



CITY OF SALINAS

HOUSING AND LAND USE COMMITTEE STAFF REPORT

DATE: **JANUARY 20, 2026**

DEPARTMENT: **COMMUNITY DEVELOPMENT**

FROM: **LISA BRINTON, DIRECTOR**

THROUGH: **ORLANDO REYES, ASSISTANT DIRECTOR**

BY: **VINCENT MONTGOMERY, PLANNING MANAGER;
ERIC SOTELO, COMMUNITY DEVELOPMENT ANALYST;
FRANCISCO BRAMBILA, MANAGEMENT ANALYST
MONICA FLORES-PONCE, COMMUNITY DEVELOPMENT ANALYST;**

TITLE: **ESTABLISHMENT OF A FIRST TIME HOME BUYER,
MORTGAGE DOWN PAYMENT ASSISTANCE PROGRAM**

RECOMMENDED MOTION:

A motion recommending that the City Council approve a Resolution to

1. Establish the First Time Home Buyer, Mortgage Down Payment Assistance Program (MDPAP);
2. Appropriate \$1,034,137 of Permanent Local Housing Allocation (PLHA) grant funds from allocation years 2021 and 2022; and
3. Authorize the City Manager to promulgate the MDPAP guidelines, and negotiate and execute all applicable forms, conditional commitment letters, agreements, and subsequent amendments as needed to implement the MDPAP.

DISCUSSION:

The City has demonstrated a continued commitment to housing affordability and stability through the implementation of multiple initiatives, including the Rent Stabilization Ordinance, the Pilot Rental Assistance Program, Emergency Solutions Grant (ESG) - funded homelessness services (including street outreach and emergency shelter), and Affordable Housing Development Partnerships that leverage state and federal resources to expand the supply of affordable units.

To build upon these efforts the Community Development Department (CDD) is developing a First Time Homebuyer, Mortgage Down Payment Assistance Program (MDPAP) to expand housing access and affordability for Salinas residents. The proposed program is intended to complement

existing rental assistance and housing stabilization initiatives and to serve as part of a comprehensive housing strategy that addresses both immediate rental needs and long-term pathways to homeownership.

The proposed MDPAP program supports the City's current housing initiatives by providing mortgage down payment assistance and homebuyer education to eligible first-time home buyers. Consistent with PLHA goals, the program is designed to assist households earning up to 150% of the Area Median Income (AMI) transition from rental housing into sustainable homeownership, thereby strengthening neighborhood stability and promoting generational wealth-building.

Approximately \$1.034 million in Permanent Local Housing Allocation (PLHA) from years 2021 and 2022 are currently available for homeownership opportunities. Based on current funding availability, the City anticipates assisting at least 10 households during the initial phase. Loan repayments will be structured to recycle funds back into the program, creating a revolving loan fund to support ongoing program sustainability. Future funding may be pursued through subsequent PLHA cycles and other state and federal funding sources, including Community Development Block Grant (CDBG) and HOME Investment Partnerships Program funds.

Target Population and Eligibility Criteria

Table 1: Eligibility Criteria and Program Framework

Target Population	Household earning up to 150% AMI, City of Salinas residents and/or employed within the City of Salinas (minimum of 2 years)
Eligibility Criteria	First-time homebuyers (including displaced homemakers, single parents, and households with non-compliant housing)
Eligible Properties	Single Family residences, condominiums, and manufactured housing in owner-occupied parks within Salinas
Type of Assistance	Down payment Assistance
Assistance Amount	Loans up to \$125,000 or 17% of purchase price, whichever is less. Deferred loan payment with 3% simple interest that is forgivable if original homebuyer/borrower remains in the property for the duration of the 30-year loan term.
Duration of Assistance	One time assistance
Application Intake Window	Queue-Based: Applicants are served on first come, first serve basis.
Education Requirement	Mandatory 8-Hour HUD-approved homebuyer education course

Administration and Partnership Development

Current City Housing staff will operate the program in conjunction with external partners. The City will establish partnerships with key stakeholders to support program delivery and outreach. These partners are expected to include participating lenders, the California Mortgage Association, community-based organizations such as Central Coast Alliance United for a Sustainable Economy (CCA), Monterey Bay Economic Partnership (MBEP), and Building Healthy Communities (BHC), as well as local Realtors and affordable housing developers. These partnerships will help facilitate access to mortgage products, homebuyer education, and identification of qualified program participants.

Outreach and Marketing Strategy

CDD will implement a targeted outreach and marketing strategy to ensure broad awareness of the program among income-eligible households. Outreach efforts will include advertising through social media platforms, public notices, informational workshops, and collaboration with housing service providers and community organizations to reach historically underserved populations.

Implementation Timeline

Attached are the preliminary draft guidelines which will continue to be refined prior to City Council consideration on January 27, 2026, and submission to the California Department of Housing and Community Development (HCD) by January 31, 2026 for approval. Upon HCD's approval, City staff will submit a request for funds to HCD by the deadline March 1, 2026. Consecutively, staff will initiate the outreach and marketing implementation phase of the MDPAP. Staff expects to begin receiving program applications by the beginning year of Fiscal Year 2026-2027. All program funds must be expended by the PLHA expenditure deadline of June 30, 2030.

ATTACHMENTS:

MDPAP PowerPoint Presentation – HLUC

Preliminary Draft Guidelines