



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: JANUARY 27, 2026

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

THROUGH: ORLANDO REYES, ASSISTANT DIRECTOR

BY: VINCENT MONTGOMERY, PLANNING MANAGER;
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TITLE: ESTABLISHMENT OF A FIRST TIME HOME BUYER
MORTGAGE DOWN PAYMENT ASSISTANCE PROGRAM

RECOMMENDED MOTION:

A motion to approve a Resolution:

1. Establishing the First Time Home Buyer, Mortgage Down Payment Assistance Program (MDPAP); and
2. Increasing the estimated Permanent Local Housing Allocation (PLHA) grant revenue from allocation years 2021 and 2022 by \$1,034,137; and
3. ; and
4. Authorizing the City Manager, or designee, 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 Program.

EXECUTIVE SUMMARY:

The City of Salinas is proposing a First-Time Home Buyer Mortgage Down Payment Assistance Program (MDPAP) to expand housing affordability and promote long-term housing stability in alignment with the 2023–2031 Housing Element. Using approximately \$1.034 million in available Permanent Local Housing Allocation (PLHA) funds, the program will provide income-eligible first-time homebuyers earning up to 150% of Area Median Income with down payment assistance through deferred payment loans of up to \$125,000. The program will be administered by the Community Development Department in partnership with lenders and community organizations, with implementation anticipated in Fiscal Year 2026–27.

DISCUSSION:

The 2023-2031 Salinas Housing Element prioritizes the advancement of housing affordability and opportunities at all income levels (Goal 4). 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 and implement Housing Element, the Community Development Department (CDD) is developing a First Time Home Buyer, 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 compliments the City's current housing initiatives by providing mortgage down payment assistance and home buyer 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, staff 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. The table below summarizes the breakdown per grant year.

Mortgage Down Payment Assistance Program	
2021 Permanent Local Housing Allocation (PLHA)	\$688,872
2022 Permanent Local Housing Allocation (PLHA)	\$345,265
Funds For MDPAP	\$1,034,137

It is important to note that this allocation of PLHA funds is required to be used for home ownership opportunities and must be requested from the State by March 1, 2026.

Target Population and Eligibility Criteria

Table 1: Eligibility Criteria and Program Framework
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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 home buyers (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 the city of Salinas
Type of Assistance	Downpayment Assistance
Assistance Amount	Loans of up to \$125,000 or 17% of purchase price, whichever is less; deferred loan payment, 3% simple interest, forgivable interest if original home buyer/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-served 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 submitting to the California Department of Housing and Community Development (HCD) by January 31, 2026. After 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 anticipates receiving program applications

by the beginning year of Fiscal Year 2026-2027. All program funds must be spent by the PLHA expenditure deadline of June 30, 2030.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The use of state funds to establish a MDPAP Program is supportive of the 2025-2028 City of Salinas Strategic Plan Goals and Strategies relative to Housing and furthers implementation of 2023-2031 Housing Element policies and programs under Goal 4: Advance Housing Affordability and Opportunities at all Income Levels, which calls for the re-establishment of a First Time Home Buyer Program (Program 13) The MDPAP Program also complements the Pilot Rental Assistance Program and the Affordable Housing Development conditional funding awards, programs which holistically advance housing initiative to address immediate housing needs while creating long-term opportunities for stability and equity.

DEPARTMENTAL COORDINATION:

The MDPAP Program is being developed by the Community Development Department in coordination with the City Attorney and Finance Department.

FISCAL AND SUSTAINABILITY IMPACT:

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2951	12.2010	Loan Rec		\$1,034,137
2951	30.3240-Revenue Account PLHA Grant			\$1,034,137

ATTACHMENTS:

Resolution

Draft Guidelines
MDPAP PowerPoint Presentation