



CITY COUNCIL AGENDA STATEMENT



February 4, 2020

File ID: 19-0574

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE, IF SELECTED FOR SUCH FUNDING, TO EXECUTE THE STANDARD AGREEMENT, AND AMENDMENTS THERETO, AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE CALHOME PROGRAM

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The California Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability (NOFA) for approximately \$57 million under the CalHome Program. Funding can be used for homeownership assistance program activities under the CalHome Program through local public agencies and nonprofit corporations. This action requests authorization to apply for the funds through this NOFA, as amended, to increase available funding for the City's Homebuyer Assistance Program.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378(b)(4) of the State CEQA Guidelines because the action consists of an application to create a government funding mechanism to provide assistance to low-income homebuyers to purchase existing single-family homes which have previously been constructed or are in projects that have already been reviewed under CEQA. Thus, no further environmental review is necessary.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

HCD has issued a NOFA of approximately \$57 million under the CalHome program. Funding was made available from the Affordable Housing Bond Act Trust Fund of 2018. Funds awarded through this NOFA will

provide for homeownership assistance program under the CalHome program through local public agencies, and nonprofit corporations.

CalHome Application

Due to the highly competitive CalHome grant application process and short application period, the City of Chula Vista (City) is in negotiations with the San Diego Housing Commission (SDHC) to establish a partnership to ensure that the grant funding can be spent within the grant period of three years. SDHC is an existing administrator of a First Time Homebuyer Program (FTHB) that covers the City of San Diego. In addition, the SDHC administers the County of San Diego's FTHB Program through its existing consortium that includes the following jurisdictions: Urban County (Unincorporated County), Carlsbad, Encinitas, La Mesa, San Marcos, Santee, Vista, Coronado, Del Mar, Imperial Beach, Lemon Grove, Poway and Solana Beach. In partnering with the SDHC, whether in Chula Vista or Lemon Grove, a borrower's or lender's experience with the FTHB will be more seamless and consistent given one access and contact point and one set of guidelines. This will streamline the process, enabling borrowers to navigate a popular program that covers a large percentage of San Diego County region.

The program will be required to use the existing CalHome Guidelines issued by State HCD and funds awarded to the City must be spent within our jurisdiction. If the award is successful, staff will return to Council with an Agreement with the SDHC upon successful negotiations.

CalHome Potential Award

Staff is proposing to apply for up to \$1,500,000 in CalHome funds to provide additional funding for its low-income first-time homebuyer assistance program. In accordance to the CalHome Regulations, the funds may be used to provide (1) additional financing to eligible homebuyers in an amount not to exceed 40 percent of the Borrower's purchase price for the property but not to exceed a maximum of \$100,000, in the form of a deferred payment loan; (2) pay for homebuyer education costs; and (3) pay for applicable loan processing costs. If awarded the CalHome funds, the City will be able to also leverage its federal HOME Investment Partnerships Act program and local Balanced Communities programs, increasing the number of first-time homebuyers within our jurisdiction.

Participating homebuyers will be required to attend an eight-hour homebuyer education class provided by a U.S. Department of Housing and Urban Development (HUD) approved organization (Attachment A). Borrowers would pay the cost of the class directly to the provider and be reimbursed up to \$250 at loan closing. The City would enter into a Memorandum of Understanding, as required by the Cal Home Program Regulations, with these existing homebuyer education providers.

All repayments of CalHome loans will be deposited into a CalHome Trust Account to provide additional CalHome loans after the original \$1,500,000 CalHome grant funds have been fully expended.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no fiscal impact in the current fiscal year. If awarded the grant from the California Department of Housing and Community Development CalHome program, staff will return to Council to accept and appropriate these funds. Award announcements are not expected until approximately May 2020.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact. If the grant is successful, the CalHome funds may provide Activity Delivery Fees of up to 20 percent of the total award to reimburse program administration costs.

ATTACHMENTS

1. HUD Approved Homebuyer Education Providers

Staff Contact: Jose Dorado, Senior Management Analyst- DSD-Housing Division