



---

---

# CITY OF POMONA COUNCIL REPORT

---

---

January 6, 2020

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

**SUBJECT: CALHOME PROGRAM – RESPONSE TO NOTICE OF FUNDING  
AVAILABILITY (NOFA) FOR MORTGAGE ASSISTANCE PROGRAM  
AND OWNER-OCCUPIED REHABILITATION ASSISTANCE  
TOTALING \$4.0 MILLION**

---

## **RECOMMENDATION:**

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

- 1) Adopt the following resolution:

**RESOLUTION NO. 2020-03, AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM FOR MORTGAGE ASSISTANCE AND FOR OWNER-OCCUPIED HOUSING REHABILITATION ASSISTANCE; THE EXECUTION OF STANDARD AGREEMENTS IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE CALHOME PROGRAM**

- 2) Authorize the City Manager to execute in the name of the City of Pomona, the application, the Standard Agreements, and all other documents required by the Department of Housing and Community Development for participation in the CalHome Program, and any amendments thereto.
- 3) Amend the Home Investment Partnerships (HOME) Owner-Occupied Housing Rehabilitation Program's maximum funding amounts for consistency with CalHome Program Guidelines.

## **EXECUTIVE SUMMARY:**

On November 27, 2019, the California Department of Housing and Community Development (HCD) announced a Notice of Funding Availability (NOFA) for cities and non-profit corporations in the amount of \$57 million. The NOFA opened applications for Mortgage Assistance, Owner-Occupied Rehabilitation Assistance, and Technical Assistance for Self-Help Projects and Shared Housing Program applications. With City Council approval, the City will submit an application totaling \$4.0 million for Mortgage Assistance (MA) and Owner-Occupied Rehabilitation (OOR) Assistance at \$2.0 million each.

**FISCAL IMPACT:** Adopting Resolution No. 2020-03 (Attachment 1) will have no fiscal impact. If the application is successful, a staff report will be prepared to accept and appropriate the funds.

## **DISCUSSION:**

CalHome Program Funding is awarded on a competitive basis. The criteria for selection are: (1) Capability – to operate the program by demonstrating experience with the administration of similar activities; (2) Community Need – percentage of population living below poverty level; (3) Feasibility – as demonstrated by the extent to which the proposed program is responding to community need; (4) Community Revitalization – whether the program is in a Federally defined census tract or designated redevelopment area; and, (5) Volunteer/Self-Help Labor or Youth Construction Skills Training Program. This last criteria does not apply to MA and OOR programs. Based on city demographics, housing need and success in administering 10 prior HCD grants, Pomona meets the established criteria and would have a competitive advantage if submitted. The deadline for application is January 27, 2020 at 5:00 p.m.

### **The CalHome Programs**

The City has been implementing the CalHome MA and OOR Programs for nineteen years. Implementation of the CalHome Program stopped in 2017 due to limited funding from the State, but the MA and OOR programs were continued with Federal funds through Home Investment Partnerships (HOME) Program.

#### *Mortgage Assistance Program*

The Mortgage Assistance (MA) program will be a deferred loan program that provides down payment and closing cost assistance of up to \$100,000 for low- and lower- income households with incomes at 80% of the Los Angeles area median income (annual income of \$83,500 for a family of four based on Year 2019 income limits). This program is gap-financing and is used as a second or third mortgage for first time homebuyers who would not otherwise be able to purchase a property without this assistance. The CalHome Program will subordinate to Federally-funded programs such as the HOME Program.

The City loan will have no monthly payments, but the loan and the City's share of any equity realized will be due and payable when the property is sold, transferred, refinanced with cash out, a change in title occurs, there is default on the loan, the owner fails to occupy the property as

principal residence or at the end of thirty (30) years. After 30 years, any equity realized would be forgiven and only the principal is repayable to the City.

#### *Owner Occupied Rehabilitation Assistance*

The CalHome Owner Occupied Rehabilitation (OOR) Assistance will provide funding to repair, or reconstruct a single family housing unit, and can include repair, reconstruction or addition of an accessory dwelling unit (ADU) or a junior accessory dwelling unit (JADU). An ADU is a secondary house that shares the lot with a larger primary house and has amenities, such as a granny flat. A JADU is contained entirely within an existing single-family structure, but requires a separate entrance and may include or share sanitation facilities with the primary structure. The maximum loan amount for the OOR program will be \$75,000, which may be increased to \$125,000 when the home is in need of reconstruction, and up to \$100,000 for ADU/JADU addition. CalHome Guidelines allow eligible owners to rent/lease an ADU/JADU unit.

The CalHome OOR assistance will be in the form of a deferred loan with a 2% simple interest per annum. Payment of loan principal and interest are due at the end of thirty years, or at the time of title change, resale, refinance with cash out, or non-compliance with program requirements.

ADU/JADU addition under this program shall also follow City Ordinances and requirements.

#### *Manufactured Housing Rehabilitation/Replacement*

CalHome OOR funding will also be used to repair or replace manufactured housing. Assistance will be in the form of a 0% interest, 20 year forgivable loan (1/10<sup>th</sup> of the loan will be forgiven starting year 11) and will be contingent upon continued owner-occupancy of the unit. The program will only be implemented within the nine eligible mobile home parks that have been surveyed and deemed to meet housing quality standards.

#### **Amendment to the Home Investment Partnerships (HOME) Program – OOR Program**

The current funding limit for the City's HOME-funded Owner Occupied Rehabilitation Program is \$60,000 per unit. For consistency with CALHOME's OOR Program, staff is proposing that funding limits for the HOME Program be increased to \$75,000; and up to \$125,000 for housing reconstruction. The addition of ADUs and JADUs is currently not eligible under the HOME Program.

#### **COUNCIL PRIORITIES & GOALS:**

This item supports 2019-2020 City Council Priority 1 – Fiscal and Operational Responsibility and City Council Priority 3 – A Safe and Clean Pomona

Prepared by:  
Maria A. Siacunco, Housing Grants Supervisor

**ATTACHMENT:** Resolution No. 2020-03