



Legislation Details (With Text)

File #: 2020-783 **Version:** 1 **Name:**

Type: Consent **Status:** Agenda Ready

File created: 11/9/2020 **In control:** City Council

On agenda: 2/16/2021 **Final action:**

Title: CONSIDER RE-ALLOCATION OF FUNDING FOR THE HOME GRANT 16-11382 TO FUND OWNER -OCCUPIED REHABILITATION PROJECTS (CITY COUNCIL)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution No. 20-108, 2. Amended Standard Agreement

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, February 16, 2021

Consent

SUBJECT:

CONSIDER RE-ALLOCATION OF FUNDING FOR THE HOME GRANT 16-11382 TO FUND OWNER-OCCUPIED REHABILITATION PROJECTS (CITY COUNCIL)

I. SUMMARY

Pursuant to its December 2016 Notice of Funding Availability, the California Department of Housing and Community Development (HCD) awarded the City a HOME Investment Partnership Program (HOME) grant of \$500,000 to fund an Owner-Occupied Rehabilitation Program. Approximately \$200,000 of this grant remains uncommitted. Shortly after the Pandemic started, HCD added Tenant-Based Rental Assistance as an authorized expenditure of the HOME funds. On July 7, 2020, the City Council adopted Resolution No. 20-108 authorizing the reallocation of the remaining \$200,000 to Tenant-Based Rental Assistance. Subsequently, the City Council dedicated \$435,932 of CDBG and CDBG-CV funds to the Tenant-Based Rental Assistance Program, \$339,714 of which is still available. Staff is requesting the City Council consider re-allocating \$200,000 from the Tenant-Based Rental Assistance back to the Owner-Occupied Rehabilitation Program. These funds are required to be expended by July 31, 2021.

II. RECOMMENDATION

1. APPROVE re-allocation of HOME Funding in the amount of \$200,000.
2. AUTHORIZE the City Manager to provide the correspondence to HCD requesting re-allocation of HOME funds to the Owner-Occupied Rehabilitation Program projects.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The HOME program is a Federal housing assistance program provided by the U.S. Department of Housing and Urban Development (HUD) and administered on the state level by HCD. Currently the HOME program provides a deferred loan with a maximum loan amount up to \$50,000 for owner-occupied home improvement repairs. The homeowner must meet the current HUD income guidelines published April 30th, 2020. The post-rehabilitation property value cannot exceed the HUD maximum of \$480,000.

The program is similar to the City's CDBG-funded Neighborhood Pride Program, which also provides grants and loans for single-family rehab to low-income residents, but the HOME Program has the additional limitation of the after-construction value, which limits the number of homes in Carson that would be available for such funding. Still, there are applicants who could qualify, increasing the likelihood that the funds would be fully expended prior to July 31.

Homeowners are eligible for Deferred Payment Loans, at 0% interest, evidenced by a Promissory Note and secured by a Deed of Trust, with no payback required for 30 years unless the borrower sells or transfers title or discontinues residence in the dwelling. If the homeowner passes away, and if the heir(s) to the property live(s) in the house and is/are income eligible, the heir(s) may be permitted, upon approval of the City, to assume the loan at the rate and terms the heir(s) qualifies for under current participation guidelines. If the homeowner passes away and the heir(s) is/are not income eligible, the loan becomes all due and payable.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Resolution No. 20-108 (pgs. 3-4)
2. Amended Standard Agreement (pgs. 5-32)

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