



Staff Reports

File #: 2176-2019, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Andrea Clark, Affordable Housing Representative

TITLE:

CalHome Funding Application

RECOMMENDED ACTION:

Adopt a resolution authorizing the Community Development Director to submit a grant application to the California State Department of Housing and Community Development for a CalHome Program grant of up to \$1,200,000.

DISCUSSION:

The Affordable Housing and Veterans Bond Act of 2018 included new funding for the State's CalHome Program. The State issued a Notice of Funding Availability (NOFA) on November 27, 2019 (later amended on December 23, 2019) for \$57,000,000 of this new funding. CalHome grant applications are due to the State by February 17, 2020.

CalHome provides grants to local public agencies and nonprofits to assist low-income households with deferred-payment loans for a variety of affordable housing programs. This includes owner-occupied rehabilitation (including mobile home replacement when rehab of a unit is not financially feasible). A recently added CalHome component is assistance for the construction, repair, reconstruction, or rehabilitation of accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

Over the past 13 years, the City has been awarded \$2.2 million under the CalHome Program. These funds have been used to assist 32 low-income first time homebuyers with down payment assistance loans. Additionally, 38 low-income homeowners received housing rehabilitation loans. The City recently applied for additional first time homebuyer funding under the CalHome Disaster NOFA and is still waiting to hear if its application will be funded.

Staff recommends the City apply for a \$1,200,000 CalHome Program grant under the current NOFA. Staff proposes to allocate the grant as follows:

- \$600,000 for low-income homeowners to create, repair, reconstruct, or rehabilitate ADUs and/or JADUs. If the City's application is approved for funding, the City anticipates assisting in the production of five ADUs or JADUs with this funding. The CalHome funds would provide approximately \$500,000 for loans and up to \$100,000 for staff to deliver the program. It is anticipated this funding would be leveraged with local housing funds to further expand financing opportunities for the creation of ADUs and JADUs in Napa.

- \$600,000 for the Owner-Occupied Housing Rehab Program. This would include approximately \$500,000 for loans and up to \$100,000 for staff to administer the program. Assuming an average loan amount of \$50,000, it is anticipated that 10 low-income homeowners would be assisted.

Obtaining CalHome grant funds to assist homeowners with the construction, repair, reconstruction, or rehabilitation of ADUs and JADUs would help achieve Housing Element Goal H3D, by encouraging the development of second units. The grant funds would also assist with meeting the Housing Element goal H3G by offering residential rehabilitation loans to extremely low, very low, and low-income homeowners.

FINANCIAL IMPACTS:

There are no impacts to the General Fund by the recommended action. If the grant is funded, staff would return with a budget amendment to implement the programs which would provide for a \$1,200,000 increase to grant revenue and a corresponding \$1,200,000 increase in expenditures in the CalHome fund (23601).

CEQA:

The Community Development Director has determined the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

NOTIFICATION:

Notice of this item was placed on an agenda at least 72 hours in advance of the meeting.