



Date: January 28, 2025

Honorable Mayor and Council Members:

Author and title: Laurel Burlingame, CivicSpark Fellow and Lynn Baumgartner, Housing Program Analyst II

Title: **Proposed Housing Program Guidelines – Permanent Local Housing Allocation (PLHA) Funded Down Payment Assistance Program**

Jen Callaway, Town Manager

Recommended Action:

1. Adopt Resolution 2025-05 approving the Permanent Local Housing (PLHA) Funded Down Payment Assistance Program Guidelines; and
2. Authorize the Town Manager to execute a contract amendment with HousingINC in the amount of \$6,924, for a total amended contract amount of \$251,071.50 and an updated scope of work to provide program administration for the PLHA Funded Down Payment Assistance Program; and
3. Amend the FY 24/25 Budget to create a new CIP for the PLHA Funded Down Payment Assistance Program in the amount of \$138,480 with \$130,000 reallocated from C2011 FY 25/26 and \$8,480 from C2011 Accessory Dwelling Unit Program FY 26/27.

Discussion:

Introduction:

Increasing the inventory of rental and ownership homes affordable to community members living in Truckee is a Town Council priority. Using PLHA funding to provide down payment assistance loans is one way the Town can increase access to homeownership for community members at or below moderate income. This Program is one of a range of strategies that support a variety of housing types and a wide spectrum of income levels to increase the inventory of homes that our local workforce can access.

Background:

On February 26, 2020, HCD issued a Notice of Funding Availability under the Permanent Local Housing Allocation Formula. Truckee's portion of this allocation funding is \$627,912 over a five-year period. On June 23, 2020, the Town Council adopted resolution 2020-47 to adopt a PLHA Plan for these funds and adopted resolution 2020-48 authorizing the Town Manager to execute and submit an application for grant funds and further authorizing the Town Manager to submit any revisions or amendments to the application as necessary (Attachment 1).

On December 10, 2024, Town Council adopted resolution 2024-74 approving an updated PLHA Plan (Attachment 2). The updated PLHA Plan includes revisions to the ADU low-interest loan program, a deferred low-interest loan for affordable housing development, and the down payment assistance low interest loan program discussed in this staff report.

The Down Payment Assistance Program ("Program") will offer down payment assistance to eligible homebuyers for the purchase of existing homes in the Town of Truckee and can be combined with other local housing fund sources, such as the Truckee Home Access Program (THAP). By reducing the initial debt burden, the Program allows homebuyers the opportunity to purchase market-rate homes in a more affordable and sustainable way. Designed to support households earning up to 120% of the Area Median Income (AMI) and below, the Program addresses the significant barriers many local workers and families face due to Truckee's high housing costs. When layered with THAP, this initiative provides vital financial assistance, expanding homeownership opportunities for local residents. This targeted support aims to promote equitable access to housing and maintain Truckee's unique community character by facilitating long-term residency for households that may otherwise not be able to afford housing in Truckee.

Program Overview

Down payment assistance low interest loan program: \$138,480

To satisfy the requirement that a portion of PLHA, funds be used for affordable owner-occupied workforce housing, \$138,480 is allocated to be used as down payment assistance for households under 120% AMI, which could be layered with THAP. As a point of reference, eight of the twenty-three homes participating in THAP have been purchased by households at or below 120% AMI, with a minimum of 106% AMI.

The full amount of PLHA funding allocated towards the Down Payment Assistance Program is \$138,480. Of that amount, a total of \$131,556 will be used to fund the program loans. The Program will fund two loans of \$65,778 to income qualified households of 120% Area Median Income or below. Five percent (\$6,924) of the funding will be used for program administration. The program will be administered by third-party program administrator HousingINC. This firm was selected because HousingINC also administer the Town's THAP program and staff anticipate that the majority of interested applicants for the Program will also utilize THAP. There are significant efficiencies in combining the administration of these programs under one program administrator.

This Program offers a deferred low interest loan with a term of 30 years at 3% interest. Existing homes within the Truckee Town Limits would qualify for purchase within the Program. As a result of this Program, households who otherwise may not be able to enter the home ownership market may be able to purchase an existing market-rate unit within the Truckee town limits.

Table 1: Nevada County AMI Chart for 120% AMI – 2022

Number of Persons in Household	1	2	3	4	5	6
120% AMI	\$82,650	\$94,500	\$106,300	\$118,100	\$127,550	\$137,000

A full description of the proposed program is included in the Program Guidelines (Attachment 3). Highlights of the proposed program are listed below:

- All Program assistance to individual households shall be made in the form of a deferred payment loan. Program loans of this type shall be for at least as long as primary loan but no less than 30 years. This interest rate shall be 3% per year compounded annually (Section 5.2).
- The amount of Program assistance to a homebuyer toward purchase price of a unit up to a maximum loan amount of \$65,778 (Section 5.2).
- Applicants must not exceed the Program's income eligibility limits. Annual gross household income, including the income of all household members 18 years of age and older, must not exceed 120% AMI (Table 1) (Section 3.1).

- Since this Program does not require participants to be a local workers, nonworking community members (for example, senior citizens) who qualify are eligible
- Applications will be processed on a first-come, first-served basis with only two loans of \$65,778 available (Section 6)
- The property is restricted to owner occupancy for the 30-year term of the loan (Section 3.3).
- Only income-eligible households qualify to participate in the program, per the definition as described in the Program Guidelines (Section 3.1).
- Housing units to be purchased through the Program must be located geographically within the Truckee town limits (Section 4.1).
- Prior to obtaining a subordinate loan from the Town, an applicant must provide evidence of financing for the maximum amount the Primary Lender is willing to loan. The primary loan must be fixed rate with a duration equal to or in excess of thirty years (Section 5.1).
- Loans are due at a triggering event such as sale or transfer of title, when a borrower no longer occupies the home as their principal residence, or loan maturity date (Section 5.3).
- Liquid assets (including downpayment and deposits) must not exceed 30% of the sales price of the unit the Applicant intends to purchase (3.2)

Summary:

Staff recommend that Council:

- Approve Resolution 2025-05 (Attachment 4) approving the Permanent Local Housing (PLHA) Funded Down Payment Assistance Program Guidelines.
- Authorize the Town Manager to execute a contract amendment with HousingINC in the amount of \$6,924, for a total amended contract amount of \$251,071.50 and an updated scope of work (Attachment 5) to provide program administration for the PLHA Funded Down Payment Assistance Program.
- Amend the FY 24/25 Budget to create a new CIP for the PLHA Funded Down Payment Assistance Program in the amount of \$138,480, which will be reallocated from C2011 FY 25/26 and FY 26/27.

Next Steps:

If Town Council approves the Down Payment Assistance Program, staff anticipate that the program will launch to the public in late Spring 2025.

Priority:

<input type="checkbox"/>	Enhanced Communication	<input checked="" type="checkbox"/>	Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/>	Housing
<input type="checkbox"/>	Infrastructure Investment	<input type="checkbox"/>	Emergency and Wildfire Preparedness	<input type="checkbox"/>	Core Service

Fiscal Impact: None. The funding for this program has been awarded to the Town of Truckee under the PLHA program and will be reallocated from CIP C2011 (ADU Programs) to a new CIP.

Public Communication: This Staff Report.

Attachments:

Attachment 1: Staff Report – Permanent Local Housing Allocation Grant here:

<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59442805&repo=r-6a91ddbc>

Attachment 2: Staff Report – Approval of Permanent Local Housing Allocation Plan and 5-year plan amendment for PLHA Formula Component grant funds here:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59764210&repo=r-6a91ddbc>

Attachment 3: PLHA Funded Down Payment Assistance Program Guidelines

Attachment 4: Resolution 2025-05 Approving the Town of Truckee Permanent Local Housing Allocation Funded Down Payment Assistance Program Guidelines

Attachment 5: HousingINC Amended Scope of Work and Rate Sheet