

RESOLUTION NO. RA 01-06

A RESOLUTION OF THE PASO ROBLES REDEVELOPMENT AGENCY
APPROPRIATING \$13,000 IN LOW AND MODERATE INCOME HOUSING FUNDS TO
OFFSET LOAN ADMINISTRATION FEES FOR THE CALHOME
FIRST-TIME HOMEBUYERS LOAN PROGRAM

WHEREAS, in 2000, pursuant to SB 1656 (Alarcon), the State of California established the "CalHome" Program, which provides grants of up to \$500,000 to local governments to make first-time homebuyer's deferred-payment second mortgage loans for lower income households; and

WHEREAS, on April 12, 2001, the City received notification from the State Department of Housing and Community Development that the City had been approved for a grant of \$500,000 in CalHome funds; and

WHEREAS, it is expected that the \$500,000 grant will provide 24 – 26 CalHome loans; and

WHEREAS, the State's Guidelines for the CalHome Program allow for a portion of the grant proceeds to be used for loan administration, up to a maximum of \$350 per loan; and

WHEREAS, the Housing Authority of the City of San Luis Obispo (HASLO) has provided a letter of intent to provide loan administration services up to the close of escrow; and

WHEREAS, the State's Guidelines for the CalHome Program require that the average loan be \$20,000, and that loan proceeds may not be used for closing costs; and

WHEREAS, HASLO's current loan administration fees for a first-time homebuyers loan program operated by the County of San Luis Obispo (County) are five percent of the amount of the loan up to a maximum of \$900 per loan; and

WHEREAS, anticipating that HASLO will continue to charge the City the same rate as it does the County, each loan would have an administration fee of \$900, with \$350 being covered by CalHome grant proceeds and \$550 from other resources; and

WHEREAS, it is expected that closing costs for CalHome loans will range between \$4,000 and \$5,000 per loan, not including loan administration fees; and

WHEREAS, it is expected that the combination of expected closing costs and \$550 for loan administration fees will prove to be too great a financial hurdle for many otherwise eligible lower income households; and

WHEREAS, to discourage frivolous loan applications, it would be prudent to charge each household that applies for a CalHome loan a non-refundable fee of \$50, which may be applied to the loan administration fee; and

WHEREAS, the remaining \$500 per loan for the loan administration fee could be paid for with grants from the City's Redevelopment Agency's Low and Moderate Income Housing (LMIH) Fund; and

WHEREAS, such use of LMIH funds is consistent with the 1999 Redevelopment Implementation Plan, which lists first-time homebuyer assistance for low and moderate income households as a priority for use of LMIH Funds; and

WHEREAS, at a meeting conducted on January 31, 2001, the Project Area Committee recommended that the Redevelopment Agency approve the use of LMIH Funds for grants to individual applicants for CalHome loans to offset a portion of the cost of HASLO's loan administration fees; and

NOW, THEREFORE, BE IT RESOLVED, by the Paso Robles Redevelopment Agency ("Agency") to appropriate \$13,000 in Redevelopment Low and Moderate Income Housing funds to Account No. 701-810-5235-486 to offset a portion of the cost of HASLO's loan administration fees at the rate of \$500 for each household that qualifies and obtains a CalHome loan. Such grants are subject to the condition that each household applying for a CalHome loan shall deposit a nonrefundable fee of \$50, which shall be applied toward the loan administration fee.

PASSED AND ADOPTED by the City of Paso Robles Redevelopment Agency this 15th day of May 2001 by the following vote:

AYES:	Heggarty, Mecham, Nemeth, Picanco and Finigan
NOES:	None
ABSENT:	None
ABSTAIN:	None

George P. Finigan, Chairman

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk