



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**November 2, 2021**

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**TOPIC:** Approve and Launch the New “My First Home” Program

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**AGENDA TITLE:**

Approve and Launch the New “My First Home” Program with a One-Time Allocation of \$1,200,000 from the Inclusionary Housing Fund (Non-General Fund)

**RECOMMENDED ACTION**

1. Authorize the City Manager to launch the new “My First Home” Program.
2. Authorize the City Manager to execute Loan Agreements with qualified and approved homebuyers for the “My First Home” Program, subject to non-substantive changes approved by the City Manager and the City Attorney.

**DISCUSSION**

On March 6, 2018, the City Council approved an update to the Down Payment Assistance Loan program to revise the eligibility criteria to make the program more effective and attainable for low- to moderate-income residents in response to changing market conditions. The major updates to the program included a one-time allocation of \$400,000 in Inclusionary Housing Funds and an increase to the maximum loan amount for low-income buyers to \$80,000 and \$40,000 for moderate-income buyers. Since this program update in March 2018, 17 families became first-time homeowners in Santa Ana.

To build on this effort from three years ago, staff is seeking approval to launch the new “My First Home” program using the \$1.2 million in Inclusionary Housing Funds. The idea for the launch of this program and investment of one-time funds originated with comments from various councilmembers regarding the City’s need to invest in more homeownership opportunities for our residents. While the City continues to invest in affordable rental housing for our lowest income families, it is important that the City help create opportunities for homeownership. Homeownership leads to asset building and the accumulation of wealth instead of solely relying on the City’s financing of affordable rental housing. The “My First Home” program will fulfill this need for increased homeownership opportunities and create wealth-building opportunities for at least ten low-income families or a combination thereof.

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The “My First Home” program will be a limited-time program based upon funding availability. This means that as soon as the \$1.2 million in Inclusionary Housing Funds are exhausted, staff will revert the program guidelines back to its original form using Community Development Block Grant funds. The core working part of this one-time program is an increase in down payment assistance available per household. Specifically, staff is increasing the maximum down payment assistance loan amount available for low-income buyers up to \$120,000. The maximum down payment assistance loan amount for moderate-income buyers will also be increased to \$80,000.

By increasing the loan amounts, together with record low mortgage interest rates, more low-income families will qualify to purchase a home. The vision behind the allocation of \$1.2 million is to assist at least ten low-income families purchase their first home (e.g. \$120,000 x 10 families), or a combination thereof between low- to moderate-income families. The updates to the Down Payment Assistance Program Guidelines and template Loan Agreement are attached as Exhibit 1 and 2 in redline format.

The effectiveness of this one-time program will be evaluated if the City is successful to assist at least ten low- to moderate-income families purchase their first home. Staff may adjust the allocation of funds per household depending on the results of the program. Regarding the eligibility of the \$1.2 million in funding for this one-time program, pursuant to Section 41-1909 (a)(3) of the Housing Opportunity Ordinance, permissible uses of the Inclusionary Housing Fund include pre-home ownership co-investment. The Ordinance states that the Inclusionary Housing Fund may be used for the benefit of owner-occupied housing.

Following approval by City Council, staff will launch the program and begin marketing the program together with NeighborWorks of Orange County. The “My First Home” Program will be available until all of the funds are expended.

### Program Administration and Contingency

As part of the FY 2021-2022 City Budget, a portion of the City’s Inclusionary Housing Funds are already allocated for down payment assistance but it is anticipated that this one-time program will require additional staff time, administration and marketing efforts. Staff estimates needing \$19,809 for these additional efforts, as well as a contingency of \$1,981 for any unanticipated costs. The Inclusionary Housing Administrative Funds needed were already budgeted in the FY 2021-2022 City Budget as part of the costs required to administer the Housing Opportunity Ordinance:

Project Item	Total
“My First Home” Program	\$1,200,000
Inclusionary Housing Administrative Funds	\$ 19,809
Contingency	\$ 1,981
Total Delivery Cost for Project	\$1,221,790

**FISCAL IMPACT**

Funds in the amount of \$1,200,000 are available for anticipated expenditure starting in FY 2021-22 in the Inclusionary Housing Fund, Loans & Grants account no. (41718820-69152). Any unspent funds at the end of the current fiscal year will be budgeted for carry forward to subsequent fiscal year(s) until all funds have been spent for this program.

**EXHIBIT(S)**

1. Down Payment Assistance Program Guidelines
2. Loan Agreement Template

Submitted By: Steven Mendoza, Assistant City Manager

Approved By: Kristine Ridge, City Manager