



COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

Housing & Community Services Division

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NEVADA COUNTY BOARD OF SUPERVISORS

Board Agenda Memo

MEETING DATE: December 12, 2017

TO: Board of Supervisors

FROM: **Tex Ritter**

SUBJECT: Resolution approving execution of Amendment No. 1 to 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 to extend the deadline to expend the funds from November 30, 2017 to August 31, 2018 and extend the expiration date of the Agreement from November 30, 2032 to August 31, 2033, in the maximum amount of \$1,000,000 and authorizing continuation of a General Fund Advance of \$130,000.

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Federally funded reimbursement program being extended through August 31, 2018. To operate the program through the extended deadline, HHSA – Housing Division is requesting continuance of a General Fund Advance in the amount of \$130,000 for the operation of the First Time Home Buyers Down Payment Assistance (FTHB) Program. Once final State reimbursement funds have been received, these funds will be transferred from HHSA-Housing back into the General Fund. No budget amendment is needed as funds for this award were budgeted under the 2017/2018 county wide budget process, and there is no additional General Fund impact from this item.

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 Standard Agreement 14-HOME-10037 and authorization of a

General Fund Advance of \$130,000 was approved by the Board on August 11, 2015 per Resolution 15-358. All funds were to be expended by November 30, 2017 with the expiration date of the Agreement being November 30, 2032 . To date approximately 50% of the funds remain available and per this Amendment, HCD has agreed to extend the expenditure of funds to August 31, 2018 and extending the expiration date of the Agreement to August 31, 2033, with the remaining funds to be used to continue Nevada County's First Time Homebuyer (FTHB) Down Payment Assistance Program (DAP) providing assistance to low and very-low income household.

The County of Nevada has successfully operated a FTHB Program since 1998. The FTHB Program offers 30% of the purchase price, up to \$90,000 in down payment assistance at 3% simple interest, which is deferred for 30 years. To date, over seventy-one low-income households have become home owners with another four currently in escrow due to the success of the FTHB Program. The FTHB Program is 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 \$90,000 maximum per down payment assistance. In order to better operate the FTHB DAP effectively, while minimizing program service interruptions, the Housing Division is requesting authorization to continue the \$130,000 General Fund cash advance in the form of revolving funds. Funds would continue to 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.

Demand for the program remains high. Often, the number of applicants exceeded HHS - Housing's cash flow ability to immediately process all applications simultaneously. This can lead to delays in the ability to assist families in a timely manner which can lead to applicants being permanently displaced from the market due to rapid housing cost in the County.

It is recommended that the Board approve the execution of Amendment No. 1 to 14-HOME-10037 Standard Agreement and the HHS- Housing respectfully requests that the Board authorize the continued use of a General Fund Advance of \$130,000 for the operation of the First Time Home Buyers Down Payment Assistance Program.

Item Initiated and Approved by: Tex Ritter, HHS Housing Division Director