

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING: July 27, 2010 SET MATTER	AGENDA NO.: 5-3
SUBJECT: Conduct a public hearing and accept the Homebuyer Assistance Study funded by a Community Development Block Grant (CDBG) Planning and Technical Assistance (PTA) Grant	
DEPARTMENT: RMA - Redevelopment and Housing Office	

RECOMMENDATION:

It is recommended that the Board of Supervisors conduct a public hearing and accept the Homebuyer Assistance Study funded by a Community Development Block Grant (CDBG) Planning and Technical Assistance (PTA) Grant.

SUMMARY:

The Redevelopment and Housing Office (RHO) prepared a study using CDBG grant funds to evaluate housing affordability, incomes, and funding sources with the goal of making the County's Homebuyer Assistance Program more effective. As a result of this study, a revised First Time Home Buyer (FTHB) Program Manual will be prepared. The CDBG grant requires that the Board of Supervisors conduct a public hearing to receive and accept the Homebuyer Assistance Study.

DISCUSSION:

On December 10, 2008, the County was awarded a General Allocation Community Development Block Grant (CDBG) Planning and Technical Assistant (PTA) grant for \$70,000 from the California Department of Housing and Community Development (HCD). The grant was awarded to fund two separate studies, a Water System Improvement Study for the community of San Lucas and a Home Buyer Assistance Study.

The Homebuyer Assistance Study has been completed. A new FTHB Program Manual (Manual), including program guidelines is being prepared. In addition, the RHO intends to prepare an application for \$800,000 in State HOME funds to provide down payment assistance under the revised FTHB Program. The grant application and FTHB Manual are scheduled to be considered by the Board of Supervisors in August.

The primary conclusions of the Homebuyer Assistance Study are summarized below:

- Median home prices in Monterey County have declined to a point where they are affordable to moderate-income households, earning up to 120% of Area Median Income (AMI) in the South County and Salinas sub-areas. Moderate-income affordability gaps remain for the units in the North County and Marina/Seaside/Ft. Ord and Peninsula sub-areas.
- Median home prices generally remain unaffordable to low-income households (earning up to 80% of AMI) throughout the County.
- The affordability gaps vary considerably from one part of the County to another, with the lowest affordability gaps existing in the South County sub-area and the highest gaps in the Peninsula sub-area.

Recommendations

- Adopt separate loan limits for low and moderate-income borrowers.
- Update standard loan limits to reflect the lower affordability gaps.
- Keep guidelines for the FTHB Program flexible to allow for the use of funding from a variety of sources

- Consider utilizing higher loan limits for residents of the South County and Marina/Seaside/Ft. Ord sub-areas since median incomes in those areas are below the countywide AMI.
- Seek funding from State funding sources including CalHOME, BEGIN, HOME, and the Joe Serna Jr. Farmworker Program.
- In order to make the down payment assistance sufficient to serve a wider range of potential homebuyers, layer funding sources as some of the recommended loan limits exceed those set by CalHOME, BEGIN, HOME, and the Joe Serna Jr. Farmworker Program.

The primary focus of the recommendations is to develop an effective program that will allow the maximum number of households to take advantage of the current availability of affordable market rate homes. It is further recommended that the revised program address the requirements of a variety of funding sources including State HOME, BEGIN and Cal HOME funds, as well as local Redevelopment funds. Generally these funding sources provide assistance to households earning less than 80% of the County's Area Median Income (AMI), however some sources allow qualifying households to earn up to 120% of AMI.

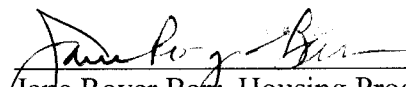
OTHER AGENCY INVOLVEMENT:

On July 9, 2008, the Monterey County Housing Advisory Committee (HAC) recommended that the Board of Supervisors approve the 2008 CDBG PTA Grant application. On March 10, 2010, the HAC received the Homebuyer Assistance Study.

FINANCING:

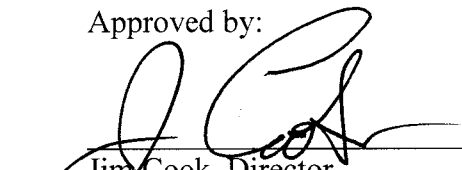
The preparation of the Homebuyer Assistance Study was funded with the CDBG Grant. The recommended action has no impact on the County's General Fund.

Prepared by:


 Jane Royer Barr, Housing Program Manager
 Redevelopment and Housing Office

Date: 7/14/10

Approved by:


 Jim Cook, Director
 Redevelopment and Housing Office

Date: 7/14/10

Attachments: Home Buyer Assistance Study is on file with the Clerk to the Board of Supervisors