



## TOWN OF APPLE VALLEY TOWN COUNCIL STAFF REPORT

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**To:** Honorable Mayor and Town Council      **Date:** June 24, 2014

**From:** Heather Wylie, Housing and Community Development Specialist  
Development Specialist  
Community Development Department      **Item No:** 6

**Subject:** SUBMISSION OF CALHOME PROGRAM APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) FOR MORTGAGE ASSISTANCE AND OWNER OCCUPIED REHABILITATION ACTIVITIES

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

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### RECOMMENDED ACTION:

1. That the Town Council adopt Resolution 2014-25 authorizing the submittal of an application to the California State Department of Housing and Community Development (HCD) for funding under the CalHome Program Manufactured Home Set Aside, for mortgage assistance and owner occupied rehabilitation;
2. Authorize the Town Manager, Frank W. Robinson, or Assistant Town Manager, Lori Lamson, to execute, on behalf of the Town of Apple Valley, the applications, Standard Agreements, and all other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

### SUMMARY:

On April 29, 2014, HCD released a Notice of Funding Availability (NOFA) for the 2014 CalHome Program. Under this NOFA, an approximately \$10 million manufactured home set aside 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. Eligible activities include First-Time Home Buyer Mortgage Assistance and Owner-Occupied Rehabilitation/Replacement, in the form of forgivable loans, to manufactured home owners.

Staff recommends applying for funds in the amount of \$600,000 to be used to continue implementing a variant of the Town's existing Manufactured Home Repair Program (MHRP) and Down-payment Assistance Program (DAP).

The MHRP currently provides a max of a \$10,000 grant to manufactured home owners residing on leased land to assist with rehabilitation repairs focused on health and safety issues and/or code violations. The program has been funded by Community Development Block Grant (CDBG) funds for FY 2013-2014 and FY 2014-2015. Eight applicants are at various stages of the application or construction process at this time. Cal Home funds would allow for expansion of this program in the form of a \$10,000 maximum, forgivable loan, per eligible low-income household in the Town.

During the past 18 months Housing Division staff successfully committed \$1,022,301.04 by providing down payment assistance to 23 low-income homebuyers. The existing DAP provides 0% interest rate, 30-year deferred 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 loans up to \$55,000 are provided to low-income households to purchase a home within the Town.

This program has not been previously available to manufactured home owners who wish to purchase in a park. The demand for down payment assistance remains high; however, rising values will soon price some buyers out of the market for a single-family residence. CalHome Manufactured Home set-aside funds would allow us to expand the program by providing opportunities to households who may otherwise be unable to purchase any home at all. Requests for down payment assistance would be provided in the form of a 20-year forgivable loan for units purchased on leased land, continuing our efforts to stabilize manufactured housing communities within the Town.

A resolution authorizing the submittal of an application to HCD must accompany the application. A complete application is to be received and processed by HCD, in the order received, starting July 10, 2014.

Staff recommends adoption of the form motion.

**BACKGROUND:**

In June 2010, December 2011 and April 2013, 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 with funding for the grants made available to the Town in March of 2011, April 2012, and September 2013, respectively. The Town has been successfully processing requests for the RRLP and DAP for the 2011 and 2012 award years, having fully expended funds from the 2010 award year. This will be the first CalHome award available to assist homebuyers in purchasing, replacing, or rehabilitating their manufactured homes on leased land.

**FISCAL IMPACT:**

\$600,000 reimbursable grant to fund variations of the Housing Division's existing MHRP and DAP programs.

**RESOLUTION NO. 2014-25**

**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 \$600,000.

**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 April 29, 2014 which will request a funding allocation for the following activities:
  - Activity: Manufactured Home, owner occupied Manufactured Housing Repair or Replacement Program (MHRP) and Down payment Assistance Program (DAP)
  - Funding Amount: \$600,000
  - Location: Apple Valley – Townwide
- 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, Frank W. Robinson, or the Assistant Town Manager, Lori Lamson, 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 24th day of June, 2014.

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Art Bishop, Mayor

**ATTEST:**

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LaVonda M. Pearson, Town Clerk