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# CITY OF POMONA

## COUNCIL REPORT

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April 1, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Benita De Frank, Neighborhood Services Director

**SUBJECT: AWARD OF \$83,368 OF HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS TO SHIELD OF FAITH ECONOMIC DEVELOPMENT CORPORATION, A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION**

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### **RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Adopt the following (Attachment 1) resolution:

**RESOLUTION NO. 2019- – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AWARING \$83,368 OF HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS TO SHIELD OF FAITH ECONOMIC DEVELOPMENT CORPORATION, A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION**

- 2) Authorize the City Manager to amend the existing Agreement with Shield of Faith Economic Development Corporation and to execute the Agreement and related documents, subject to review by the City Attorney.

**EXECUTIVE SUMMARY:** The HOME Investment Partnerships Program (HOME) rules require that at least 15% of a participating jurisdiction's annual allocation be set aside for Community Development Housing Organizations (CHDOs) for eligible housing activities. CHDO's are private, non-profit organizations with demonstrated capacity to develop housing in its local community. Staff is recommending the award of the City's FY 2017-2018 HOME CHDO set-aside funds, amounting to \$83,368, to Shield of Faith Economic Development Corporation, a City of Pomona CHDO. This will be used for the acquisition and rehabilitation of vacant homes, for re-sale to low-income first time homebuyers.

**FISCAL IMPACT:** Funds were approved under the Fiscal Year 2018-2019 City Operating Budget, as follows:

| Program      | Fund     | Account No.          | Amount   |
|--------------|----------|----------------------|----------|
| HOME Program | Fund 214 | 214-1793-40848-41704 | \$83,368 |

## **DISCUSSION:**

Per HOME Program rules, 15% of the annual HOME entitlement allocation must be set-aside for CHDOs for eligible HOME projects. Eligible projects include: acquisition, rehabilitation or new construction of homebuyer properties; acquisition, rehabilitation or new construction of rental housing; and, direct financial assistance to purchasers of HOME-assisted housing that was developed by a CHDO with HOME funds. To qualify as a CHDO, an organization must 1) be a private, not for profit; 2) have a history of serving the community; 3) have the capacity to implement the project; and, 4) not be controlled by a for-profit or public entity.

Shield of Faith Economic Development Corporation (SOFEDC) is currently the City's only active CHDO under contract to acquire and rehabilitate vacant homes for resale to low-income first time homebuyers. The past CHDO projects accomplished through SOFEDC were in response to the high foreclosure rate in the City arising from the economic downturn and housing market collapse in 2008. In 2009, 2010 and 2015, the City awarded a total of \$1,581,973 for this effort. To date, SOFEDC has acquired, rehabilitated and sold 8 properties to low-income first time homebuyers (Attachment 2). HOME funds were augmented by the proceeds from the sale of the properties.

### Award of HOME Funds and Re-certification as CHDO

For FY 2017-2018, the City's HOME CHDO allocation is \$83,368. Staff is recommending that this amount be awarded to SOFEDC to assist in the acquisition and rehabilitation of additional housing units. According to RealtyTrac, 65.77% or 98 out of 149 homes listed for sale in January 2019 are in some stage of foreclosure (default, auction or bank owned), which indicates a continuing need for this type of project. The project also meets the City's 2018-2023 Consolidated Plan objectives to increase the supply of safe, decent and affordable housing for low-income families.

Staff is further recommending that the City Manager be authorized to amend the existing agreement with Shield of Faith Economic Development Corporation and to execute the agreement and related documents, subject to review by the City Attorney.

Prepared by:

Maria A. Siacunco, Housing Grants Supervisor

## **ATTACHMENTS:**

Attachment No. 1 – Resolution

Attachment No. 2 – SOFEDC Project Portfolio