



Office of the City Manager

INFORMATION CALENDAR

September 18, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Renelda Mary, Interim Housing Director

Subject: CalHome Program

INTRODUCTION

The City of Berkeley's grant application for funds under the State of California's Department of Housing and Community Development (HCD) CalHome Program has been approved for a funding level of \$600,000. This is the maximum award allowed for a City of our size. These competitive funds are part of the resources available as a result of the passage of Proposition 1C (the Housing and Emergency Shelter Trust Fund Act of 2006) which are being provided to help meet the housing needs of California's lower-income families.

CURRENT SITUATION AND ITS EFFECTS

CalHome funds are an excellent source of funds to the City's Housing Rehabilitation Program. On July 20, 2001, the City of Berkeley received its first grant of \$250,000 from the 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-four very low-income senior and disabled homeowners to rehabilitate their homes. The success and availability of CalHome funds presented the opportunity for these twenty-four very low-income elderly and disabled households to remain in their homes through the rehabilitation of their existing homes. The Housing Department will continue to use the new CalHome grant of \$600,000 to assist very low-income seniors and disabled homeowners to rehabilitate their homes with zero interest loans.

BACKGROUND

On February 13, 2007, the California Department of Housing and Community Development issued a Notice of Funding Availability under the CalHome Program with the funds provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, making \$50 million available statewide to local communities for affordable housing activities. To be eligible for consideration under the CalHome Owner-Occupied Rehabilitation Program, a public agency must have been operating as a housing program administrator for a minimum of two years prior to the date of application. If applying to fund an existing program, the City must also have

successfully performed the activity for which it is applying for a minimum of two years within the four years immediately preceding the application date.

The maximum funding request per locality 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 housing unit. 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 to the existing program. Generally, the CalHome loan will have a 30-year term; however, if it is determined by the recipient that repayment of the CalHome loan at the maturity date can cause financial hardship to the homeowner, the note could be amended for up to an 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 State Program will receive penalty deduction in the total points awarded.

POSSIBLE FUTURE ACTION

The newly awarded CalHome funds will continue to be utilized under the City's existing program enabling us to provide more comprehensive home improvements and increase the number of housing rehabilitation loans.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

There would be an increase of \$600,000 to the City's Senior and Disabled Home Rehabilitation Loan Program budget for 36 months following the award date of funds. These funds are not included in the FY2008 budget. We need to appropriate them into the CalHome revenue budget code # 340 8210 331 2084.

CONTACT PERSON

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