



Meeting Date: 01/27/09

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Ernest Whitaker *EW* Agenda Item No. I-12  
 Reviewed By: City Manager *MWH* City Attorney *Holmberg* Finance *JL* Other (Specify) Planning

**DATE:** January 15, 2009  
**TO:** City Council  
**FROM:** William E. Wilkins, Housing Director  
 Housing Department  
**SUBJECT:** Local Housing Trust Fund Grant Application; Affordable Rental and Sales Housing

**RECOMMENDATION**

- That City Council:
1. Adopt a resolution 1) authorizing the City Manager to execute and submit an application to the California Department of Housing and Community Development (HCD) for a \$1 million Local Housing Trust Fund Grant; and execute all documents necessary and appropriate to pursue the grant application and obtain grant funds; 2) establishing an Affordable Sales Housing Trust Fund; and 3) directing that 10% of future affordable housing in-lieu fee payments be deposited in the Affordable Sales Housing Trust Fund, that 15% of future affordable housing in-lieu fee payments be deposited in the Affordable Rental Housing Trust Fund, and that 75% of future affordable housing in-lieu fee payments be deposited in the Affordable Housing Trust Fund.
  2. Approve the appropriation of funds from the Affordable Housing Trust Fund in the amount of \$385,000 to the Affordable Rental Housing Trust Fund and in the amount of \$715,000 to the Affordable Sales Housing Trust Fund.
  3. Approve the Guidelines for the Affordable Rental and Affordable Sales Housing Trust Funds.

**DISCUSSIONS**

A Notice of Funding Availability (NOFA) was issued by HCD October 24, 2008 announcing the availability of approximately \$16.2 million in funding for the Local Housing Trust Fund Program (LHTFP). The submission deadline for applications for existing trust funds is February 18, 2009. The purpose of the LHTFP program is to support local housing trust funds dedicated to the creation or preservation of affordable housing. The grant program requires a commitment of matching funds by the recipient.

This one time grant is for the development of affordable multifamily rental and ownership housing. The grant is intended to support local entities that have identified and committed sources of funds not traditionally utilized in the development and provision of affordable housing. Funds from the Community Development Block Grant (CDBG) program, HOME, and redevelopment set-aside funds are not eligible as a trust fund match.

Oxnard's Affordable Housing Trust Fund is supported solely by homebuilders making in-lieu fee affordable housing payments to the City, rather than constructing affordable units within their developments. City Council has established that these funds can be allocated 1) for new housing construction and land acquisition for apartments, condominiums, and single family homes, 2) for second mortgages, 3) for downpayment and closing cost assistance, and 4) for housing rehabilitation loans and grants.

In order to be competitive for the grant, an affordable housing trust fund must meet specific requirements:

- All funds will be exclusively for rental properties, special needs population housing, the preservation of at-risk assisted housing, and downpayment assistance to first-time homebuyers.
- The rental units will be restricted for families and individuals earning no more than 60 percent of the Area Median Income.
- At least 30 percent of the rental units shall be for extremely-low families and individuals earning no more than 30 percent of the Area Median Income.
- For rental units, the assisted project qualifies as "at-risk" OR at least 30 percent of the total units will either contain three or more bedrooms OR be restricted to special needs populations.
- At least 65% of the total amount of program funds must be expended on down payment assistance for first-time homebuyers. This is why \$715,000 is being appropriated to the Affordable Sales Housing Trust Fund and \$385,000, or 35% to the Affordable Rental Housing Trust Fund.
- At least 30% of the total amount of program funds must be expended to serve persons and families of extremely-low income, or 30 percent of the Area Median Income.
- The program must continue to operate until 2014.

Oxnard has operated an Affordable Rental Housing Trust Fund since 2003. In order to be competitive for the 2009 LHFP grant it is necessary to create an Affordable Sales Housing Trust Fund. Staff also recommends providing \$100,000 above the required \$1 million of matching funds in order to be competitive for the grant.

A grant requirement is that there be a continuing source of funds to the two trust funds for five years. Staff recommends that 10% of the yearly affordable housing in-lieu fees go to the sales housing trust fund and 15% to the rental housing trust fund.

The guidelines for the operation of the Affordable Rental Housing Trust Fund and the Affordable Sales Housing Trust Fund are included as Attachments 3 and 4.

### **FINANCIAL IMPACT**

The Special Budget Appropriation will appropriate funds in the amount of \$1,100,000 from the Affordable Housing Trust Fund Balance (Fund 371) into the Affordable Rental Housing Trust Fund (Fund 372-5135) (\$385,000) and the Affordable Sales Housing Trust Fund (372-5140) (\$715,000).

(EW/an)

- Attachment #1 -Resolution
- #2 -Special Budget Appropriation
- #3 -Affordable Rental Housing  
Trust Fund Guidelines
- #4 -Affordable Sales Housing  
Trust Fund Guidelines

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD  
AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO CALIFORNIA  
STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR  
FUNDING OF LOCAL HOUSING TRUST FUND PROGRAM

WHEREAS, The California Department of Housing and Community Development (the "Department") is authorized to allocate Local Housing Trust Fund Program ("LHTFP") funds made available from the Housing and Emergency Shelter Act of 2006. LHTFP funds are to be used for the purposes set forth in Section 50843.5 of the Health and Safety Code and any implementing regulations developed by the Department; and

WHEREAS, On October 24, 2008, the Department issued a Notice of Funding Availability (the "NOFA") announcing the availability of funds under the LHTFP; and

WHEREAS, In response to the NOFA, the City of Oxnard (the "Applicant"), a subdivision of the State of California, wishes to apply to the Department for and receive an allocation of LHTFP funds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD  
RESOLVES AS FOLLOWS:

Section 1. In response to the NOFA, City Manager is authorized to submit an application to the Department to participate in the LHTFP and for an allocation of funds not to exceed One Million Dollars (\$1,000,000.00) for the following activities and/ or programs:

First-time Homebuyer Programs  
Construction of Rental Housing

to be located throughout the City of Oxnard.

Section 2. In-lieu fees collected in connection with approval of residential development in the City of Oxnard shall continue to be deposited into the Affordable Housing Trust Fund.

Section 3. The City hereby establishes an Affordable Sales Housing Trust Fund, in addition to the previously established Affordable Rental Housing Trust Fund.

Section 4. Future in-lieu fees shall be deposited in the following proportion in the various trust funds: 1) 75% in the Affordable Housing Trust Fund, 2) 15% in the Affordable Rental Housing Trust Fund, and 3) 10% in the Affordable Sales Housing Trust Fund.

Section 5. The Affordable Housing Rental Trust Fund and the Affordable Housing Sales Trust Fund shall be funded for a minimum of five years from the date of the executed Agreement with the Department from the in-lieu fees deposited in the Affordable Housing Trust Fund.

Section 6. Thirty percent of the total amount of LHFTP funds and the City matching funds shall serve persons and families of extremely-low income.

Section 7. If the application for funding is approved, the Applicant hereby agrees to use the LHFTP funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statute and guidelines cited above. It also may execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department for the participation in the LHFTP (collectively, the required documents). The applicant authorizes the City Manager, or in his absence the Assistant City Manager or the Housing Director, to execute in the name of the applicant, the required documents.

PASSED AND ADOPTED this 27<sup>TH</sup> day of January 2009, by the following vote:

AYES:

NAYS:

ABSTAIN:

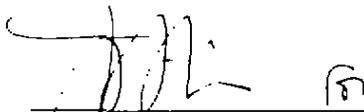
ABSENT:

\_\_\_\_\_  
Dr. Thomas E. Holden, Mayor

ATTEST:

\_\_\_\_\_  
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Alan Holmberg, City Attorney  
1-21-09

ATTACHMENT NO. 1  
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# CITY OF OXNARD

## REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

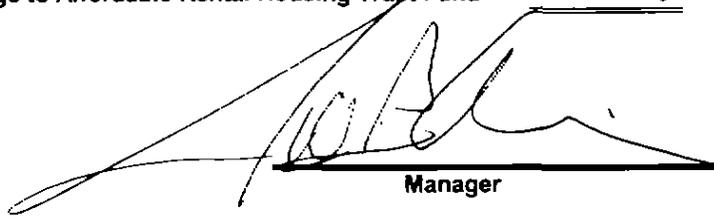
January 27, 2009

Request is hereby made for an appropriation of total . . . . .

\$ 1,100,000

Reason for appropriation: To establish Affordable Rental / Sales Housing Trust Fund and transfer funds from Housing-In-Lieu Fees Fund into the Affordable Rental Housing Trust Fund

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Housing-In-Lieu (371)	Housing Services - Housing Administrative 371-5115 804-8733 - Transfer to other Fund	1,100,000
	<b>Net Estimated Change to Housing-In-Lieu Fund</b>	<b><u>(1,100,000)</u></b>
Affordable Rental Housing Trust Fund (372)	Housing Services - Affordable Rental Housing 372-5135 711-7917- Transfer From Other Funds 804-8821 - Contractual Agreement - Loan to Private Operator	(385,000) 385,000
	Housing Services - Affordable Sales Housing 372-5140 711-7917- Transfer From Other Funds 804-8821 - Contractual Agreement - Loan to Private Operator	(715,000) 715,000
	<b>Net Estimated Change to Affordable Rental Housing Trust Fund</b>	<b><u>0</u></b>

  
 \_\_\_\_\_  
 Manager

DOES NOT REQUIRE CITY COUNCIL APPROVAL

CHIEF FINANCIAL OFFICER

  
 \_\_\_\_\_

Disposition \_\_\_\_\_

Approved \_\_\_\_\_

Rejected \_\_\_\_\_

Transfer by Journal Voucher \_\_\_\_\_

City Manager

ATTACHMENT NO. 2  
PAGE 1 OF 1

## PROGRAM OPERATING GUIDELINES

### Affordable Rental Housing Trust Fund Local Housing Trust Fund Grant Fund Use Guidelines

1. The Affordable Housing Trust Fund ("Fund") will invest all funds received for the Local Housing Trust Fund Program grant and matching funds (Program Funds") for rental housing, special needs population housing, and preservation projects for at-risk assisted housing.
2. The Program Funds will provide loans for the construction or rehabilitation of rental housing developments, or for the construction of units within rental housing developments.
3. The terms of the Funds investments will be incorporated in an Affordable Housing Agreement. The period of affordability on assisted units will be for no less than 55 years.
4. There are no per unit or per project expenditure limitations. Each project will be examined on a case-by-case base with respect to its financial need and its contribution the City's affordable housing goals.
5. The units assisted by Program Funds must be affordable to, and restricted for persons and families earning not more than 60 percent of the Area Median Income. At least 30 percent of the total units will be restricted to extremely low-income households (30 percent of Area Median Income). The project must qualify as "at-risk" or at least 30 percent of the total units will either contain three or more bedrooms or be restricted to special needs population.
6. Recipients of the fund may either be public, non-profit, or for-profit entities.
7. The Housing Department will evaluate potential subgrantees and borrowers on a case-by-case basis using generally accepted underwriting criteria, as appropriate, based upon the project proposed and the population to be served.
8. There are no borrower or project match/leverage requirements. It is expected that developers requesting assistance from the Program Fund will have a combination of various funding sources to make the project financially feasible. It is anticipated that Program Fund monies will provide "gap" financing to complete the project financing.

## PROGRAM OPERATING GUIDELINES

### Affordable Sales Housing Trust fund Local Housing Trust Fund Grant Fund Use Guidelines

1. The Affordable Housing Trust Fund ("Fund") will invest all funds received for the Local Housing Trust Fund Program (LHTPF) grant and city matching funds ("Program Funds") for downpayment assistance to first-time homebuyers.
2. The Program Funds shall provide silent second equity share loans to first-time homebuyers of lower income (80% median income) and below.
3. Where Program Funds are used for first-time homebuyers there shall be recorded a deed restriction in compliance with Health and Safety Code Section 50843.5(d)(3) unless such a deed restriction would conflict with the requirements of law or another funding source.
4. The maximum homebuyer loan shall be \$30,000 and each applicant will be examined on a case-by-case basis with respect to the amount of loan needed to make a purchase possible.
5. The equity share loan will be at 0% interest. The City will benefit from its participation at the time of resale.
6. The Housing Department will evaluate potential borrowers on a case-by-case basis using generally accepted underwriting criterias as appropriate.
7. There are no homebuyer match requirements to receive Program Funds.

ATTACHMENT NO. 4  
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