



**STAFF REPORT**  
**2/12/2025**

**TO:** Honorable Mayor and City Council Members

**FROM:** Celina Jimenez, Director of Economic Development

**SUBJECT:** Authorize the Use of HOME Program Income Funds in the Amount of \$1,610,000 to Fund Twenty-Four (24) First-Time Homebuyer Program Loans and Authorize the City Manager to Enter into an Agreement with the County of Riverside Housing and Workforce Solutions to Administer the Program Funds

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**STAFF RECOMMENDATION:**

Staff recommends that the City Council consider authorizing the use of HOME Program Income funds in the amount of \$1,610,000 to fund twenty-four First-Time Homebuyer Program Loans and authorize the City Manager to enter into an agreement with the County of Riverside Housing and Workforce Solutions to administer the program funds.

**BACKGROUND:**

HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. These Participating Jurisdictions (PJs) often work in partnership with local nonprofit groups called Community Housing Development Organizations (CHDOs) to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent, homeownership or provide direct rental assistance to low-income people. The County of Riverside has been an active participant since the inception of the HOME Program in 1992. The program's flexibility allows local governments to use HOME PI funds for loans. The City of Coachella currently participates in the County's Urban County Program, which allows the County to manage Community Development Block Grant (CDBG) and HOME Investment Partnerships Program funds on the City's behalf.

The County of Riverside Housing and Workforce Solutions has the capacity to administer the City's HOME program income funds and assume full responsibility for all required reporting to the California Department of Housing and Community Development (HCD). This arrangement would streamline project management and ensure compliance with State reporting requirements. This option would require for the City to enter into a formal partnership with the County through a Memorandum of Understanding (MOU) to define the roles and responsibilities of both parties in administering projects funded with HOME program income funds. This agreement would also establish the framework for project oversight, financial management, and compliance with State and federal regulations, ensuring an effective and coordinated approach to managing this funding.

## **DISCUSSION/ANALYSIS:**

In October 2011, the City of Coachella acquired approximately 20 vacant lots that were part of the “La Colonia II” community (Tract No. 32074) as part of a Bank Trustee Sale. Then, in June 2014 the City acquired all of the remaining lots (approximately 135 vacant lots) in the subdivision. The City used Quimby (parkland dedication – developer impact fees) because it was the City’s intention to build a City Park on this property. In April 2015, the City’s General Plan Update redesignated the subject property for “Open Space” uses because this was the prior intended use. As previously stated, Tract No. 32074 was recorded with dedicated public streets (including street names) and common-area lots for perimeter landscaping and retention basins, ready for future development.

Then as a result of the housing boom, on July 22, 2020 the City Council authorized staff to execute a standard Vacant Land Listing Agreement with Johnson Commercial to list the property for sale to potential home builders. However, staff was subject to new State laws that require public lands to be first advertised for sale to affordable housing builders (“Surplus Land Act”). Accordingly, in September 9, 2020 the City published a Notice of Availability pursuant to the State’s Surplus Land Act, and received back interest from multiple parties. Staff reviewed all of the materials presented by the responding parties and later entered into a 90-day Exclusive Right to Negotiate Agreement with the highest bidder, D.R. Horton Los Angeles Holding Company, to sell the 37.3 acres for future development. The City redesignated the subject site (now Mariposa Point) from Open Space” to “Suburban Neighborhood” to make the current zoning consistent with the General Plan, and to allow the construction of a 155-lot single family residential development on the site.

Since this property was sold pursuant to the Surplus Land Act, this property is subject to a restrictive covenant required by Section 54233 the Surplus Land Act, which means that a property is being sold with a legal agreement (covenant) in place that mandates it must be developed with a certain amount of affordable housing, as per the requirements outlined in California's Surplus Land Act, specifically Section 54233; this covenant is binding on any future owner and has been recorded against the property title to ensure compliance. The developer complied with the Surplus Act Land by dedicating 24 single-family home lots for affordable housing development. The Coachella Valley Housing Coalition, an affordable housing developer, purchased the lots to build 24 single-family affordable housing homes through its Mutual Self-Help housing program.

On September 27, 2024, the County of Riverside Housing and Workforce Solutions received a request for HOME funds from the Coachella Valley Housing Coalition in the amount of \$1,400,000 to build out the 24 single-story, 4-bedroom, single-family detached homes located at:

- 83554-83596 Avenida Campanas
- 50352-50436 Calle Xavier
- 83579 Avenida San Domingo

These lots are located in the existing Mariposa Point single family subdivision in the City of Coachella. The Project will serve low-income first-time homebuyer households. The Project will utilize the self-help method of construction. Families, working together as a group, earn sweat equity while building their homes.

The California Department of Housing and Community Development (HCD) is requiring cities with HOME Program Income fund balances to reuse the funds or the funds will need to be returned.

If awarded the HOME PI funding request, the developer could start construction as early as June 2025.

#### **BUDGET**

Construction Loan Private Loan	\$6,204,500
CalHOME Down Payment Assistance	\$867,945
City of Coachella HOME PI	\$1,400,000
Homebuyer Sweat Equity	\$263,555
<u>Administrative Costs (County)</u>	<u>\$210,000</u>
Total Development Cost	\$8,946,000

#### **FISCAL IMPACT:**

The City's HOME Program Income fund balance is \$1,786,611 and will draw down \$1,610,000 and the City will retain \$176,611.

#### **ALTERNATIVES:**

1. Authorize the Use of HOME Program Income Funds in the Amount of \$1,610,000 to Fund Twenty-Four (24) First-Time Homebuyer Program Loans and Authorize the City Manager to Enter into an Agreement with the County of Riverside Housing and Workforce Solutions to Administer the Program Funds
2. Provide alternative direction.

#### **ATTACHMENTS:**

None