



Legislation Text

File #: 21-1826, **Version:** 1

HEARING - Planning and Building Department, Long Range Planning Unit, Housing Community and Economic Development Programs, recommending the Board:

- 1) Conduct a public hearing to consider adopting and authorizing the Chair to sign Resolution **186-2021** amending the Program Guidelines for the First Time Homebuyer Loan Program to comply with the Home Investment Partnerships (HOME) Program statutes and regulations pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, Part 92, and in Title 25 of the California Code of Regulations commencing with Section 8200;
- 2) As part of the public hearing, consider to adopt and authorize the Chair to sign Resolution **187-2021** amending Program Guidelines for the County's Community Development Block Grant First Time Homebuyer Loan Program to comply with the California Department of Housing and Community Development Program requirements under Code of Regulations Section 570.489 (e)(I) [CDBG Final Rule 2012];
- 3) Authorize the Chair to execute a letter for submittal to the California Department of Housing and Community Development authorizing the Planning and Building Department Director, or successor, to execute all National Environmental Policy Act documents associated with the Home Investment Partnerships Program Grant activity; and
- 4) Authorize the Planning and Building Department Director, or successor, to submit Program Guidelines and required documents to the California Department of Housing and Community Development.

FUNDING: Federal Department of Transportation, Housing and Urban Development, Home Investment Partnerships Program, and Community Development Block Grant Program Funds.

DISCUSSION / BACKGROUND

The Board of Supervisors previously approved revisions to the First Time Homebuyer Loan Program Guidelines and related adopting resolutions on August 29, 2017 (Agenda item 39, Legistar 15-0764 v4.) Revisions adopted at that time were required to bring the 2017 Guidelines up to date with state program requirements in preparation for grant funds awarded to the County by the HOME Investment Partnerships (HOME) grant program for the First Time Homebuyer Loan Program.

Since the time of the previous approval, the County has received additional HOME funding. State income limits and HOME program housing values have changed and require updates to the Guidelines. In addition, the recent Caldor Fire disaster declaration brought to light loan repayment options for borrowers that are available to the County in the event of fire, flood, or other disaster, which destroys or damages a dwelling to the point where it is no longer habitable.

First Time Homebuyer Program provides a 30-year deferred payment loan to eligible borrowers and may include interest on the outstanding loan balance at the County's discretion, from zero to three percent (0-3%). The First Time Homebuyer Program Guidelines establish an interest rate of three percent (3%) on outstanding balances however, the accrued interest on the Program loan will, starting at year twenty-one of the loan term, be decreased by 10 percent per year until all interest is

fully forgiven at year 30 and only the principle balance remains as due and payable.

In response to the Caldor Fire Disaster and resulting from insurance companies paying out to affected borrowers in the County's First Time Homebuyer loan program, the need exists to consider incorporating Disaster Provisions in Section 7.2 within the updated Guidelines. Interest collected on First Time Homebuyer loans are retained by the County in a revolving loan account for reinvestment into future First Time Homebuyer loans. There is no net County cost associated with the forgiveness of interest on loans.

The Department of Housing and Community Development (HCD) has determined that the County has the discretion to forgive interest on Program Loan payoffs. Staff is recommending that the Planning and Building Department Director, or successor, be given authority to forgive accrued interest for a loan payoff resulting from a fire, flood, or other disaster, which has destroyed or damaged a dwelling to the point where it is no longer habitable, provided the loan payoff is received by the County within 12 months of a disaster declaration. This provision would apply retroactively to homes with First Time Homebuyer Loans that were destroyed by the 2021 Caldor Fire.

The attached First-Time Homebuyer Loan Program Guidelines track-change or redline document illustrates revisions and corrections as underlined text and deletions as crossed-out text. A "clean" draft is also attached.

The County, as a recipient of federal funds from the U.S. Department of Housing and Urban Development (HUD) through the State of California, is subject to environmental review, decision-making and action responsibilities under the National Environmental Protection Act (NEPA) and Section 24 of the Code of Federal Regulations Part 58, "Environmental Review." The NEPA delegation letter previously approved by the Board in 2017 requires updating, with the attached revised letter to be placed on County letterhead recommended for execution reflecting the format preferred by HUD. Without the delegation of authority, the Board Chair would assume the environmental responsibilities for projects under the HOME program.

Pursuant to the HCD Citizen Participation guidelines, a public hearing is required before making any program amendments that constitute a change in policies, standards or criteria for program implementation. The purpose of the public hearing will be to give citizens an opportunity to make their comments known.

ALTERNATIVES

Without approval of the First-Time Homebuyer Loan Program Guidelines, the County would not meet the requirements of the California Department of Housing and Community Development to expend grant funds. However, the Board may choose to exclude Disaster Provisions without jeopardizing the grant funding. Without the NEPA delegation of authority, the Board Chair would assume the environmental responsibilities for projects under the HOME program.

PRIOR BOARD ACTION

On August 29, 2017, the Board approved revisions for the 2017 First Time Homebuyer Loan Guidelines and adopted Resolutions 134-2017 and 135-2017, and authorized the Community Development Agency Interim Director, or successor, to execute all National Environmental Policy Act documents associated with the Home Investment Partnerships Program Grant activity (Agenda item 39, Legistar 15-0764 v4.)

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

No change to Net County Cost is associated with this item. Staff time for grant-related activities is reimbursed with grant funding. Ongoing loan servicing by staff is eligible for reimbursement from grant-related administrative funding or program income when available, or is otherwise included as part of the General Funds budget request for department staffing.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Clerk of the Board to obtain the Chair's signature on the one (1) original HOME Resolution and on the one (1) original CDBG Resolution; and
- 2) Clerk of the Board to provide one (1) executed copy and one (1) certified copy of each Resolution to Planning and Building Department, Housing, Community and Economic Development Program, attention of C.J. Freeland; and
- 3) Prepare NEPA delegation letter on County letterhead and obtain Chair's signature on letter and provide signed letter to Planning and Building Department, Housing, Community and Economic Development Program, attention of C.J. Freeland.

STRATEGIC PLAN COMPONENT

Good Governance: Promote the development of resources to identify and pursue additional revenue including local, state, federal and private funding for new and existing projects.

CONTACT

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