



## Legislation Text

File #: 2023-0041, Version: 1

### Report to Mayor and City Council

Tuesday, February 07, 2023

Consent

#### **SUBJECT:**

**CONSIDER ADOPTION OF PROGRAM GUIDELINES AND APPROVAL OF STANDARD TEMPLATE LOAN ACCEPTANCE AND CONTRACTOR AGREEMENT FOR THE CITY'S PERMANENT LOCAL HOUSING ALLOCATION (PLHA) FUNDED SINGLE-FAMILY HOUSING REHABILITATION PROGRAM (CITY COUNCIL)**

#### **I. SUMMARY**

The City and the State of Department Housing and Community Development (HCD) entered into a Grant Agreement in the amount of \$1,059,349 to use of Permanent Local Housing Allocation (PLHA) funds for housing purposes for income-qualified residents. Previously, the City Council adopted the five-year PLHA plan allocating an even funding allocation to each of the following program:

- Rehabilitation, and preservation of affordable ownership housing (33.33% Allocation or \$353,116);
- First time home buyer program (33.33% Allocation or \$353,116); and
- Assisting persons who are experiencing or at risk of homelessness (33.33% Allocation or \$353,116).

This item is to consider the adoption of the program guidelines for the PLHA-funded Single-Family Housing Rehabilitation Program (Exhibit No. 1). This program provides financial assistance to eligible owner-occupied and Carson resident single family homeowners for an amount up to \$50,000 through the form a deferred 0% interest loan program (with no monthly payments). Repayment is not required unless the applicant sells or transfers title or discontinues occupying the home. Staff is also seeking Council approval of the standard template Loan Acceptance and Contractor Agreement and related forms (Exhibit No. 2) and authorization for the City's Loan Committee (Community Development Director and staff) to approve loans for eligible applicants.

Additionally, applicants must also meet income requirements of not exceeding 80% of Area Median Income (AMI) (Exhibit No. 3). Eligible activities for funding include health and

safety repairs to provide homeowners with a healthy, safe, sanitary, and compliant home.

As PLHA is a relatively new funding source, HCD may make changes to specific requirements for use of these funds. As such, staff anticipates that the guidelines will be brought back to Council for updates from time to time to ensure compliance under updated PLHA requirements. A large portion of the proposed guidelines mirror closely with the City's other rehabilitation program guidelines, the Neighborhood Pride Program (NPP).

## II. RECOMMENDATION

**TAKE** the following Actions:

1. **APPROVE** the PLHA Funded Single-Family Housing Rehabilitation Program Guidelines and the standard template Loan Acceptance and Contractor Agreement and related forms; and
2. **AUTHORIZE** the City's Loan Committee (Community Development Director and staff) to approve loans for up to \$50,000.

## III. ALTERNATIVES

**TAKE** another action the City Council deems appropriate.

## IV. BACKGROUND

### History

The Building Homes and Jobs Act of 2017 (SB 2) established a \$75 recording fee on real estate documents to provide affordable housing options in California. These fees fund the PLHA Program. PLHA funding will vary from year to year as the revenue is dependent on fluctuating real estate transactions. Carson has been deemed eligible for this non-competitive grant in the amount of approximately \$2,488,380 over a five-year period. However, so far only \$1,059,349 has been included in the grant agreement with the balance of the funds to be included in future program years.

PLHA funds can be used for a variety of housing purposes defined in the program for income-qualified residents. The program allows the assistance for Carson residents with incomes between very low- to moderate-income levels; however, the program emphasizes assistance of residents with very low- and low-income levels. HCD's 2022 income limits for the different income groups is included for reference under Exhibit No. 2.

In December 2021, the City adopted the five-year PLHA plan and allocated funding to the following three activities at an even 33.33% funding allocation each:

- First time home buyer program (33.33% Allocation)
- Rehabilitation, and preservation of affordable ownership housing (33.33% Allocation); and

- Assisting persons who are experiencing or at risk of homelessness (33.33% Allocation).

Under the existing grant agreement (\$1,059,349), approximately \$353,116 or 33% is set aside for the Single-Family Rehabilitation program. As PLHA funds are recurring for the foreseeable future, staff is expecting to receive another \$709,383 in PLHA funds later this calendar year of which another 33% or \$236,461 would be allocated to the Single-Family Housing Rehabilitation Program.

#### Loan Conditions, Rates and Term

The PLHA-funded rehabilitation loans are deferred, will not accrue interest (0%), and do not require monthly payments. PLHA-funded rehabilitation loans are immediately payable and due when the applicant sells or transfers title, discontinues residence in the home, or is in default of the loan's terms and conditions. These proceeds will be deposited into the program fund to assist other eligible homeowners.

#### Eligible Improvements\*

Program loans may be expended for:

- Structural repairs
- Roofs
- Insulation
- Rodent and pest extermination
- Cabinets
- Counters
- Plumbing repairs
- Electrical repairs
- Installation or repair of heating and air conditioning systems
- Windows/window frames
- Door/door frames
- Flooring
- Fencing
- Hardscape
- Asbestos abatement and lead base paint removal
- Painting (interior and exterior)
- Energy efficiency improvements
- Americans with Disabilities Act (ADA) improvements

\*Non-code property improvements (fencing, landscaping, driveway, etc.) will be limited to 15 percent of the rehabilitation loan amount.

#### Other Eligible Project Costs

Other eligible costs include:

- Appraisal

- Property Report/Title Insurance
- Building Plan
- Termite Report
- Land Survey
- Grading Plan
- Recording Fees
- Fire/Course of Construction Insurance

## **V. FISCAL IMPACT**

There is no fiscal impact associated with the adoption of program guidelines. No impact to the General Fund is anticipated.

## **VI. EXHIBITS**

1. Single Family Housing Rehabilitation Program Guidelines (PLHA funded (pgs. 5-57)
2. Loan Acceptance and Contractor Agreement and related forms (pgs. 58-115)
3. HCD's 2022 Income Limits Table (pg. 116)

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