improve deteriorated conditions. To date, Housing Division staff has funded 191 loans totaling \$3,199,491. Additional CalHome funds would allow the Town to assist households on the growing waiting list.

During the past 18 months Housing Division staff successfully committed \$401,888 by providing down payment assistance to 13 low and moderate income first-time homebuyers. The demand for down payment assistance remains high; therefore, an award of CalHome funds will enable the Town to meet the continued requests for down payment assistance while at the same time stabilizing the neighborhoods in our community.

The DAP provides 0% interest rate loans for assistance in down payment and/or closing costs for purchase of a home. Homeowners must also meet low-income eligibility criteria (80% of median income or less) The DAP provides 0% interest rate deferred loans of up to \$55,000 to low-income households to purchase a home within the Town.

The loans for both programs are deferred for a term of 30 years and due upon sale, transfer of title (whether voluntary or involuntary), or refinance. The repaid loan amount may be used to fund additional rehabilitation and down payment assistance loans.

A resolution authorizing the submittal of an application to HCD must accompany the application. A complete application must be received by HCD no later than Wednesday, March 20, 2013.

Staff recommends adoption of the form motion.

BACKGROUND:

In June 2010 and December 2011 the Town applied for a California Department of Housing and Community Development (HCD) grant under the HCD CalHome Program (CALHOME) as authorized by Chapter 6 of Part 2 of Division 31 of the Health and Safety Code. Apple Valley was awarded \$1,000,000 per award year and funding for the grants were made available to the Town in March of 2011 and April 2012, respectively. The Town has been successfully processing requests for the Residential Rehabilitation Loan Program (RRLP) and the Down Payment Assistance Program (DAP) to utilize funds from the 2010 award year.

FISCAL IMPACT:

\$1,000,000 reimbursable grant to fund the Housing Division's existing RRLP and DAP programs.

RESOLUTION NO. 2013-11

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, STATE OF 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 CALHOME PROGRAM.

WHEREAS:

- A. The Town of Apple Valley, a political subdivision of the State of California, wishes to apply for and receive an allocation of funds through the CalHome 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 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
- C. The Town of Apple Valley wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,000,000.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. The Town of Apple Valley shall submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on January 22, 2013 which will request a funding allocation for the following activities:
 - Activity: Single-Family, owner occupied Residential Rehabilitation Loan Program (Residential Rehabilitation Loan Program) RRLP and Down payment Homeownership Program, Down payment Assistance Program (DAP)
 - Funding Amount: \$1,000,000
 - Location: Apple Valley – Town-wide
- 2. If the application for funding is approved, the Town of Apple Valley 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.
- 3. The Town Council of Apple Valley authorizes the Town Manager or the Community Development Director to execute in the name of the Town of Apple Valley, the application, the Standard Agreement, and all other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 12h day of March, 2013.

Curt Emick, Mayor

ATTEST:

LaVonda M. Pearson, Town Clerk