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OAKLAND REDEVELOPMENT AGENCY
AGENDA REPORT

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: March 21, 2006

RE: **Supplemental Report To A Report To Authorize An Oakland Redevelopment Authority (ORA) Resolution Modifying The Central City East Homeownership Rehabilitation Program To Increase The Maximum Loan Amount From \$10,000 To \$75,000 And To Authorize The Provision Of Design Assistance To Homeowners In An Amount Not To Exceed \$5,000.**

SUMMARY

This report is in response to a request for additional and clarifying information made by the members of the Community and Economic Development Committee meeting of March 14, 2006. The attached matrix (Attachment A) has been revised and is herein incorporated to delineate the distinctive attributes for the Central City East (Redevelopment Area) Homeowner Rehabilitation Program (new) in comparison to the attributes of the existing Home Maintenance and Improvement Program (HMIP) administered by the Housing and Community Development Division of CEDA.

FISCAL IMPACT

There are no fiscal impacts.

BACKGROUND

The Central City East Housing Rehabilitation Program (CCEHRP) was adopted on January 18, 2005 (Resolution No. 2005-0004 C.M.S.).

At its June 6, 2005 meeting, the Central City East Redevelopment Area Project Area Committee approved a Homeownership Rehabilitation Program Pilot Area, recommended by staff to focus marketing efforts and solicit interested homeowners for the purpose of evaluating the program's potential success in the redevelopment area.

Program Descriptions and Statements of Interest were mailed to fifty-six (56) identified owner-occupied homes in the Eastlake neighborhood. The initial mailing was distributed on July 5, 2005 and a follow-up mailing was distributed on August 15, 2005.

Item No. **14.5**
City Council
March 21, 2006

Deborah Edgerly
 CEDA-Supplemental Report-Central City East Homeownership Rehabilitation Program

A total of six (6) Statements of Interest were received from Eastlake owners (representing 10.7% of possible applicants). Site visits were made to all of the respondents for the purpose of discussing the program with the owners and conducting a visual inspection of the properties. Three (3) owners applied for financial assistance under the CCEHRP. Two (2) owners were non-responsive to follow up contact and one owner declined participation because repair costs would exceed the CCEHRP funding limit of \$10,000.

Based on the six original respondents' information, staff recommended that the Central City East Redevelopment Area Project Area Committee (PAC) consider modifications to the Central City East Homeownership Rehabilitation Program (CCEHRP) guidelines: increase the loan limit to \$75,000 and incorporate an interest rate on certain dollar levels of funding. A comparative matrix was developed by staff to reflect the differences between the existing residential rehabilitation program and the new CCEHRP to assist the marketing efforts of the CCEHRP.

At the Community Economic Development Committee meeting of March 14, 2006, committee members requested revisions to the comparative matrix to more effectively present the differences between the existing residential rehabilitation program and the new rehabilitation program proposed by the Central City East Redevelopment Area's Project Area Committee. The matrix (Attachment A) has been revised to more accurately depict the primary differences between the two programs:

- Maximum household income levels;
- Types of repairs; and
- Funding sources

KEY ISSUES AND IMPACTS

The CCEHRP is specifically designed to reflect the Project Area Committee's desire to provide financial assistance to eligible constituents to remove blight from residential properties and improve the overall aesthetics in the neighborhoods comprising the Central City East Redevelopment Area.

The owner-occupant income levels are different for these two programs: the CCEHRP participant may have an area median income (AMI) up to 100% while the HMIP participant is limited to an AMI up to 80%. Households with the average three (3) members and an annual gross income greater than \$59,600 (80% AMI) are not eligible for the HMIP loan.

In response to the CED Committee's recommendation, the availability of funds will be allocated according to AMI levels in accordance with the allocations enumerated in the Central City East Redevelopment Area Five-Year Implementation Plan:

62%	Participants with AMI <80%
38%	Participants with AMI of 81-100%

Item No. _____
 City Council
 March 21, 2006

Deborah Edgerly

CEDA-Supplemental Report-Central City East Homeownership Rehabilitation Program

The types of repairs to be funded under the CCEHRP are focused on the exterior of the property and more 'beautification' oriented, while the existing residential rehabilitation programs (HMIP) focus on the abatement of health and safety hazards and code violations on the entire property.

The funding source for the CCEHRP is Redevelopment Area tax increment proceeds, while the existing residential rehabilitation programs are funded with Community Development Block Grant and HOME Partnership Grant funds from the U.S. Department of Housing and Urban Development.

A sample survey of housing conditions in 2002 found that as much as 30 percent of the housing stock may need various levels of repair, from deferred maintenance to substantial rehabilitation. The financial assistance provided by the CCEHRP will aid homeowners to stabilize the community by abating substandard conditions that lead either to absentee owner rentals or severely blighted and/or abandoned properties.

PROGRAM DESCRIPTION

The CCEHRP is outlined in Attachment A

SUSTAINABLE OPPORTUNITIES

The proposed modifications do not specifically or independently provide any economic or environmental opportunities for sustainable development. However, the rehabilitation programs support the City's affordable and sustainable housing and community development programs, which contribute to sustainable development through smart growth, job creation and economic development, and improvements in housing and community conditions for very low-income people.

The program modifications will increase the availability of program services to disadvantaged areas of the City and improve the quality of life in residential neighborhoods by assisting in the removal of conditions that contribute to neighborhood blight and housing stock deterioration.

DISABILITY AND SENIOR CITIZEN ACCESS

The rehabilitation programs provide financial assistance to very low to moderate income citizens who own and occupy homes in Oakland. Based on available demographic information, over 50% of the loans (for owners earning less than 80% AMI) will be provided to single, head of household females over the age of 62. The loans are available on a first-come, first-served basis, with disabled property owners having immediate priority.

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CEDA-Supplemental Report-Central City East Homeownership Rehabilitation Program

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the Council adopt the resolution to modify the Central City East Homeownership Rehabilitation Program. The changes will assist the Agency to further implement the goal of reducing neighborhood blight and housing stock deterioration in the Central City East Redevelopment Area.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Council approve the resolution authorizing modifications to the Central City East Homeownership Rehabilitation Program to increase the loan amount from \$10,000 to \$75,000 and to authorize the provision of design assistance to homeowners in an amount not to exceed \$5,000

Respectfully submitted,



DANIEL VANDERPRIEM

Director of Redevelopment, Economic
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Manager

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Housing & Community Development
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APPROVED AND FORWARDED TO THE
CITY COUNCIL:


OFFICE OF THE AGENCY ADMINISTRATOR

Item No. **14.5**
City Council
March 21, 2006

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 CEDA-Supplemental Report-Central City East Homeownership Rehabilitation Program

ATTACHMENT A

	EXISTING CITY PROGRAM	PROPOSED REVISED CCE HRP
PROGRAM	Home Maintenance & Improvement Program (HMIP)	CCE Homeownership Rehabilitation Program (CCEHRP)
FUNDING SOURCE	CDBG and HOME	Redevelopment
TYPE OF WORK	For interior and exterior repairs necessary to correct all health and safety hazards*; priority is given to correct code violations. *Funding source requirement	For exterior repairs, including code violations, to address blighted conditions in residential properties.
TARGETED AREA	Properties located in one of the seven Community Development Districts (84,859 households)	Central City East Redevelopment Area (27,259 households)
MAXIMUM INCOME	Up to 80% of the established HUD area median income limits for Alameda County (Funding allocation @ 62%)	Up to 100% of the established HUD area median income limits for Alameda County (Funding allocation @ 38%)
OCCUPANCY	<ul style="list-style-type: none"> • Single family residences must be owner-occupied by low-income households. • Two-unit structures must have at least one unit occupied by a low-income household. • Three-to-four unit structures must have at least 51% of the units occupied by low-moderate income households. • All vested recorded owners of the property must complete the application even if they do not occupy the property. 	<ul style="list-style-type: none"> • Single family residences must be owner-occupied by low-income households. • Two-unit structures must have at least one unit occupied by a low-income household. • Three-to-four unit structures must have at least 51% of the units occupied by low-moderate income households. • All vested recorded owners of the property must complete the application even if they do not occupy the property.

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ATTACHMENT A

	EXISTING CITY PROGRAM	PROPOSED REVISED CCE HRP
MAXIMUM LOAN AMOUNTS:	\$75,000 or the cost of rehabilitation, whichever is less	\$75,000 for exterior repairs only Up to \$5,000 for design assistance to be reimbursed when work is completed
PAYMENTS/ TERMS:	<ul style="list-style-type: none"> • No Periodic Payment required • No prepayment penalty • Loan will be paid upon the sale or transfer of title of property or refinance (under certain conditions)** 	<ul style="list-style-type: none"> • No Periodic Payment required • No prepayment penalty • Loan will be paid upon the sale or transfer of title of property or refinance (under certain conditions)*
SECURITY	Deed of Trust	Deed of Trust
CLOSING COSTS	\$350-\$500	\$350-\$500

** May have to be paid back if refinanced, depending on circumstances on a case by case basis.

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14.5
MAR 21 2006