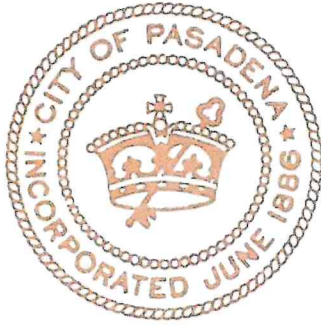




Agenda Report

November 17, 2025

TO: Honorable Mayor and City Council

FROM: Housing Department

**SUBJECT: ADOPT A RESOLUTION TO APPLY TO THE CALIFORNIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR
GRANT FUNDING UNDER THE CALHOME PROGRAM**

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines per Section 15061(b)(3), the "common sense" provision that CEQA only applies to projects that may have a significant effect on the environment;
- 2) Adopt a Resolution of the City of Pasadena City Council approving the application submission to the California Department of Housing and Community Development's CalHome program notice of funding availability for grant funding in the amount of \$1,080,000 to provide financing for the rehabilitation and construction of accessory dwelling units; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, a standard agreement, any amendments, and any and all other related documents deemed necessary to participate in the CalHome program, if selected for funding.

BACKGROUND:

In December 2024, the California Department of Housing and Community Development (HCD) issued Round 2 notice of funding availability (NOFA) for its CalHome program, granting up to \$5 million per application. The purpose of the CalHome program is to support existing homeownership programs aimed at low-income households. The goal is to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of the existing housing stock through various activities. One such activity is assisting single-family homeowners to construct or rehabilitate accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

On January 3, 2025, the City's Housing Department opened a 30-day application window for the 2nd Unit ADU Program with combined funding previously secured from HCD's CalHome and Permanent Local Housing Allocation (PLHA) programs totaling \$5,185,000. The program offered homeowners comprehensive assistance to finance, design, permit, and construct new ADUs. Through the program, homeowners could apply for a three-year construction loan of up to \$225,000 to construct a new ADU in their backyard or convert their garage, with a requirement to lease the unit to a Pasadena rental assistance client (e.g., Section 8) for seven years.

Due to the Eaton Fire, the application period was extended for an additional 30 days. The City received 18 applications of which eight met the initial intake criteria. After verification by the Department of additional documentation, three applicants were deemed eligible. However, only two homeowners decided to move forward with loan processing of which one is in the early stages of pre-design.

To expand program capacity, the Department applied for additional CalHome funds through the Round 2 NOFA, resulting in a conditional award to the City of \$1,080,000. Acceptance of this additional funding will enable the City to construct an estimated four (4) additional ADUs.

As recommended, Council adoption of the Resolution would authorize the City Manager to execute the CalHome program standard agreement for \$1,080,000 in grant funding. This action will allow the expansion of the 2nd Unit ADU program to create as many as 25 new ADUs over the next three years totaling \$6,265,000 in funding.

COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of improving, maintaining, and enhancing public facilities and infrastructure; improving mobility and accessibility throughout the City of Pasadena; and supporting and promoting the quality of life and the local economy.

ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed activity, City adoption of the Resolution and entering into a standards agreement with the state to accept the CalHome award, will not have a significant impact on the environment as it only provides a funding mechanism for the construction and rehabilitation of ADUs. Therefore, the proposed activity is not subject to CEQA.

FISCAL IMPACT:

There is no fiscal impact as a result of this action and the action will not have any indirect or direct support cost requirements. The adoption of the Resolution approving the submission of the application and execution of a standard agreement, if selected, is required for acceptance to the CalHome award.

Respectfully submitted,



James Wong (Nov 6, 2025 13:14:40 PST)

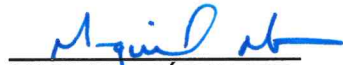
JAMES WONG
Housing Director

Prepared by:



Randy Mabson
Program Coordinator

Approved by:



MIGUEL MÁRQUEZ
City Manager