

DATE: SEPTEMBER 29, 2003

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER

SUBJECT: APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S (HCD) CALHOME PROGRAM NOTICE OF FUNDING AVAILABILITY (NOFA) FOR \$500,000 FOR FIRST-TIME HOMEBUYER PROGRAM

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission (Commission) adopt a resolution:

- A. Approving the submittal of an application to the California Department of Housing and Community Development (HCD) for a \$500,000 grant in first-time homebuyer funds (\$500,000) under HCD's CalHome Program Notice of Funding Availability (NOFA); and
- B. Authorizing the Chief Executive Officer to execute and the Secretary to attest any and all documents necessary to facilitate the submittal of the application, implementation, and administration of the proposed program.

ADVISORY BODY:

The subject recommendation was submitted to the Pasadena Community Development Committee (CDC) on September 11, 2003 for review and action. The CDC approved recommendation to the Commission on September 11, 2003.

BACKGROUND:

On July 16, 2003, staff received a Notice of Funding Availability from the HCD announcing the availability of \$25 million to provide funding to local public agencies or nonprofit corporations for the following eligible activities within the CalHome Program:

- First-Time Homebuyer Assistance
- Homeownership Project Development
- Owner-Occupied Rehabilitation

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These programs are designed to support existing homeownership and rehabilitation programs and are aimed at low- and very low-income households (80% of the county median income). The NOFA stipulates an aggregate amount for each activity (minimum of \$100,000). The maximum aggregate amount is \$500,000. Applicants may apply for a maximum of two of the three activities listed above. The Commission's CalHome Program application is for one activity in the amount of \$500,000, the First-Time Homebuyer Mortgage Assistance Program.

New CalHome Program regulations provide greater flexibility to agencies for varied local program design. HCD realizes that CalHome funds will often be only one of the subsidies required to make homeownership available to low and very-low-income households. Therefore, there is no maximum ceiling loan amount for the First-time Homebuyer Mortgage Assistance Program. The CalHome Program regulations does recognize that programs which provide subsidy beyond the CalHome Program funds may need to attach resale controls and recapture provisions to the resale of the assisted units. These resale controls and/or recapture provisions are allowed in mortgage assistance transactions which include CalHome Program loans and additional forms of subordinate financing provided by the recipient.

HCD will evaluate funding applications based on the capability of the public agency/non-profit's experience in operating housing programs for a minimum of four years prior to the date of the application. Additional criteria includes the extent to which the proposed program(s) is responding to a community need and the ability of the project to serve low- and very low-income households; the contribution to community revitalization and the extent to which contributed labor is utilized in homeownership projects, or a mortgage assistance program for acquisition and rehabilitation for sale to first-time homebuyers.

Currently, the Commission contracts with PNHS to operate this program. If the Commission's application is approved, the Commission will modify its Sub-recipient Agreement with PNHS to include the award of the 2003 NOFA funds for the operation and management of the First-time Homebuyer Mortgage Assistance Program.

The application deadline for this current funding cycle is Wednesday, October 8, 2003.

HOUSING IMPACT:

The CalHome Program meets the goals and objectives of the Commission's Five-Year Implementation Plan 1999-2004, the Commission's Priority Work Program, the City of Pasadena's General Plan (Housing Element), and the Consolidated Plan 2000-2005. The projected number of first-time buyers to be assisted is 7.

FISCAL IMPACT:


If the proposed application is approved by HCD, up to \$500,000 in funding assistance will be reserved for eligible projects in Pasadena.

Respectfully submitted,



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Chief Executive Officer

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