



Office of the City Manager

CONSENT CALENDAR

March 20, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Stephen Barton, Housing Director

Subject: Application For CalHome Funds

RECOMMENDATION

Adopt a Resolution authorizing the City Manager, or the Housing Director as his designee, to submit an application to the State of California Department of Housing and Community Development (HCD) for up to \$600,000 in funding under the CalHome Owner-Occupied Rehabilitation Program.

FISCAL IMPACTS OF RECOMMENDATION

None. The CalHome Program does not require the City to provide matching funds to participate in the program. HCD provides grants to local public agencies and non-profit developers for loans to low and very low-income households. If the City is successful in receiving the requested amount of program funding, there would be an increase of \$600,000 to the City's Senior and Disabled Loan City Program budget for 36 months following the award of funds. The staff time for the program, including staff time related to increased program funding, is already covered by the annual CDBG allocation for the program.

CURRENT SITUATION AND ITS EFFECTS

CalHome funds are an excellent source of funds to the City Housing Rehabilitation Program. On July 20, 2001, the City of Berkeley received its first grant of \$250,000 from CalHome Program and, on March 17, 2004, the City received an additional grant of \$500,000 for a total amount of \$750,000. To date, the City has expended the entire \$750,000 and assisted twenty-three low-income senior and disabled homeowners to rehabilitate their homes. If the Housing Department is successful in receiving funding, the department will continue to use the CalHome funds to assist low-income seniors and disabled homeowners to rehabilitate their homes with zero interest loans. The City also allocates CDBG funds to this program and assists an average of ten homeowners annually.

BACKGROUND

The California Department of Housing and Community Development has again issued a Notice of Funding Availability (NOFA) under the CalHome Program with funds provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, making \$50 million available to local communities for affordable housing activities.

These affordable housing activities include: First-Time Homebuyer Mortgage Assistance Program, and Owner Occupied Rehabilitation Program. To be eligible for consideration, a nonprofit developer or public agency must have been operating as a housing programs administrator for a minimum of two years prior to the date of application. If applying to fund an existing program, the applicant must also have successfully performed the activity for which they are applying for a minimum of two years within the four years immediately preceding the application date.

In order to make an application for CalHome funding, the City must adopt a resolution authorizing the City Manager, or the Director of Housing as his designee, to submit the application for funding. The maximum funding request for owner-occupied home rehabilitation is \$600,000. To encourage leveraging of other funds and to serve the highest possible number of eligible households, no more than \$40,000 of CalHome funds may be used per unit (the \$40,000 includes any activity delivery costs). Loans will be placed in second lien position and, in the event there is an existing second, in third position. The interest rate can be set from zero to three percent compatible with the existing program. Generally, the CalHome loan will have 30-year term, however, if it is determined by the recipient that repayment of the CalHome loan at the maturity date causes hardship to the homeowner, the note can be amended for up to additional 30 years. One hundred percent of the CalHome funds must be expended within thirty-six months of the date of the award of funds by HCD. If this goal is not met, the remaining unused funds will be disencumbered and the recipient's next application for funding under the CalHome Program will receive penalty deduction in the total points awarded.

RATIONALE FOR RECOMMENDATION

The City's existing housing rehabilitation program meets the guidelines for consideration under CalHome Program since it offers loans to low and very low-income seniors and disabled homeowners. CalHome funds will continue to be utilized under the existing program enabling the City to provide for more comprehensive improvements and increase the number of housing rehabilitation loans without increasing City funds to the program.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Ener N. Cueva, Associate Management Analyst, Housing, 981-5433

Attachments

1: Resolution

RESOLUTION NO. ##,###-N.S.

AUTHORIZING THE CITY MANAGER, OR THE HOUSING DIRECTOR AS HIS DESIGNEE, TO SUBMIT AN APPLICATION FOR UP TO \$600,000 FROM THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) CALHOME PROGRAM; AND, IF SELECTED, EXECUTE AN AGREEMENT TO PARTICIPATE IN THE CALHOME PROGRAM

WHEREAS, the City Council continues to support housing rehabilitation loans for senior and disabled homeowners in the City and desires to increase funding to this program when funding is available; and

WHEREAS, the California Department of Housing and Community Development (HCD) has issued the 2007 CalHome Notice of Funding Availability (NOFA) in order to make \$50 million available to affordable housing activities; and

WHEREAS, the City wishes to be considered for CalHome funding for up to \$600,000 for housing rehabilitation activities for low and very low-income senior and disabled homeowners throughout the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Berkeley that the City Manager, or Housing Director as his designee, is hereby authorized to submit a CalHome application for up to \$600,000 to HCD and to enter into an agreement and execute any amendments or related documents thereto in order to utilize CalHome funds.

BE IT FURTHER RESOLVED, if selected for funding, that the City Manager, or Housing Director as his designee, is hereby authorized to continue to approve loan applications under the existing Senior and Disabled Home Rehabilitation Loan Program and to take related actions necessary to facilitate the program.

A record signature copy of the CalHome Agreement to be executed shall be on file in the Office of the City Clerk.