



Staff Reports

File #: 2197-2019, **Version:** 1

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

TITLE:

Amended First Time Homebuyer Loan Down Payment Assistance Program Guidelines

RECOMMENDED ACTION:

Adopt a resolution approving amended First Time Homebuyer Loan Program Guidelines.

DISCUSSION:

The City operates a First Time Homebuyer Down Payment Assistance Program (the "Program"). The Program is funded with HOME and CalHome Program funds from the California State Department of Housing and Community Development (HCD). Under the Program, the City provides deferred, low interest loans to low-income first-time homebuyers to purchase homes in Napa. The loans are secured against the properties and are due at the earlier of 30 years or when the borrower no longer occupies the property.

The City applied for a 2019 CalHome Disaster Assistance Program grant to be used for first time homebuyer down payment assistance and is awaiting award notification. In anticipation of receiving the CalHome Disaster Assistance grant award, the Program guidelines need to be amended to reflect the increased income limit and maximum loan amount allowed under the CalHome Disaster Assistance Program. Under the current Program guidelines, the maximum income limit is 80% of the area median income to be an eligible applicant. The CalHome Disaster Assistance Program sets the income limits at 120% of the area median income for applicants who qualify as victims of an eligible natural disaster. Eligible households include both those who were directly impacted as well as those who were economically displaced.

Current Program guidelines allow for a maximum loan amount of \$150,000 or 30% of the purchase price, whichever is less when using HOME or CalHome Reuse Account funds. The maximum loan from CalHome Disaster funds is \$100,000. Staff is recommending that when a borrower receives loans from both HOME and CalHome, the maximum amount of combined loans remain the lesser of \$150,000 or 30% of the purchase price except when using CalHome Disaster Assistance funds. When using CalHome Disaster Assistance funds, the maximum combined Program loan would not exceed \$250,000. This higher loan amount would make it easier for persons displaced by disasters to secure housing.

Additionally, the City was awarded a HOME Program grant in the amount of \$1,000,000 in 2019 to be used for down payment assistance. To prepare for the HOME Program standard agreement set-up

requirements, the Program guidelines are being updated using HCD's revised program guidelines template. No other changes are being recommended to the Program.

The Program's guidelines were last updated in 2015. Staff recommends adopting the revised guidelines for the First Time Homebuyer Down Payment Assistance Program using HCD's revised template guidelines and incorporating the specific eligibility requirements, income limits, and maximum loan amounts when using CalHome Disaster Assistance funds. The changes to the existing guidelines are shown in Attachment 2.

FINANCIAL IMPACTS:

The Program is funded with HOME and CalHome Program funds. There is no impact to the General Fund. Increasing the maximum amount of combined loans for borrowers utilizing CalHome Disaster Program funds may result in a larger amount of funds being loaned to those borrowers. However, the overall total of the City's loan portfolio would not change.

CEQA:

The Community Development Director has determined that 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

EX A - Amended City of Napa First Time Homebuyer Down Payment Assistance Guidelines

ATCH 2 - Proposed Changes to City of Napa First Time Homebuyer Down Payment Assistance Guidelines

NOTIFICATION:

Notice of the agenda was published 24 hours before the meeting.