



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Leslye Corsiglia  
Director of Housing

**SUBJECT:** CALHOME PROGRAM GRANT

**DATE:** May 29, 2012

Approved

Date

5/31/12

## RECOMMENDATION

It is recommended that the City Council adopt a Resolution authorizing the Director of Housing to:

- 1) Accept a \$1,500,000 CalHome grant from the California Department of Housing and Community Development (HCD), and;
- 2) Negotiate and execute the grant agreement and any amendments or other documents necessary to implement the programs funded by the grant.

## OUTCOME

The City of San José will receive \$1,500,000 in state grant funds that will be used to provide low-interest mortgage loans to ten low-income first-time homebuyers in San José and home repair assistance loans to 28 low-income homeowners.

## BACKGROUND

The CalHome Program is funded through Proposition 1C, which was approved by the voters in November 2006. The funds, which are managed by the state's Department of Housing and Community Development (HCD), are offered on a competitive basis to government entities and non-profit housing organizations that provide affordable home financing and home repair programs to lower-income households in California.

The City applied for the CalHome Program on November 15, 2011, and received notice the request was approved on April 19, 2012.

**ANALYSIS**

HCD requires that the City Council accept the grant funds. Upon City Council approval, the Director of Housing will be authorized to sign a new CalHome grant agreement and any other related documents. After execution of the agreement and acceptance of the funds, the City can begin to provide low-interest loans to lower-income homeowners and homebuyers through the Homeownership and Housing Rehabilitation Programs.

**Housing Rehabilitation Program**

CalHome funds will be used to provide loans for approximately 28 low-income homeowners to achieve decent, safe and sanitary living standards and to improve the condition of the homes and the surrounding neighborhoods. Typical rehabilitation projects replace faulty plumbing, leaky roofs, and unsafe electrical systems. The maximum loan amount is \$60,000 and are structured as up to 3% simple-interest loans, with no monthly payment requirements for thirty years, or until the home is sold.

**Welcome Home Homebuyer Program**

CalHome funds will also be used to make deferred-payment, low-interest loans for approximately ten low-income first-time homebuyers for the purchase of homes. Under the CalHome program, loan amounts may be up to \$60,000. All CalHome loans are structured as 3% simple-interest loans, with no monthly payment requirements for thirty years.

All homebuyer loans must be made in Strong Neighborhood Initiative areas (SNI). Additionally, the homes must meet Universal Design Guidelines and Green Building standards, and they must be constructed with the use of a contributed youth labor program (San Jose Conservation Corps-Youthbuild). The City received bonus points for this targeting, which was instrumental in making the City's application competitive.

The current funding round is the City's eighth CalHome award. In fact, the City's applications have been successfully awarded in all CalHome NOFAs that have been issued in the past 12 years.

The 2012 income limits are shown below (subject to change annually):

	<b>Household Size</b>					
<b>Income Range</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Low Income	\$53,000	\$60,600	\$68,150	\$75,700	\$81,800	\$87,850

CalHome program funds will continue to be offered to income-eligible families until either the grant funds are depleted, or three years from the date of the award, whichever occurs first. In addition, the City may retain program income from loan repayments and any interest earned on these funds. This income is deposited into a CalHome Reuse account to be used solely for future home repair or first-time homebuyer downpayment assistance loans for lower-income

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households. While acceptance of the CalHome funds will occur in FY 2011-2012, the grant will be made part of the City's FY 2012-2013 budget cycle. The Department will continue to process CalHome loans from the balance of grant funds awarded to the City in prior years.

### EVALUATION AND FOLLOW-UP

Upon approval of this memo, staff will work with HCD to negotiate and execute the CalHome grant awards and related documents and amendments.

### PUBLIC OUTREACH/INTEREST



**Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.

**(Required: Website Posting)**



**Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**



**Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This action meets Public Outreach Criterion #1. This memo will be posted to the City's website for the June 19, 2012 City Council meeting.

### COORDINATION

Preparation of this memorandum has been coordinated with the Office of the City Attorney.

### FISCAL/POLICY ALIGNMENT

This recommendation is consistent with the City's Council-approved Five-Year Housing Investment Plan for FY 2007/08-FY 2011/12, which describes the process of applying for state funds through the CalHome Program for either home repair or down payment assistance.

### COST SUMMARY/IMPLICATIONS

In FY 2011-2012, CalHome funds were appropriated and the existing funds are sufficient to meet the needs for housing rehabilitation and down payment assistance loans for first-

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time homebuyers funded in prior years. Therefore, no budget actions are being recommended as part of this memorandum.

**CEQA**

Statutorily Exempt, CEQA Guidelines Section 15267, Financial Assistance to Low- or Moderate- Income Housing.

/s/

LESLYE CORSIGLIA

Director of Housing

For questions, please contact Leslye Corsiglia, Director of Housing, at 408.535.3851