



Monterey County

Item No.3

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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- a. Receive a presentation on the First Time Homebuyer (FTHB) Programs in the County; and
- b. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Health, Housing, Homelessness, and Human Services Committee:

- a. Receive a presentation on the First Time Homebuyer (FTHB) Programs in the County; and
- b. Provide direction to staff.

SUMMARY/DISCUSSION:

It has been a priority for staff to make the County's First Time Homebuyer (FTHB) Program an active program. However, currently the County is not operating this program due to market conditions that bring on a lack of inventory of existing homes priced below the maximum sales price that meet the State of California Housing and Community Development (HCD) Department guidelines. Moreover, any available homes must be thoroughly inspected to make sure it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected prior to the purchase of the home. Last, but not least, the eligible property must be in the unincorporated areas of the County.

The County had an active FTHB program through HCD's HOME program. The last time the County received grant funding from HCD to provide FTHB program loans to income-qualified households was in 2010. However, due to the lack of available housing stock, the County had to disencumber the funds and return them to HCD. Ever since then, the County has only been able to make about 2 loans maximum using program income funds.

HCD required an update to the program guideline template to ensure the County had the most recent guidelines. Therefore, on November 7, 2017 the County Board of Supervisors approved the updated Homebuyer Program Guidelines to meet the HCD requirements and be ready for future programming, should market conditions change. The copy of the guidelines is posted on the County's housing website.

The intent of the County's FTHB program is to assist income-qualified homebuyers with the down payment to purchase a home in the unincorporated areas of the County. The specifics to purchasing a home using the FTHB program income funds, includes, but is not limited to:

- The buyer must occupy the property as the primary residence, non-occupant co-borrowers are not allowed
- The buyer must qualify as a First Time Homebuyer using HCD's definition

- The maximum purchase price is \$445,000 for all unincorporated areas of the County (updated annually)
- The Maximum Loan Amount may not exceed the lesser of the maximum HOME subsidy limit, 20% of the purchase price, or the amount needed as determined by underwriting criteria. The FTHB program maximum loan amount shall never exceed the amount of the first mortgage loan.
- The buyer must contribute 3.5% of the purchase price, but may contribute more if desired.
- FTHB down payment assistance is available to households with annual incomes at or below 80% of the area median income for Monterey County.

Aside from the County's FTHB program, there are other homebuyer programs available through federal and state programs. Such programs are through the United States Department of Agriculture and Golden State Finance Authority. A summary of these programs will be detailed in the power point presentation and links to their websites will be provided to access their resources.

OTHER AGENCY INVOLVEMENT:

No other county agencies are involved in this presentation.

FINANCING:

There are no costs associated with the acceptance of this report or receipt of the presentation.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The First Time Home Buyers Program supports the Board of Supervisors Strategic Initiatives for Economic Development and Health and Human Services by supporting limited income residents to be able to purchase home and have safe, reliable housing.

☒ Economic Development
☐ Administration
☒ Health & Human Services
☐ Infrastructure
☐ Public Safety

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Attachments:

Attachment 1 - First Time Homebuyer Programs Presentation

