



AGENDA

Regular Meeting of the Hemet Housing Authority

City of Hemet

City Council Chamber

450 E. Latham Ave., Hemet, California 92543



Notice Regarding Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting or if you need agenda documents provided in an alternative format, please contact the City Clerk's Office at 756-2689 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made (28CFR 35.102-35.104 ADA Title II)

Tuesday, April 28, 2020 – 7:00 p.m. or as soon thereafter

CALL TO ORDER: Chairperson Perciful

1. ROLL CALL:

Chairperson: Perciful
Vice Chairperson: Wright
Board Members: Brown, Krupa, Meyer

2. COMMUNICATIONS FROM THE PUBLIC

Welcome to a meeting of the Hemet Housing Authority

- Anyone who wishes to speak during public comment or on a particular item will be required to fill out a speaker slip. Speaker slips must be turned in to the Authority Secretary. Each request will cover one speaker. Those who wish to speak must submit their own request to be called on by the Chairperson.
- **There is a 3-minute-per-person time limit for all comments, including public or quasi-judicial hearings.**
- Written comments on any item may also be submitted to the Authority Secretary to be included in the meeting record; however, they will not be read aloud.
- All who wish to speak, including Council members and staff, need to be recognized by the Chairperson before speaking.
- Members of the public shall comply with the adopted Rules of Decorum, Resolution No. 4545. A copy of which can be requested through the Secretary Authority's Office.
- Please turn off or mute your **Cell Phone** while the meeting is in session

3. CONSENT CALENDAR

All Consent Calendar items will be acted upon by a single action of the Hemet Housing Authority unless otherwise requested by an individual Board Member for separate consideration.

Item 3.A:

Approval of Minutes

Minutes of the March 10, 2020 Regular Hemet Housing Authority Meeting.

Recommendation:

Approve by vote to Consent Calendar

4. DISCUSSION ITEMS

Item 4.A:

A **Resolution** approving an amendment to the policy regarding loan repayment and release of affordability covenants for certain down payment assistance loans made by the authority

Recommendation:

Adopt a Resolution approving an amendment to the policy regarding loan repayment and release of affordability covenants for certain down payment assistance loans made by the authority

5. FUTURE AGENDA ITEMS

If Members of the Authority have items for consideration at a future Housing Authority meeting, please state the agenda item to provide direction to the City Manager.

None.

6. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Clay James, Deputy Authority Secretary for the Hemet Housing Authority, declare under penalty of perjury that the foregoing agenda for the April 28, 2020 meeting was posted on April 23, 2020 at City Hall, located at 445 E. Florida Ave, and Council Chamber at 450 E. Latham Ave., Hemet, CA as well as on the City's website.

Clay James, Deputy Secretary Authority

Time:

Authority Agendas: Agenda for Regular Meetings are available for public review on the City's website at cityofhemet.org and in the City Clerk's Office, 445 E. Florida Avenue typically by 4:00 p.m. on the Thursday prior to the meeting, but no later than 72 hours prior to the meeting. Agendas for Closed Sessions and other Special meetings are made available at least 72 hours prior to the meeting when possible, but no later than 24 hours prior to the meeting.

Broadcasting: Regular (televised) Housing Hemet Authority meetings are available for viewing 24/7 at cityofhemet.org

Use of Equipment: Please contact the City Clerk's Office if requesting to use the chamber equipment during public comment or as part of a scheduled presentation, 24 hours prior to the meeting at (951)756-2307.



Housing Authority Staff Report

Agenda # 3.A

TO: Honorable Chairperson and Board Members of the Hemet Housing Authority

FROM: Christopher Lopez, City Manager
Clay James, Deputy Authority Secretary

DATE: April 28, 2020

RE: Minutes of the March 10, 2020 Regular Hemet Housing Authority Meeting

RECOMMENDED ACTION:

Approve by roll call vote to Consent Calendar.

BACKGROUND:

Attached for your consideration are the minutes of the March 10, 2020 Regular Hemet Housing Authority Meeting.

FISCAL IMPACT:

None

OPTIONS:

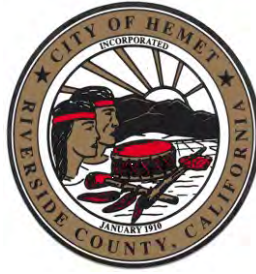
1. Approve as submitted
2. Provide edits and approve

ATTACHMENTS:

1. Minutes of March 10, 2020 Regular Hemet Housing Authority Meeting

Respectfully Submitted,

Clay James
Deputy Authority Secretary



MINUTES

Regular Meeting of the Hemet Housing Authority

City of Hemet

City Council Chamber

450 E. Latham Ave., Hemet, California 92543

Tuesday, March 10, 2020 – 7:00 p.m. or as soon thereafter

The Board of the Hemet Housing Authority met this date in a Regular Session at 9:06 p.m. in the City Council Chamber, 450 E. Latham Avenue, Hemet, California with Chairperson Perciful presiding.

CALL TO ORDER: Chairperson Perciful

1. ROLL CALL:

Deputy Authority Secretary James provided the Roll Call as follows:

Present:

Chairperson: Perciful
Vice Chairperson: Wright
Board Members: Brown, Krupa, Meyer

Staff Present:

City Manager: Lopez
Assistant Authority Attorney: Vega
Authority Secretary: James

2. COMMUNICATIONS FROM THE PUBLIC

Welcome to a meeting of the Hemet Housing Authority

- Anyone who wishes to speak during public comment or on a particular item will be required to fill out a speaker slip. Speaker slips must be turned in to the Authority Secretary. Each request will cover one speaker. Those who wish to speak must submit their own request to be called on by the Chairperson.
- **There is a 3-minute-per-person time limit for all comments, including public or quasi-judicial hearings.**
- Written comments on any item may also be submitted to the Authority Secretary to be included in the meeting record; however, they will not be read aloud.
- All who wish to speak, including Council members and staff, need to be recognized by the Chairperson before speaking.
- Members of the public shall comply with the adopted Rules of Decorum, Resolution No. 4545. A copy of which can be requested through the Secretary Authority's Office.
- Please turn off or mute your **Cell Phone** while the meeting is in session

Chairperson Perciful asked for Public Comments; no one spoke.

3. CONSENT CALENDAR

All Consent Calendar items will be acted upon by a single action of the Hemet Housing Authority unless otherwise requested by an individual Board Member for separate consideration.

Item 3.A: Approval of Minutes

Minutes of the February 11, 2020 Regular Hemet Housing Authority Meeting.

Recommendation: Approve by vote to Consent Calendar

Motion by Board Member Krupa, second by Board Member Meyer to approve the Consent Calendar item. Passed 5/0.

AYES: 5 Board Members: Krupa, Meyer, Perciful, Wright, and Chairperson Perciful

NOES: 0

4. DISCUSSION ITEMS

Item 4.A: A **Resolution** Approving the First Amendment to Agreement Containing Covenants Affecting Real Property; 203 Prado Dr., Hemet, CA 92545

Recommendation: Adopt a Resolution Approving the First Amendment to Agreement Containing Covenants Affecting Real Property: 203 Prado Dr., Hemet, CA 92545

Chairperson Perciful asked for Public Comments on this item. Karen Maltby spoke.

Discussion ensued for this item.

The Board provided direction to staff to search for alternatives concerning the covenants affecting real property at 203 Prado Dr.

This item was continued to a future Hemet Housing Authority meeting.

5. FUTURE AGENDA ITEMS

If Members of the Authority have items for consideration at a future Housing Authority meeting, please state the agenda item to provide direction to the City Manager.

Chairperson Perciful asked the Board Members if there were any changes to the Future Agenda Items list. No changes were made.

None.

6. ADJOURNMENT

There being no further business, Chairperson Perciful adjourned the meeting at 9:42 p.m.

APPROVAL:

ATTEST:

Chairperson Perciful

Clay James
Deputy Authority Secretary



Housing Authority Staff Report

Agenda # 4.A

TO: Honorable Chairperson and Board Members of the Hemet Housing Authority

FROM: Christopher Lopez, City Manager
Tiffany Barnett, Accounting Manager

DATE: April 28, 2020

RE: A **Resolution** Approving an Amendment to the Policy Regarding Loan Repayment and Release of Affordability Covenants for Certain Down Payment Assistance Loans Made by the Authority

RECOMMENDED ACTION:

It is respectfully recommended that the Housing Authority adopt a resolution amending the City's policy regarding loan repayment and release of affordability covenants for certain down payment assistance loans made by the authority.

BACKGROUND:

The City of Hemet Housing Authority (HHA) offered a Down-payment Assistance Program (DAP) with Redevelopment Agency (RDA) funds. The primary objective of DAP was to provide housing inventory on a continuing basis which would be available for purchase by persons of low or moderate income who had not owned a home in the last three years and had an annual income that was no greater than 120% of the area median income. DAP would provide down payment assistance as a silent, second loan in the amount of up to \$30,000. The first loan must be a fully amortized, fixed rate, thirty-year mortgage, with no adjustable rate rider, and the HHA financial participation would be secured by a deed of trust and an affordability covenant to last the length of forty-five (45) years.

ANALYSIS

On March 10th, this item was presented to the HHA and discussed in detail. Staff recommended to follow an affordability period inline with HUD recommendations than that of the initially established forty-five years. The following proposed modifications to the affordability period would significantly reduce the covenant restrictions and allow the owner to sell the property, participate in equity sharing if applicable and release the City from extensive, long-term monitoring.

<u>HOME funds per-unit</u>	<u>Minimum Affordability Period</u>
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years
Rental - New Construction	20 years

In addition to affordability period reduction, staff recommended equity sharing. This is a common practice in these types of housing loans among HUD and other municipalities to avoid issues of gifting of public funds. The idea with equity sharing is a mathematical equation that provides a percentage of what the HHA initially invested with the buyer to purchase the home. When the home is sold, the HHA would share that percentage of the equity earned in the home, allowing for the HHA to continue to build and grow affordable housing to low- and moderate-income households within the City of Hemet.

Feeling that equity sharing was too exorbitant, Council directed an alternative method that required research from legal. Since then, legal has revised and drafted a resolution to provide uniform guidance on how to handle this matter going forward for all DAP loans using RDA funding.

Staff maintain the original recommendation as presented at the March 10th, 2020 HHA meeting to implement a shorter affordability period and equity sharing in cases in which the home is being sold before the end of the affordability period. However, within this alternate resolution, upon full repayment of the DAP loan, the HHA will release each property purchased with DAP funds from the forty-five-year Notice of Affordability restriction and transfer the property, dissolving any intact affordability covenant.

This will only be in effect with DAP loans utilizing RDA funding, as loans using HUD funding must adhere to strict Federal guidelines.

FISCAL IMPACT:

Receipt of these funds will be reprogramed to assist low and moderate income households to acquire new affordable housing within the City of Hemet

ATTACHMENTS:

1. Resolution

Respectfully Submitted,

Tiffany Barnett
Accounting Manager



HEMET HOUSING AUTHORITY
Hemet, California
RESOLUTION NO. 2020-XXX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE HEMET HOUSING AUTHORITY ADOPTING A
POLICY REGARDING LOAN REPAYMENT AND
RELEASE OF AFFORDABILITY COVENANTS FOR
CERTAIN DOWN PAYMENT ASSISTANCE LOANS
MADE BY THE AUTHORITY**

WHEREAS, the Hemet Housing Authority (HHA) offered a Down-Payment Assistance Program (DAP) to low- and moderate-income households utilizing Redevelopment Agency (RDA) funds prior to the dissolution of redevelopment agencies; and

WHEREAS, HHA approved thirteen (13) DAP loans utilizing RDA funds between 2010 and 2011 in amounts ranging from \$22,000 to \$30,000; and

WHEREAS, each DAP loan approved by HHA included a Notice of Affordability Restrictions and Transfer of Property that was recorded against the properties purchased with DAP funds. This Notice requires any transfer of the property to be to a low- or moderate-income household at an affordable housing price for a period of 45 years; and

WHEREAS, HHA has received a request from a DAP borrower that the HHA allow his property to be sold at fair market value with full repayment of his DAP loan; and

WHEREAS, HHA finds that it is appropriate and in the public's interest to release DAP funded properties from the affordability restrictions in the recorded Notice of Affordability Restrictions and Transfer of Property upon repayment of the principal amount of the loan in full; and

WHEREAS, HHA finds there is an ample stock of affordable housing within the City of Hemet, and that repaid DAP loan funds can be utilized to assist low- and moderate-income households to acquire new affordable housing within the City of

1 Hemet, and that therefore releasing the DAP properties from the Notice of
2 Affordability Restrictions and Transfer of Property will not create a barrier to
3 affordable housing within the City.

4 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE**
5 **CITY OF HEMET, CALIFORNIA HEREBY ORDERS AND DIRECTS AS**
6 **FOLLOWS:**

7 **Section 1.** That the above recitals are true and correct and are incorporated
8 herein by reference as findings.

9 **Section 2.** That the Executive Director of the HHA shall release each
10 property purchased with DAP funds from the recorded Notice of Affordability
11 Restrictions and Transfer of Property upon full repayment of the principal balance of
12 the DAP loan for that property.

13 **Section 3.** That the Executive Director of the HHA, or his designee, shall
14 contact DAP borrowers that have already repaid the principal amount of their DAP
15 loan and advise them regarding the release of the Notice of Affordability
16 Restrictions and Transfer of Property against their property.

17 **Section 4.** That this Resolution shall not apply to any properties that
18 received down-payment assistance from funds other than RDA funds, including but
19 not limited to HUD Neighborhood Stabilization Program or HOME Program funds.

20 **Section 5.** That the Executive Director of the HHA is authorized to take any
21 other action necessary to implement the purpose and intent of this Resolution.

22 **PASSED, APPROVED, AND ADOPTED** this 28th day of April, 2020.
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27 Michael Perciful, Chairperson
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ATTEST:

Clay James, Deputy Secretary Authority

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State of California)
County of Riverside)
City of Hemet)

I, Clay James, Deputy Authority Secretary of the Hemet Housing Authority, do hereby certify that the foregoing resolution was adopted by the Board of Directors of the Hemet Housing Authority on the 28th day of April, 2020, and was passed by the following vote:

AYES: Board Directors:
NOES:
ABSTAIN:
ABSENT:

Clay James, Deputy Secretary Authority