

FILED
OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND
AGENDA REPORT

2009 JAN 15 PM 12: 56

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: January 27, 2009
RE: **Resolution Authorizing The City Administrator To Apply For And Accept Up To \$2 Million In Funds From The California Department Of Housing And Community Development Under The Local Housing Trust Fund Matching Grant Program, Housing And Emergency Shelter Trust Fund Act Of 2006 (Proposition 1C) Affordable Housing Innovation Fund, And Allocating Up To \$1.3 Million For The First-Time Homebuyer Program And Up To \$700,000 For Affordable Rental And Ownership Housing Development**

SUMMARY

This item is a request for City Council approval of a resolution authorizing the City Administrator to apply for and accept funds from the California Department of Housing and Community Development (CA HCD) under the Local Housing Trust Fund Matching Grant Program (LHTFP), Housing and Emergency Shelter Trust Act of 2000 (Proposition 1C), and allocating up to \$1.3 million for the First-Time Homebuyer Program and up to \$700,000 for affordable rental and ownership housing development.

FISCAL IMPACT

The resolution accepts and appropriates up to \$2 million from CA HCD, and any program income derived from those funds. The funds will be deposited into the State of California Department of Housing and Community Development Fund (2144), HCD Administration Organization (88919) in a Project to be established. The resolution also allocates up to \$1.3 million of these funds for the First-Time Homebuyer Program and up to \$700,000 for affordable rental and ownership housing development.

In order to apply for and receive these funds, the City must provide a one-to-one match of \$2 million. The City will receive credit for up to \$1.3 million for loans made from the City's First-Time Homebuyer Program. The remaining \$700,000 of the match funds can be met by the City's annual affordable housing NOFA provided that the funds are used to assist households at or below 35 percent area median income (AMI).

BACKGROUND

The LHTFP was created by AB 2638 in 2006 and provides grant funds to eligible city, county and nonprofit applicants to support new and existing local housing trust funds dedicated to the creation or preservation of affordable housing. This program is funded by Proposition 1C, the Housing and

Item: _____
CED Committee
January 27, 2009

Emergency Shelter Act (SB 1689), which authorized a \$2.85 billion housing bond for the State of California, and is administered by CA HCD.

LHTFP is intended to support local entities that have identified and committed sources of funds not traditionally utilized in the development and provision of affordable housing. The LHTFP awards must be matched dollar-for-dollar with funds that are not required by any state or federal law to be spent on housing by the applicant at the time of application. Funds must be used to provide first time homebuyer assistance or the development of affordable rental or ownership housing, emergency shelters, safe havens or transitional housing. In addition, applicants must continue to deposit funds from these identified local sources into its existing local housing trust fund for at least the next five years. Applications are due on February 18, 2009. CA HCD will begin to release award notifications in April 2009.

KEY ISSUES AND IMPACTS

LHTFP rewards jurisdictions that implement innovative ways to fund affordable housing activities. Only jurisdictions that have provided a dedicated source of funds not restricted for housing use by state or federal law for at least the past five years are eligible for these LHTFP funds. The City is required by state law to set aside twenty percent of its redevelopment tax increment revenue for low and moderate income housing activities. However, in FY 2001-02 City Council approved a voluntary additional set aside of five percent, for a total of twenty-five percent of tax increment revenue dedicated to affordable housing activities. As a result, the City's additional five percent set-aside into the Low and Moderate Income Housing Fund makes the City eligible to apply for up to \$2 million in LHTFP funds.

LHTFP requirements include the following:

Eligible Use of Funds

- Funds shall be used to provide loans for payment of housing predevelopment expenses, acquisition, new construction or rehabilitation.

Income Restrictions

- At least 30 percent of the total funds (program funds and matching funds) must be expended on projects affordable to, and restricted to, extremely low income households (households at or below 35 percent AMI).
- No more than 20 percent of the total funds may be expended on projects affordable to, and restricted for, moderate income households (households at or below 120 percent AMI).
- The remaining 50 percent of funds shall be used for projects affordable to, and restricted for, lower income households (households at or below 80 percent AMI).

Affordability Restrictions

- All assisted rental units shall be restricted for not less than 55 years.

Item: _____
CED Committee
January 27, 2009

- Ownership housing must have a recorded deed restriction that meets the resale restrictions required by California Community Redevelopment Law.

Time Period

- Funds must be encumbered by a loan commitment within 36 months of receipt.

Matching Funds

- Matching funds equal to or in excess of the amount of the LHTFP award must be provided by the jurisdiction and these funds must be available for use at the time of application (February 18, 2009).
- Matching funds must continue to be allocated to the local housing trust fund for affordable housing activities for no less than five years after funds are awarded.

Evaluation Criteria

Applications will be rated and ranked by CA HCD based on the following criteria with preference given to the first two bullet items:

- The extent to which the applicant agrees to expend more than 65 percent of LHTFP award funds for the purpose of providing down payment assistance to first-time homebuyers.
- The extent to which the applicant agrees to provide matching funds from sources other than local impact fees.
- The extent to which the applicant agrees to expend more than 30 percent of the total amount of its LHTFP award funds and matching funds to serve person and families of extremely low income.
- The extent to which the applicant agrees to expend less than 20 percent of the total amount of its LHTFP award funds and matching funds to serve persons and families with incomes exceeding 120 percent of area median income.
- The extent to which the applicant agrees to provide Matching Funds in excess of the amount of LHTFP award funds.

PROGRAM DESCRIPTION

Of the \$2 million maximum LHTFP award that could be awarded to the City, staff recommends that up to \$1.3 million of the LHTFP award be allocated to the City's First-Time Homebuyer Program and up to \$700,000 allocated to affordable rental and ownership housing development. These allocations are based on LHTFP evaluation criteria and would make the City's application highly competitive. The matching funds will be provided from the City's additional five percent set-aside into the Low and Moderate Income Housing Fund that are regularly allocated to these programs. If the City is awarded less than \$2 million, staff recommends that the same percentage of funds be applied (65 percent of funds allocated to the First-Time Homebuyer Program and 35 percent of funds allocated to affordable rental and ownership housing development).

The City's First-Time Homebuyer Program provides mortgage assistance to first-time homebuyers. The primary program is the Mortgage Assistance Program (MAP), which provides

Item: _____
CED Committee
January 27, 2009

mortgage assistance to first-time homebuyers with income at or below 80 percent AMI with deferred loans of up to \$75,000. The affordable rental and ownership housing development program provides funds to developers who newly construct or rehabilitate affordable housing. These funds are released via the City's Notice of Funding Availability (NOFA) for Affordable Housing Development, which provides funds for new construction and substantial rehabilitation, and the Preservation and Rehabilitation NOFA, which provides smaller funding awards to help preserve and rehabilitate older City assisted housing developments.

SUSTAINABLE OPPORTUNITIES

Economic: The City's homeownership programs provide long term opportunities for low income families to purchase an existing home and build equity. The affordable housing development programs expand and maintain the affordable housing inventory in Oakland, and generate construction and professional services contracts.

Environmental: Affordable housing development provides housing on vacant or underutilized sites or rehabilitates existing housing near public transit. By developing in already built-up areas, these projects reduce the pressure to build on agricultural and other undeveloped land. Sites near mass transit enable residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development.

Social Equity: As noted in the report, the majority of these funds will be used to assist extremely low and low income households. No more than 20 percent of the funds may be spent on moderate income households.

DISABILITY AND SENIOR CITIZEN ACCESS

These funds do not provide specific benefits or programs for disabled or senior citizens; however, the disabled and seniors are eligible the affordable housing units newly constructed or rehabilitated through the City's rental and homeownership housing development program. Also, the disabled and seniors are eligible for the First-Time Homebuyer Program, although seniors do not tend to be frequent users of the program.

RECOMMENDATION AND RATIONALE

The LHFP application requires the inclusion of an approved City Council resolution. Therefore, staff recommends that the City Council approve a resolution authorizing the City Administrator to apply for and accept funds from the Local Housing Trust Fund Matching Grant Program from the California Department of Housing and Community Development, and allocate up to \$1.3 million for the First-Time Homebuyer Program and up to \$700,000 for affordable rental and ownership housing development.

Item: _____
CED Committee
January 27, 2009

ACTION REQUESTED OF THE CITY COUNCIL

The Community and Economic Development Agency requests that the City Council accept this report and approve a resolution authorizing the City Administrator to apply for and accept funds from the Local Housing Trust Fund Matching Grant Program from the California Department of Housing and Community Development, and allocate up to \$1.3 million for the First-Time Homebuyer Program and up to \$700,000 for affordable rental and ownership housing development.

Respectfully submitted,




Dan Lindheim, Director
Community and Economic Development Agency

Reviewed By: SKY
Sean Rogan, Deputy Director
Housing & Community Development

Reviewed By:
Marge Gladman
Housing Development Manager

Prepared By:
Meghan Horl,
Housing Development Coordinator

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:

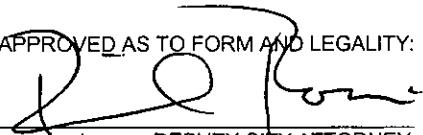


Office of the City Administrator

Item: _____
CED Committee
January 27, 2009

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2009 JAN 15 PM 12:56

APPROVED AS TO FORM AND LEGALITY:


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C. M. S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR AND ACCEPT UP TO \$2 MILLION IN FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THE LOCAL HOUSING TRUST FUND MATCHING GRANT PROGRAM, HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006 (PROPOSITION 1C) AFFORDABLE HOUSING INNOVATION FUND, AND ALLOCATING UP TO \$1.3 MILLION FOR THE FIRST-TIME HOMEBUYER PROGRAM AND UP TO \$700,000 FOR AFFORDABLE RENTAL AND OWNERSHIP HOUSING DEVELOPMENT

WHEREAS, in 2006, the Local Housing Trust Fund Matching Grant Program (LHTFP) was created by AB 2638 and provides grants to eligible city, county and nonprofit applicants to support new and existing local housing trust funds dedicated to the preservation of affordable housing; and

WHEREAS, the program is funded by Proposition 1C, the Housing and Emergency Shelter Act (SB 1689), which authorized a \$2.85 billion housing bond for the State of California; and

WHEREAS, the California Department of Housing and Community Development (CA HCD) is authorized to allocate LHTFP funds and issued a Notice of Funding Availability (NOFA) announcing the availability of funds under the LHTFP in October 2008; and

WHEREAS, in response to the NOFA, the City of Oakland wishes to apply to CA HCD for, and receive an allocation of, up to \$2 million in LHTFP funds; and

WHEREAS, the City desires to accept these funds from CA HCD and allocate up to \$1.3 million for the City's First-Time Homebuyer Program and up to \$700,000 for affordable rental and ownership development; and

WHEREAS, the City must provide matching funds of \$2 million, and the Redevelopment Agency must continue to deposit a voluntary additional 5 percent of redevelopment tax increment revenue into the Low and Moderate Income Housing Fund for a total of 25 percent contribution for at least five years in order for the City to be eligible for the funds; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator to apply for and accept up to \$2 million in LHFP funds from CA HCD, consistent with the requirements set forth in the Notice of Funding Availability, and hereby allocates up to \$1.3 million in such funds for the First-Time Homebuyer Program and up to \$700,000 for affordable rental and ownership development; and be it

FURTHER RESOLVED: That the LHFP funds shall be allocated to the State of California Department of Housing and Community Development Fund (2144), HCD Administration Organization (88919) in a Project to be established; and be it

FURTHER RESOLVED: That the City will receive credit for up to \$1.3 million of the required matching funds, which shall be provided from the City's First-Time Homebuyer Program, and up to \$700,000 of the required match shall be provided from the City's affordable rental and ownership development program; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to take any actions necessary to execute and submit the documents required by CA HCD to secure approval of the City's application for funds; and be it

FURTHER RESOLVED: That the City Administrator is authorized to negotiate and execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by CA HCD for participation in the LHFP, and take any other actions with respect to such funding consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California