



CITY OF POMONA

COUNCIL REPORT

June 19, 2017

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

Subject: **Adoption of a Resolution Approving Financial Assistance to Homebuyers under the Neighborhood Stabilization Programs (NSP1 and NSP3) in an amount not to exceed \$95,000 per NSP-eligible property.**

OVERVIEW

Recommendation – That the City Council of the City of Pomona adopt a resolution authorizing financial assistance to homebuyers under the Neighborhood Stabilization Programs (NSP1 and NSP3), in an amount not to exceed \$95,000 per NSP-eligible property.

Fiscal Impact – There is a fiscal impact to the NSP1 fund (124-1791-52980-58601) and NSP3 fund (130-1791-52980-58620) budgets of \$100,000 each. However, this funding for providing financial assistance to homebuyers under these programs has already been appropriated in the FY17-18 Operating Budget.

Previous Council Action — On November 17, 2008, City Council approved the use of NSP funds for eligible activities, with financial assistance to homebuyers of NSP-eligible properties being one of these activities per HUD program regulations. On December 16, 2013, the Council adopted Resolution 2013-115, approving financial assistance under the NSP 1 & NSP 3 programs, in an amount not to exceed \$80,000 per NSP-eligible property.

EXECUTIVE SUMMARY

As an eligible activity of NSP funds, it is proposed that financial assistance, in an amount not to exceed \$95,000 per property, be provided, when necessary, to help very low to moderate-income homebuyers purchase NSP-eligible properties for homeownership.

DISCUSSION

With \$3,530,825 in NSP1 funds, \$1,235,629 in NSP3 funds and program income from both funds, the City has successfully funded the acquisition, rehabilitation and resale of twelve for-sale single-family homes; acquisition, rehabilitation and rental of a single-family home, a duplex and a triplex; acquisition and resale of one single-family home; and is working with a developer on the construction of a new single-family home that will be sold to a very low-income (50 percent of Area Median Income) homebuyer.

The City has met the 100 percent expenditure deadline for both NSP1 and NSP 3 and is currently working with HUD on the completion of final projects and close out of both grants.

NSP Financial Assistance for Homeownership

For Fiscal Year 2017-2018, \$100,000 from NSP3 has been budgeted for financial assistance activity to help a very-low income family purchase the last NSP property currently under construction. Since most foreclosed homes require substantial rehabilitation, which most low to moderate-income homebuyers cannot afford, the NSP financial assistance has primarily been used to assist families purchasing foreclosed homes which have been rehabilitated with NSP funds. A maximum of \$100,000 in NSP funding per property was originally approved in 2008 for these activities. On December 16, 2013, the Council approved an amount not to exceed \$80,000 per property to assist very low to moderate-income homebuyers with down payment assistance, closing cost assistance, and/or gap assistance in order to reduce the buyers' out-of-pocket costs and to reduce monthly housing costs, through Resolution 2013-115, which approval of this recommendation will rescind. Mostly low to moderate-income (80 to 120 percent of Area Median Income) homebuyers have benefitted from this assistance.

At this time, the City is working on the last property purchased with NSP funds. The project is a new construction and resale of a single-family home that requires that the house be sold to a homebuyer with an income at 50 percent of Area Median Income in order to meet the very low income set-aside requirement. Although \$80,000 is sufficient to assist a low or moderate-income family, the amount is not sufficient to assist a very low- income homebuyer. An increase of the City's financial assistance to an amount not to exceed \$95,000 will help to assist very-low income homebuyers attain the goal of homeownership. All other terms and provisions of the City's Mortgage Assistance Program will remain in full force and effect.

The City currently has identified a family that meets the needed criteria to purchase the house upon completion of construction.