

**TOWN OF
APPLE VALLEY, CALIFORNIA
AGENDA MATTER**

Subject Item:

SUBMISSION OF CALHOME PROGRAM APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

Summary Statement:

In June 2010, the Town applied for a California Department of Housing and Community Development (HCD) grant under the HCD CalHome Program (CALHOME), as authorized by Chapter 6 of Part 2 of Division 31 of the Health and Safety Code. As part of this competition, Apple Valley was awarded \$1,000,000 and funding for the grant was made available to the Town in March of 2011. Town staff has begun processing requests for financial assistance for the Residential Rehabilitation Loan Program (RRLP) and the Down Payment Assistance Program (DAP) to utilize these funds. A Down Payment Assistance Workshop is also scheduled on November 8, 2011.

On October 3, 2011, HCD released a Notice of Funding Availability (NOFA) for the 2011 CalHome Program. Under this NOFA, approximately \$53 million is provided by passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to provide funding to local public agencies or nonprofit corporations for eligible activities within the CalHome Program.

The RRLP provides 0% interest rate deferred loans of up to \$20,000 to low-income owner-occupied households for the purpose of providing needed repairs that address one or more health and safety items. Under the RRLP program, eligible Apple Valley homeowners may obtain a deferred loan to rehabilitate and improve an owner-occupied, single-family residential property. Funds under the RRLP must be used for eligible improvements that address code violations, health and safety violations, incipient code violations, and other improvements that are intended to improve deteriorated conditions.

(Continued)

Recommendation:

That the Town Council adopt Resolution 2011-51 authorizing the submittal of an application to the California State Department of Housing and Community Development (HCD) for funding under the CalHome Program; and authorize the Town Manager, or designee, to execute the application, the Standard Agreement, all other documents required by HCD for participation in the CalHome Program and any amendments thereto.

Proposed by: Housing Section

Item Number: _____

T.M. Approval: _____ **Budgeted Item** Yes No N/A

Summary Statement
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During the past 24 months Housing Section staff has successfully committed \$1,264,347 by providing down payment assistance to low and moderate income first-time homebuyers. The demand for down payment assistance remains high; therefore, an award of CalHome funds will enable the Town to meet the continued requests for down payment assistance, while at the same time stabilizing the neighborhoods in our community.

The DAP provides 0% interest rate loans for assistance in down payment and/or closing costs for purchase of a home. Homeowners must also meet low-income eligibility criteria (80% of median income or less) The DAP provides 0% interest rate deferred loans of up to \$60,000 to low-income households to purchase a home within the Town.

Although there is no interest accumulated on these loans, the Town recovers the loans, plus equity shares, at the time of sale based on the proportionate amount of the assistance. The loans are deferred for a term of 30 years and due upon sale, transfer of title (whether voluntary or involuntary), or refinance.

A resolution authorizing the submittal of an application to HCD must accompany the application. A complete application must be received by HCD no later than Wednesday, December 7, 2011.

Staff recommends adoption of the form motion.

Attachment:

Resolution No. 2011-51

RESOLUTION NO. 2011-51

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, STATE OF CALIFORNIA, HEREBY AUTHORIZES THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM; THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE CALHOME PROGRAM.

WHEREAS:

- A. The Town of Apple Valley, a [political subdivision of the State of California or nonprofit public benefit corporation], wishes to apply for and receive an allocation of funds through the CalHome Program; and
- B. The California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") for the CalHome program established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the "statute"). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and
- C. The Town of Apple Valley wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,000,000.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. The Town of Apple Valley shall submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on October 3, 2011 which will request a funding allocation for the following activities:
 - Activity: Single-Family, owner occupied Residential Rehabilitation Loan Program (Residential Rehabilitation Loan Program) RRLP and Downpayment Homeownership Program, Downpayment Assistance Program (DAP)
 - Funding Amount: \$1,000,000
 - Location: Apple Valley – Townwide
- 2. If the application for funding is approved, the Town of Apple Valley hereby agrees to use the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the CalHome Program.

2. The Town Council of Apple Valley authorizes the Town Manager or the Assistant Town Manager/Director of Economic and Community Development to execute in the name of the Town of Apple Valley, the application, the Standard Agreement, and all other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

APPROVED and **ADOPTED** this 8th day of November, 2011 by the Town Council of the Town of Apple Valley.

The undersigned Mayor of the Town of Apple Valley there before named does hereby attest and certify that the forgoing is a true and full copy of a resolution of the Governing Board adopted at a duly convened meeting on the date above-mention, which has not been altered, amended or repealed.

Scott Nassif, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk

(SEAL)