



## Legislation Text

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**File #:** 24-0493, **Version:** 1

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Planning and Building Department, Planning Division, Long Range Planning, Housing Unit, recommending the Board:

- 1) Authorize the Director of the Planning and Building Department to disencumber \$983,000 for the Home Program Award Grant 19-HOME-14977 from State of California Department of Housing and Community Development;
- 2) Adopt and authorize the Chair to sign Resolution **049-2024** for the submittal of a 2024 HOME Investment Partnerships Program application to the State of California Department of Housing and Community Development to provide up to \$1,500,000 as funding for First-Time Homebuyer Program and Owner-Occupied Rehabilitation Program; and
- 3) If awarded, authorize the Director of the Planning and Building Department, or designee, contingent upon approval by County Counsel and Risk Management, to execute the grant agreement and subsequent amendments thereto that do not affect the dollar amount and to sign other grant-related documents.

**FUNDING:** Federal Home Investment Partnerships Program Grant Funds.

### **DISCUSSION / BACKGROUND**

The State of California Department of Housing and Community Development (Department) issued a Notice of Funding Availability (NOFA) dated January 19, 2024, for the HOME Investment Partnerships Program (HOME).

Eligible applicants for HOME grant assistance include a city or county that does not receive a direct allocation of HOME funds from the United States Department of Housing and Urban Development (HUD).

The County was previously awarded \$983,000 for HOME funding (Grant No. 19-HOME-14977) from State of California Department of Housing and Community Development (HCD) on January 25, 2022 (File No. 22-0063, Item No. 19) in the amount of \$1,350,000; \$450,000 for Tenant Based Rental Assistance (TBRA) and \$900,000 for First-Time Home Buyer (FTHB).

In July of 2022, the State of California's HOME Program was suspended by HUD because it required substantial updates to its FTHB program policies. This suspension affected all FTHB activities for new grants and program income/reuse activities for all recipients across the state. The program is still on hold, although it's anticipated that updated guidelines/policy changes will be made in early summer 2024.

Due to the suspension, HCD is currently allowing a 12-month extension (through October 31, 2025), but the funds will be subject to the "Expenditure Requirement for Program Activities," also called the Fifty (50) Percent Rule, which requires applicants to expend at least fifty percent (50%) of the aggregate total of program income before it can begin to utilize the currently awarded grant funding. "Program income" is funds that were previously lent to eligible recipients that have since been repaid via loan payoffs. The Housing Unit currently has over \$900,000 in program income to spend but the

County's program guidelines and policies are required to be updated to ensure compliance with new state regulations. Updating the program guidelines and policies, then expending half of the County's program income before being able to access the current grant award will likely extend beyond October 2025.

To provide adequate time, staff is recommending that we disencumber \$983,000 from the previously awarded HOME Grant 19-HOME-14977 and apply for new funding. This would allow the Housing Unit 36 months to develop program guidelines and policies, set-up internal processes and expend at least 50% of the County's current program income. Disencumbering the 19-HOME-14977 awards would provide the County with greater access to additional program funding including owner-occupied rehabilitation funding.

The County of El Dorado (Applicant) desires to submit an application for an allocation of up to \$1,500,000 of the HOME Program funds for FTHB Program and Owner-Occupied Rehabilitation (OOR) Program in response to the 2024 Notice of Funding Availability (NOFA). The funds for FTHB will help recipients purchase homes providing long-term housing and OOR will help eligible homeowners whose primary residence is in need of repairs, improvements, or reconstruction necessary for correction of any health and safety deficiencies or accessibility upgrades. Housing Unit staff have consulted with Health and Human Services (HHS) staff regarding TRBA funding as HHS administers the TRBA program. After evaluating the program, it was determined that the resources necessary to administer a relatively small amount of funding (\$450,000) was not practical and that HHS has other programs currently in place that provide similar rental assistance.

The HOME application will support the County's Housing Element Policy HO-1.22, which states that the County shall continue to support a first-time homebuyer's program; and Housing Element Policy HO-2.2 which states that the County shall continue to apply for Community Development Block Grant, Home Investment Partnership (HOME) Program, and other similar state and federal grant funding for the purpose of rehabilitating low-cost, owner-occupied, and rental housing. The HOME application will also support the County's Housing Element Measure HO-18, which states that the County should make rehabilitation loans to qualifying extremely low-, very low-, and low-income households.

## **ALTERNATIVES**

The Board may deny the request to submit an application for HOME grant funding. The County would not be able to provide additional funding beyond program income towards a FTHB program nor funding for rehabilitation of qualifying owner-occupied units.

## **PRIOR BOARD ACTION:**

None

## **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel

## **CAO RECOMMENDATION**

Approve as recommended.

## **FINANCIAL IMPACT**

The grant amount of \$1,500,000 will be a pass-through amount from the County to the applicants,

with reimbursement provided by State of California Department of Housing and Community Development . There is no County General Fund match required for the HOME grant. Repayment of FTHB loans will be County program income and available for use for additional eligible activities.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

- 1) The Clerk of the Board will secure the Chair's signature on the original copy of the Resolution; and
- 2) The Clerk of the Board will provide two (2) certified Resolution copies to Planning and Building Department, attention of Bret Sampson, Long Range Planning, Housing Unit.

**STRATEGIC PLAN COMPONENT**

Safe and Healthy Communities - Develop a continuum of support and housing opportunities for unhoused individuals.

**CONTACT**

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Planning and Building Director