AGENDA STAFF REPORT

Control: 26001123

MEETING DATE:	08/25/2026
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	All Districts
SUBMITTING AGENCY/DEPARTMENT:	OC Community Resources
DEPARTMENT CONTACT PERSON(S):	Dylan Wright, 714-480-2788 Julia Bidwell, 714-480-2991

SUBJECT: Recommended Changes to Mortgage Assistance Program Guidelines

CEO CONCUR	**COUNTY COUNSEL REVIEW**	**CLERK OF THE BOARD**
Concur	No Legal Objection	DISCUSSION 3 Votes Board Majority

Budgeted: N/A	**Current Year Cost:** N/A	**Annual Cost:** N/A
Staffing Impact: No		**Sole Source:** No
Current Fiscal Year Revenue: N/A	**Funding Source:** N/A	**County Audit in Last 3 years:** No
Levine Act Review Completed? N/A		

Prior Board Action: 8/25/2020 #21, 12/9/2003 #44, 3/23/1999 #51

RECOMMENDED ACTION(S):

1. Approve the revised Mortgage Assistance Program Guidelines as described in Attachment A.

2. Approve the attached form titled "Mortgage Assistance Program Borrower Loan Agreement and Borrower Disclosure Statement" (Attachment D), and as further approved to form by County Counsel, for mortgage assistance financing.

3. Authorize OC Community Resources Director or designee to execute and make changes consistent with individual loan award specifics to the attached form, Mortgage Assistance Program Borrower Loan Agreement and Borrower Disclosure Statement (Attachment D), and additional agreements or instruments necessary or appropriate, to implement the Mortgage Assistance Program Guidelines and use of the program funds in the manner described in this Agenda Staff Report, with approval of County Counsel, for mortgage assistance financing.

SUMMARY:
Approval of the recommended changes to the Mortgage Assistance Program Guidelines will allow the County of Orange to better support qualified first-time homebuyers by providing down payment assistance to those who wish to purchase a home in eligible cities and unincorporated areas throughout Orange County.

BACKGROUND INFORMATION:

On March 23, 1999, the Board of Supervisors (Board) approved the implementation of the Mortgage Assistance Program (Program). The Program is a homeownership program that offers qualified low-income first-time homebuyers a low interest, silent second mortgage. Since 1999, various funding sources have been used to fund the Program, including Redevelopment Funds/Housing Successor Agency funds, federal HOME Investment Partnerships Program (HOME) funds and California Department of Housing and Community Development (State HCD) CalHome Program (CalHome) funds.

On December 9, 2003, and on August 25, 2020, the Board approved revisions to the Program guidelines. Since the last revision of the guidelines in August 2020, the housing market has drastically changed. Due to high interest rates and the substantial increase in home values in recent years, the Program in its current form substantially limits the number of first-time homebuyers who would qualify to participate in the Program. Although the Program is continuously promoted, the County of Orange (County) has only closed on one Program loan since 2022 due to outdated guidelines. Current Program guidelines also limit the County's ability to score adequately when applying for CalHome funding.

Currently, there is a maximum total of $1,485,406 to fund Program loans, of which $740,849 are available in CalHome re-use funds, and $744,557 are set aside in Permanent Local Housing Allocation (PLHA) funds. The CalHome re-use funds are repaid downpayment assistance loans from previous CalHome borrowers. The PLHA funds are non-competitive funding from State HCD for housing-related projects and programs, including downpayment assistance. The set-aside PLHA funds have an expenditure deadline of June 30, 2030.

The recommended revisions to the Program will increase the maximum loan amount from $80,000 up to $120,000, based on income level and need, which will help potential borrowers make a 20 percent down payment.

Based on review of the Program, OC Community Resources (OCCR) staff is recommending changes to the Program guidelines to enhance utilization and accessibility and make homeownership more attainable for low-to-moderate income eligible first-time homebuyers in Orange County. The revisions will align the Program to current available funding and the housing market, make it more competitive when applying for future CalHome funds, and allow for other funds to be utilized as they become available. OCCR staff also reviewed surrounding jurisdiction's programs, and these changes are consistent with other programs. The final recommended changes to the Program guidelines are included in Attachment C.

Revisions include the following:

- Updates the funding sources to include PLHA funds.
- Increases the Area Median Income (AMI) from 80 percent to 120 percent.
- Establishes loan amounts for AMI Levels:
  - Loan of up to $120,000 for low-income households (up to 80 percent AMI).
  - Loan of up to $80,000 for moderate-income households (up to 120 percent AMI).
- Allows the County to subordinate to additional loans, including lien instruments that secure other homebuyer purchase money and/or downpayment assistance, including without limitation state or federal affordable housing programs such as Housing Enabled by Local Partnerships (HELP), Building Equity and Growth in Neighborhoods (BEGIN), CalHome, and California Housing Finance Agency (CalHFA) mortgage downpayment assistance.
- Clarifies that eligible applicants may either live and/or work in Orange County.

- Includes eligible locations such as unincorporated areas and participating cities in the urban county under PLHA and updates the list of metro cities under CalHome.
- Updates eligible units to include manufactured homes and co-op housing under CalHome and PLHA.

To supplement the current Program funding, OCCR staff will continue to pursue opportunities to apply for funding through State HCD.

On December 22, 2025, the Project Review Advisory Panel concurred with OCCR staff's recommendations to the changes in Program guidelines.

OCCR is now recommending that the Board approve revised Program Guidelines as described in Attachment A and to authorize the OCCR Director or designee to execute and make non-substantive ministerial changes to the attached form titled "Mortgage Assistance Program Borrower Loan Agreement and Borrower Disclosure Statement" (Attachment D) with approval of County Counsel, for mortgage assistance financing. County Counsel has approved Attachment D to form.

Compliance with CEQA: This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Section 15378 and is therefore not subject to CEQA, since it does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The approval of this agenda item does not commit the County to a definite course of action in regard to a project since it is an approval of updates to the Mortgage Assistance Program Guidelines. This proposed activity is therefore not subject to CEQA. Any future action connected to this approval that constitutes a project will be reviewed for compliance with CEQA.

FINANCIAL IMPACT:
N/A

STAFFING IMPACT:
N/A

REVIEWING AGENCIES/DEPARTMENTS:
Office of Care Coordination

ATTACHMENTS:
Attachment A - Mortgage Assistance Program Guidelines Redlined
Attachment B - Mortgage Assistance Program Guidelines Clean
Attachment C - Recommended Changes to Mortgage Assistance Program Guidelines
Attachment D - Mortgage Assistance Program Borrower Loan Agreement and Borrower Disclosure Statement