

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
DIRECTOR
SUBJECT: SUBMITTAL OF GRANT APPLICATION TO THE CALIFORNIA
DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT FOR \$5 MILLION UNDER THE CALHOME
PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by resolution: 1) approve the submittal of a grant application to the California Department of Housing and Community Development in the amount of \$5,000,000 in CalHome funds to provide downpayment assistance and housing rehabilitation loans to eligible households in Santa Rosa; 2) authorize the Director of Housing and Community Services to execute a Standard Agreement and any related documents necessary to participate in the CalHome Program, subject to approval as to form by the City Attorney; and 3) authorize the Chief Financial Officer to increase appropriations in revenue and expenditures by the amount of the approved grant award.

EXECUTIVE SUMMARY

In response to the California Department of Housing and Community Development (HCD) Homeownership Super Notice of Funding Availability (HOSN), under the CalHome Program, staff is seeking approval to submit an application in the amount of \$5,000,000 to provide downpayment assistance and housing rehabilitation loans to eligible Santa Rosa residents.

BACKGROUND

On December 12, 2024, HCD issued a HOSN of CalHome Program and Joe Serna Jr. Farmworker Housing Grant funds of approximately \$176.8 million. The funds are available through a competitive application process to local public agencies, tribal entities, and non-profit corporations for mortgage assistance and owner-occupied rehabilitation for low-to-moderate income households. Applications are due by March 13, 2025.

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Of the \$176.8 million in funds, \$143.1 million will be issued through the CalHome Program which supports homeownership programs aimed at households at or below 80 percent of Area Median Income (AMI), including moderate income households in the case of a disaster.

Staff is seeking approval to submit an application for \$5,000,000 in CalHome funds as follows: \$2,000,000 for downpayment assistance and \$3,000,000 for housing rehabilitation loans to eligible Santa Rosa residents. If awarded in full, it is estimated that 10 or more downpayment assistance loans can be provided and 15 or more rehabilitation loans can be provided. The program and subsequent loans will be administrated by the Housing Authority using systems that are already in place.

The Housing Authority maintains a loan portfolio of downpayment assistance/mortgage assistance and rehabilitation loans to low-income, owner-occupants of single family and mobile home residences. The Santa Rosa Housing Trust currently services approximately 175 down payment assistance/mortgage assistance and rehabilitation loans totaling more than \$8.3 million.

Since suspending the rehabilitation program in 2016 due to an exhaustion of funds, staff has been looking for an opportunity to provide rehabilitation loans to the City's residents, especially given the demand and high costs for repairs and increasing interest rates. Staff regularly receives calls from residents in need of a loan to make necessary repairs to their homes. Many of the lower income residents are unable to afford an amortized loan through a conventional lender given strict underwriting criteria.

The Housing Authority recently administered the Down Payment Assistance Loan Program (DPAL) and successfully assisted nine (9) households with loans to purchase a home in Santa Rosa. If the City receives an award of CalHome funds, staff intends to continue providing down payment assistance to eligible residents in Santa Rosa. The median sales price of a single-family home in Santa Rosa remains at over \$800,000, combined with increasing interest rates for mortgage loans, makes it very difficult for many residents to purchase a home in current real estate market without any down payment assistance.

If the City of Santa Rosa's application is successful, staff will process all program applications, including the following: originate loans, perform loan underwriting, prepare loan documents, issue funds, and post-closing activities such as loan servicing, loan collection, and monitoring and compliance for the term of agreements

PRIOR CITY COUNCIL REVIEW

Not applicable.

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FISCAL IMPACT

Approval to submit the grant application to HCD does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378, the proposed action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Resolution

PRESENTER

Angela Morgan, Program Specialist II