

# Agenda Report

**DATE:** FEBRUARY 9, 2004

**TO:** CITY COUNCIL

**FROM:** CYNTHIA J. KURTZ, CITY MANAGER

**SUBJECT: RECOMMENDATION TO SUBMIT AN APPLICATION TO STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING FROM THE BEGIN PROGRAM.**

## RECOMMENDATION

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

1. Adopt a resolution approving the submission of an application to the California Department of Housing and Community Development (HCD) to participate in the BEGIN Program and for an allocation of grant funds not to exceed \$1,000,000 for the development of new construction affordable ownership housing, first-time home buyers down payment assistance for low- and moderate-income households; and
2. Authorize the City Manager to execute, and the City Clerk to attest, any documents which may be required in connection with the submittal of the BEGIN Program application and associated program implementation.

## BACKGROUND

The BEGIN Program, administered by the State of California Department of Housing and Community Development ("HCD") is authorized to award grants to eligible applicants to provide downpayment loan assistance for new construction housing to first time homebuyers qualifying as low or moderate income households in the form of a second silent mortgage. Maximum homeowner loan amounts shall not exceed \$30,000 per unit or 20% of the sales price, whichever is less. The grant to the city does not require a matching fund. Eligible projects can be in the pre-construction phase, under construction or recently completed at the time the Recipient applies for funding. BEGIN assisted units must not have been previously occupied as homeownership units. BEGIN projects must have a minimum of four BEGIN assisted units and

have a minimum of four BEGIN assisted units and may be part of a larger subdivision. Eligible homeowners can not have household incomes exceeding 120% Los Angeles County median income adjusted for family size. The deadline to submit the BEGIN Program application to HCD is February 18, 2004.

The project targeted for the BEGIN Program is the Heritage Housing Partners homeownership project, Fair Oaks Court. This project has entered into an Exclusive Negotiation Agreement and Predevelopment Loan Agreement (authorized by action of the Pasadena Community Development Commission, September 8, 2003) to provide 44 units of homeownership opportunity for low and moderate income households. Thirty one units of the total project count will be new construction. Based upon the BEGIN Program funding criteria this project meets all standards.

**KEY PROVISIONS OF BEGIN PROGRAM**

1. Down payment loan assistance, first time home buyers for low and moderate-income households.
2. Household income not to exceed 120% of Los Angeles County area median income adjusted for family size.
3. Grant funding for new construction or projects in the pre-construction phase, under construction or recently completed.
4. The award is a grant to the city, a loan to the eligible low- to moderate income households.
5. Maximum homeownership loan amounts shall not exceed \$30,000 per unit or 20% of the sales price, whichever is less.
6. The BEGIN Program will assist the Fair Oaks Court homeownership project, 31 units new construction.

**FISCAL IMPACT**

Approval of the subject recommendation will enable the city to assist low- and moderate-income household ownership and reduce the amount of city assistance by \$1,000,000.

Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager


Prepared by:



**KERMIT E. MAHAN**

Project Manager

Reviewed by:

  
**GREGORY ROBINSON**  
Administrator, Housing &  
Community Development

Approved by:

  
**RICHARD J. BRUCKNER**  
Director, Planning & Development