



# City of Carson Report to Mayor and City Council

November 15, 2011  
New Business Consent

**SUBJECT: CONSIDER RESOLUTION NO. 11-133 AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE BEGIN PROGRAM**

Submitted by Clifford W. Graves  
Economic Development General Manager

Approved by David C. Biggs  
City Manager

## **I. SUMMARY**

The city of Carson (City) is being asked to consider adopting Resolution No. 11-133 (Exhibit No. 1) authorizing staff to submit an application to the California State Department of Housing and Community Development (HCD) for up to \$2,362,130.00 in funding under the Building Equity and Growth in Neighborhoods (BEGIN) Program. Initially, the BEGIN Program funds will be used to provide subordinate down payment assistance loans to assist eligible moderate-income homebuyers purchasing affordable units in the 616 East Carson Street development. After repayment of the initial down payment assistance loans, the City may reuse the BEGIN Program funds as a funding source for its affordable housing programs.

## **II. RECOMMENDATION**

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 11-133, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE BUILDING EQUITY AND GROWTH IN NEIGHBORHOODS (BEGIN) PROGRAM; THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE BEGIN PROGRAM."
2. AUTHORIZE the Mayor to execute the aforementioned application and documents following approval as to form by the City Attorney.

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

**IV. BACKGROUND**

CityView 616 East Carson, LLC (Developer) has advised City staff that the mixed-use project, consisting of 152 for-sale units, located at 616 East Carson Street (Project) may be eligible to receive state funds through the BEGIN Program. The BEGIN Program is a homeownership program administered by HCD which makes grants to cities that provide incentives or remove regulatory barriers for housing developments that include low- and/or moderate-income housing. The state grants BEGIN funds to cities on a project-specific basis, and the cities use the funds for silent second loans to qualifying low- and/or moderate-income first-time homebuyers purchasing newly constructed homes.

To be eligible for a BEGIN grant a development must include affordable ownership housing and must meet funding thresholds based on a scoring system that awards points based on regulatory relief (i.e. modification of development and parking standards for affordable units) as well as site location criteria (i.e. infill location, proximity to transit and schools).

Staff believes the Project meets or exceeds the BEGIN Program's funding criteria and may qualify to receive up to \$2,362,130.00 in state funds. Provided the City Council authorizes the action, staff will submit an application and supporting documentation to HCD by November 21, 2011. If the application for funding is approved, the City would use BEGIN Program funds to provide down payment assistance loans for up to 48 eligible moderate-income homebuyers in the Project. This will represent a 25 unit increase from the 23 units originally designated as moderate-income units in the Project. The average amount of the BEGIN down payment assistance loans will be \$49,211.00. City staff will administer the BEGIN program loans in conformance with the program standards and procedures of the City's existing First Time Homebuyer Program.

The City has also been asked to reserve First Time Homebuyer Program (FTHB) funds for the Project, in the event primary loans, BEGIN program funds, and all other sources of financing are insufficient to assist the 48 moderate-income homebuyers with their purchases. The City could provide subordinate down payment assistance loans averaging \$6,600.00 per unit, totaling approximately \$317,000.00, for the 48 eligible moderate-income homebuyers in the Project. The City would make the FTHB loans on an as-needed basis, after all other funding sources are exhausted. If the FTHB loans are necessary, funds will be included in the proposed FY 2012/13 and 2013/14 budgets.

The award of BEGIN Program funds will benefit the City by facilitating sales of the moderate-income homes in the Project. In addition, it provides a reusable funding source for the City's affordable housing programs. After repayment of

the BEGIN funds by the initial homebuyer, the City can reuse the funds for first-time homebuyer down payment assistance, home rehabilitation, homebuyer counseling, home acquisition and rehabilitation, or self-help mortgage assistance for persons and families of low- and/or moderate-income.

Staff recommends that the City Council adopt Resolution No. 11-133 authorizing the City to apply for BEGIN Program funds.

**V. FISCAL IMPACT**

Should the state award the BEGIN funds, the City would request that the Carson Redevelopment Agency allocate \$317,000.00 for the Project in the First Time Homebuyer Program's budget for FY 2012/2013.

**VI. EXHIBITS**

1. Resolution No. 11-133. (pgs. 4-5)

Prepared by: William Watkins, Redevelopment Project Analyst

TO:Rev091911

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development	Public Services

**Action taken by City Council**

Date\_\_\_\_\_ Action\_\_\_\_\_

RESOLUTION NO. 11-133

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE BUILDING EQUITY AND GROWTH IN NEIGHBORHOODS (BEGIN) PROGRAM; THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE BEGIN PROGRAM.

WHEREAS, the city of Carson (City), a municipal corporation and a general law city of the State of California, organized and existing under the Constitution of the State of California, wishes to apply for and receive an allocation of funds through the BEGIN Program; and

WHEREAS, the California Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability (NOFA) for the BEGIN Program established by Chapter 14.5, Sections 50860 through 50866 of Part 2 of Division 31 of the Health and Safety Code (Statute). Pursuant to the Statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the BEGIN Program, subject to the terms and conditions of the Statute and the BEGIN Program Guidelines adopted as amended by HCD; and

WHEREAS, the City wishes to submit an application to obtain from HCD an allocation of BEGIN Program funds in the amount of \$2,362,130.00; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, based on the evidence presented, including the written staff report and oral testimony on this matter, the City Council hereby finds, determines and resolves as follows:

**Section 1.** The above Recitals are true and correct and incorporated herein by reference.

**Section 2.** The City shall submit to HCD an application to participate in the BEGIN Program in response to the NOFA issued on September 23, 2011 which will request a funding allocation to provide down payment assistance loans to forty eight (48) eligible moderate income homebuyers in a new mixed-use residential / retail development on 9.51 acres located at 616 East Carson Street in Carson, CA. The average amount of the BEGIN Program down payment assistance loans will be \$49,211.00.

**Section 3.** If the application for funding is approved, the City hereby agrees to use the BEGIN Program funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program Guidelines cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the BEGIN Program.

**Section 4.** The City authorizes the Mayor to execute in the name of the City, the application, the Standard Agreement, and all other documents required by HCD for participation in the BEGIN Program, and any amendments thereto.

**Section 5.** The City Clerk shall certify as to the adoption of this resolution.

**PASSED, APPROVED and ADOPTED** this \_\_\_\_ day of November, 2011.

\_\_\_\_\_  
Mayor Jim Dear

ATTEST:

\_\_\_\_\_  
City Clerk Helen S. Kawagoe

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney