



# COUNTY OF HUMBOLDT

## Legislation Text

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**File #:** 20-80, **Version:** 1

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**To:** Board of Supervisors

**From:** Planning and Building Department

**Agenda Section:** Consent

**SUBJECT:**

Resolution Authorizing the Submittal and Signature of a CalHome Program Grant Application for a First Time Homebuyer Loan Program and an Accessory Dwelling Unit Construction Loan Program

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Adopt the attached Resolution No. \_\_\_\_:
  - a. Authorizing an application to be submitted to the Department of Housing and Community Development (HCD) for the 2019 CalHome Grant Program for up to \$4,800,000; and
  - b. Authorizing and directing the Planning and Building Department Director to execute in the name of the County of Humboldt the application, the Standard Agreement, and all other documents required by HCD for participation in the CalHome Program, and any amendments.

**SOURCE OF FUNDING:**

California State Department of Housing and Community Development CalHome Grant; funded by the Affordable Housing Bond Act Trust Fund of 2018.

**DISCUSSION:**

On December 23, 2019 the State of California's Department of Housing and Community Development (HCD) CalHome Program issued a Notice of Funding Availability (NOFA). The purpose of the CalHome Program is to support existing homeownership programs aimed at low- and very low-income households to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of existing homes. The 2019 NOFA has modified the CalHome program to allow loans to qualified borrowers to develop accessory dwelling units (ADUs) with loan funds.

Staff is recommending that the county apply for first-time homebuyer (FTHB) and ADU program loan funding. The county has operated a FTHB program, with funding from three sources for the last 16 years. The demand for FTHB loans is high; the county's waiting list is currently closed with 45 families and individuals in line to apply for funding. FTHB funds provide a subordinated, deferred, low-interest loan to families that have not owned a house in three years. The ADU program loans

provide a subordinated, deferred, low-interest loan to qualifying homeowners to develop a second unit on their property. Qualified homeowners may also repair health and safety items on their existing home with loan funds. CalHome loans may also be used for ADU and joint accessory dwelling unit (JADU) rehabilitation, reconstruction, or repair. The ADU program is new this year but it has similarities to the owner-occupied rehabilitation loan program that the county has offered from time to time for the past 16 years.

Currently the CalHome Program limits participation to individuals and households that earn less than 80% of the area's median income. In 2019, an individual earning less than \$36,300 per year is eligible to borrow CalHome funds; a household of four people would need to earn less than \$51,850 to be eligible. In most cases, the maximum funding amount per loan is \$100,000.

If the county applies for \$4,800,000 for this activity, the funds will be able to assist up to 43 families over the next three years. When the loans are repaid the funds may be re-loaned from a county managed trust fund; if the county makes enough loans, we will have a funding source to operate the program in perpetuity.

#### FINANCIAL IMPACT:

This action solicits grant funds from the State of California to stabilize neighborhoods, increases rental housing and increases homeownership for lower income citizens of Humboldt County. It will not affect the General Fund, because all costs associated with the activities will be provided by the grant.

#### STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by seeking outside funding sources to benefit Humboldt County needs protecting vulnerable populations and creating opportunities for improved safety and health.

#### OTHER AGENCY INVOLVEMENT:

The California Department of Housing and Community Development will provide the funding and oversee implementation of the grant.

#### ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose to not apply for these funds. This is not recommended because there is a demand for additional housing in Humboldt County.

#### ATTACHMENTS:

1. Board of Supervisors Resolution No. 20-\_\_\_\_\_
2. 2019 CalHome Grant Application
3. Letter of Designation for Planning and Building Director to sign grant documents

#### PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A

