



COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

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July 28, 2015

Honorable Board of Supervisors
Eric Rood Administrative Center
950 Maidu Avenue
Nevada City, CA 95959

DATE OF MEETING: August 11, 2015

SUBJECT: Resolution approving execution of Standard Agreement Number 14-HOME-10037 between the County of Nevada and the State Department of Housing and Community Development (HCD) for the HOME grant program in the maximum amount of \$1,000,000 upon HCD approval through November 30, 2032 and authorizing a General Fund Advance of \$130,000.

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Federally funded reimbursement program. HHS – Housing Division is requesting a General Fund Advance in the amount of \$130,000 for the operation of the First Time Home Buyers Down Payment Assistance (FTHB) Program. Funds for this award were budgeted under to 2015/2016 county wide budget process.

BACKGROUND:

The California Department of Housing and Community Services (HCD) released an annual notice of funding availability (NOFA) on May 1, 2014 for the HOME Program. HOME program funds can be used to fund a first-time homebuyer (FTHB) program that provides down payment assistance to low-income households to secure their first home. Additionally, program funds may be allocated for a Tenant-Based Rental Assistance (TBRA) program, which provides rental security deposits to very low-income households. The County's application was successful, and the execution of the Standard Agreement is the first step in accessing these funds. All funds must be expended by November 30, 2017. \$721,500 of the HOME grant funds will be used to continue Nevada County's First Time Homebuyer (FTHB) Down Payment Assistance Program (DAP) providing low and very-low income household's assistance.

Additionally \$253,500 will be used to fund a Tenant-Based Rental Assistance (TBRA) Rental Deposit Program (RDP). The TBRA RDP can provide a one-time grant to an estimated 240 low-income households for initial rent security deposit, thereby allowing these households to enter into a lease agreement that would otherwise be difficult to obtain. The HOME program does *not* require a cash match (local share or leverage) from the County.

The County of Nevada has successfully operated a FTHB Program since 1998. The FTHB Program offers up to \$60,000 in down payment assistance at 3% simple interest, which is deferred for 30 years. To date, over sixty-two low-income households have become home owners due to the success of the FTHB Program. The County began operating a TBRA RDP in December 2004 and has provided rental security deposit assistance to 231 families since its inception. The FTHB and TBRA programs are utilized as a method to address affordable housing in Nevada County and in efforts to comply with the County's Housing Element.

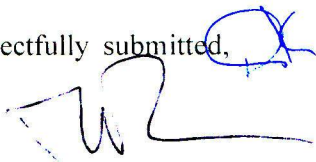
The Health and Human Services Agency (HHS) supports the majority of its Housing Program operations, administration and program delivery from awarded grants. The HOME program requires the down payment assistance funds to be expended and administration cost incurred without immediate reimbursement. Immediately after a FTHB's loan escrow closes a cash request is submitted to the State for reimbursement which generally takes four to six weeks to receive reimbursement. Cash advances from the State for the HOME program are *not* available.

The upfront costs of the HOME program are larger than most other programs HHS - Housing operates because of the \$60,000 per down payment assistance. In order to better operate the FTH DAP effectively, while minimizing program service interruptions, the Housing Division is requesting authorization for a \$130,000 General Fund cash advance in the form of revolving funds. Funds would be temporarily advanced and then utilized to provide the necessary up front DAP assistance. Once State reimbursement funds have been received, these funds would immediately be transferred from HHS-Housing back into the General Fund. This would provide enough funds for two FTHB loans to be processed simultaneously while covering administration costs. Staff anticipates the HOME grant to be fully expended in approximately thirty six months by having access to these funds.

On December 31, 2014 the County's most recent HOME grant expired and at that time the demand for these program services remained high. Often, the number of applicants exceeded HHS - Housing's cash flow ability to immediately process all applications simultaneously. HHS - Housing maintains a client notification list for the HOME FTHB and TBRA programs for those wishing to take advantage of these services and to be contacted once the Standard Agreement is fully executed. Upon execution of the Agreement, the FTHB funds become available and HHS - Housing is open to accepting applications. Currently there are fifty-three local families or individuals who have signed up to be notified of the programs status.

It is recommended that the Board approve the 14-HOME-10037 Standard Agreement and the HHS- Housing respectfully requests that the Board authorize the use of a General Fund Advance of \$130,000 for the operation of the First Time Home Buyers Down Payment Assistance Program.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tex Ritter', with a blue circular stamp or mark above the end of the signature.

Tex Ritter
Housing Division Director
Health and Human Services Agency

TR/lw