



Staff Reports

File #: 340-2020, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Lark Ferrell, Housing Manager

TITLE:
CalHome Application

RECOMMENDED ACTION:

Adopt a resolution authorizing the Community Development Director to submit an application for up to \$1,000,000 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.

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 August 30, 2020 for approximately \$57,000,000 of this funding. CalHome grant applications are due to the State by October 29, 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 34 low-income first time homebuyers with down payment assistance loans. Additionally, 38 low-income homeowners received housing rehabilitation loans. The City was also recently awarded \$2,130,000 in CalHome Disaster Recovery funding related to the 2017 Wine Country fires. This funding will be used to provide first time homebuyer assistance to low-income homebuyers who were physically or economically impacted by these fires or another qualifying 2017 or 2018 State disaster.

Staff recommends the City apply for a \$1,000,000 CalHome Program grant under the current NOFA. Staff proposes to allocate the grant to provide deferred loans to 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 at least nine ADUs or JADUs with this

funding. The CalHome funds would provide approximately \$900,000 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 and funding from the State Permanent Local Housing Allocation to further expand financing opportunities for the creation of ADUs and JADUs in Napa.

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.

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 \$1,000,000 increase to grant revenue and a corresponding \$1,000,000 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.