



CITY OF POMONA COUNCIL REPORT

October 18, 2021

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

SUBJECT: AMENDING THE FISCAL YEAR 2021-22 OPERATING BUDGET TO INCREASE REVENUE ESTIMATES AND APPROPRIATIONS IN THE CALHOME PROGRAM FUNDS

RECOMMENDATION:

It is recommended that the City Council adopt the following resolution:

RESOLUTION NO. 2021-131 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING THE FISCAL YEAR 2021-22 OPERATING BUDGET TO INCREASE REVENUE ESTIMATES AND APPROPRIATIONS IN THE AMOUNT OF \$720,000 IN THE CALHOME PROGRAM FUND

EXECUTIVE SUMMARY:

On June 2, 2021, the City of Pomona received \$720,000 of CalHome Program Funds from the California Department of Housing and Community Development (HCD). This funding is for the implementation of the Accessory Dwelling Unit/Junior Accessory Dwelling Unit Program within the City's Opportunity Zones.

FISCAL IMPACT: The adoption of Resolution No. 2021-131 (Attachment No. 1) will amend the Fiscal Year 2021-22 Operating Budget by \$720,000. Revenue will increase by \$720,000 and appropriations will increase by an equal amount.

PROGRAM	REVENUE ACCT #	REVENUE ESTIMATES (\$)	EXPENDITURE ACCOUNT #	APPROPRIATE (\$)
CALHOME Program	264-1702- 40873-00000	\$144,000	Salaries & Benefits (264-1702-51012- 00000)	\$72,000

			Controllable Contract Services (264-1702-52285- 00000)	\$72,000
	264-1791- 40873-00000	\$576,000	Controllable Contract Services (264-1791-52285- 00000)	\$576,000

PREVIOUS RELATED ACTION:

On October 19, 2020, the City Council authorized the submission of a grant application in the amount of \$720,000 for the 2020 CalHome Program Notice of Funding Availability (NOFA) for Accessory Dwelling Units/Junior Accessory Dwelling Units Assistance. The Council also authorized the City Manager to execute Standard Agreements and all other documents required for participation in the CalHome Program. On June 7, 2021, the City Council adopted the FY 2021-22 City Operating Budget.

DISCUSSION:

The CalHome Program was established to support existing homeownership programs aimed at low- and very low-income households, and thereby increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize use of existing homes. AB 101, which became effective June 27, 2019, allowed the CalHome Program to fund the construction, repair, reconstruction and rehabilitation of Accessory Dwelling Units/Junior Accessory Dwelling Units (ADUs/JADUs). The \$720,000 CalHome program award is specifically for this use. Activities approved for funding are:

1. *Activity Delivery Fee (\$144,000)*
Up to 20% of the CalHome award is for Activity Delivery Fee (ADF). ADFs are not for general administration costs; but the fee is to defray the cost of financing and development including: underwriting, loan packaging, inspections, overseeing the bid process; and, arranging for architects and engineers for the project. City staff and/or consultants undertake these activities.
2. *ADU/JADU Loan Program (\$576,000)*
The ADU/JADU Loan program will provide gap financing of up to \$100,000 to homeowners earning no more than 80% of AMI (up to \$94,600 for a family of four based on Year 2021 Income Limits) to create additional units within existing owner occupied homes, or to convert existing structures into ADUs/JADUs. The loan will have a 2% annual interest, which will be forgiven by 20% each year. The homeowner then rents the ADU/JADU to a low-income tenant earning no more than 80% of AMI at affordable rents. The owner must repay the loan upon sale, transfer title, refinance with cash out, when there is default on the loan, or at the end of 30 years.

Implementation of this CalHome funded project is limited to Opportunity Zones within the City of Pomona (See Attachment 2, CalHome Target Area Map). This will fund 5 to 6

ADU/JADU creation or conversion loans. The City may re-apply for the program when 95% of the grant funds is used.

Incidentally, the Permanent Local Housing Allocation (PLHA) Program will fund the ADU/ JADU Loan Program outside the City's Opportunity Zones. Annual PLHA funding for the ADU/JADU Program is \$400,000.

CalHome Program funding must be expended no later than May 31, 2024. Any unexpended funds remaining after this date may be unencumbered by the California Housing and Community Development Department.

COUNCIL PRIORITIES & GOALS: This item supports City Council Priority 1 - Fiscal and Operational Responsibility and Goal C: Obtain additional grant funding and other revenues to help achieve City goals.

ATTACHMENTS: (1) Resolution No. 2021-131
(2) CalHome Program Target Area

Prepared by: Maria A. Siacunco, Housing Grants Supervisor