

**CITY OF OAKLAND
COUNCIL AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND
01 JAN 31 AM 11:14

TO: Office of the City Manager
ATTN: Robert C. Bobb
FROM: Community and Economic Development Agency
DATE: February 13, 2001

RE: A REPORT ON RESIDENTIAL PROPERTY REHABILITATION LOAN AND GRANT PROGRAMS OFFERED BY THE CITY OF OAKLAND, AND A RESOLUTION REALLOCATING RENTAL REHABILITATION PROGRAM INCOME FUNDS OF \$1,200,000 TO THE HOME MAINTENANCE AND IMPROVEMENT PROGRAM

SUMMARY

A resolution has been prepared for the City Council to reallocate uncommitted Rental Rehabilitation Program Income in the amount of \$1,200,000 to the Home Maintenance and Improvement Program, which is currently operating in deficit.

This reallocation will in effect suspend the current Rental Rehabilitation Program for the remainder of the fiscal year. However, \$2.5M remains available to rental property owners through the recently established (October 26, 1999) HUD 108 Rental Rehabilitation Program.

Also included in the report is an overview of all housing rehabilitation programs currently offered by the Community and Economic Development Agency. Summaries of these programs are contained in Exhibits C-1 through C-9 attached to this report.

The proposed resolution will modify the City's adopted Policy Budget for FY 1999-2001 to reallocate funds consistent with the proposed amendments.

FISCAL IMPACTS

Home Maintenance and Improvement Program Deficit

The CDBG funded Home Maintenance and Improvement Program (HMIP) is currently operating with a deficit balance of \$1,087,126. Demand for this program is high and additional program funds are needed to continue its existence. The Key Issues section of this report offers a detailed explanation of the factors contributing to this deficit.

Program Income Generated by the Rental Rehabilitation Program

The City was first awarded Federal funds for the Rental Rehabilitation Program in 1984. Although Federal funding was discontinued many years ago, the City has continued to operate the program by utilizing "program income," that is, repayments received on loans that have since become due and payable. Because there has been more income than there has been demand for

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new loans, there is currently an existing balance of over \$1,200,000 that has not been committed to new loans.

Recommended Funding to Eliminate HMIP Deficit

To curtail the existing deficit, staff recommends an immediate reallocation of \$1,200,000 in Rental Rehabilitation Program (RRP) Income Funds to the HMIP program fund. This reallocation would cover the current deficit, and allow the program to continue on a limited basis to complete the HMIP applications currently in the 'pipe-line'.

The attached Exhibit "A" outlines sources of funding, allocated and current expenditures for FY 1999-2001, and current available program funds.

No new funds are required for the execution of the proposed resolution, nor will there be an impact on staff costs.

A separate item will be brought before the Council at a later date to reallocate excess Federal HOME funds from the First Time Homebuyer Mortgage Assistance Program to allow new loans to be made under the HMIP Program.

Impact on Rental Rehabilitation Program

Based on the extreme decline in RRP loan applications over the past four years, and the recent development of the new Rental Rehabilitation Program, funded through HUD 108 Loan Program funds, this action will have no negative effect on funds available to rental property owners. The proposed funding shift would eliminate current funding for the existing Rental Rehabilitation Program, which provides deferred loans to owners of rental property on a 50% matching funds basis. However, in October 1999, the City Council approved the creation of the new program, which provides amortizing loans for rehabilitation of rental property. The new program has \$2,500,000 of HUD 108 Loan Program funds available for new rental property rehabilitation loans. As a result, the City will have substantial funds available for rehabilitation of rental housing.

BACKGROUND

The City's Home Maintenance and Improvement Program originated as a referral tool to address Code Compliance citations to low-income homeowners living in the Community Development Districts unable to comply with the citations due to lack of funds. As community needs increased and funding sources could be identified, additional programs were initiated as part of the City's annual Community Development Block Grant (CDBG) applications. CDBG and City funded programs developed during the late 1980's and 1990's included: the Rental Rehabilitation Program, the Access Improvement Program, the Lead Poisoning Prevention Program, the Community Restoration Program, the Minor Home Repair Program, and most recently the Emergency Home Repair Program. All programs were established to aid

homeowners with special needs, particularly very low- to low-income, disabled, and/or senior citizens living in the City's Community Development Districts.

In December, staff participated in meetings with California Bank and Trust, the Unity Council, and Freddie Mac to discuss private leveraging of City CDBG Rehabilitation Loan funds. Follow-up meetings are scheduled for mid-February and pre-planning has included a data exchange of all loan and grant offerings from all groups. The goal is to develop specific programs to use the City's Housing Rehabilitation Program and First Time Home Buyer Program funds to leverage resources from private financial institutions and non-profits. In particular, efforts are focused on securing the participation of lenders willing to commit reasonably priced loans to low and moderate income homebuyers and owners. Initial responses have been encouraging.

Staff has also gathered valuable responses from the community-at-large via the First Time Home Buyer Education classes, facilitated bimonthly by CEDA's Residential Lending and Rehabilitation unit. The classes, sponsored jointly by the City and the participating lenders in the City's First Time Homebuyer Program, are educational forums for the dissemination of pertinent City and local housing program information.

Many of the key issues and recommendations discussed further in this report are a direct result of information gathered in the meetings and educational forums mentioned here. Additional comments have been received from questionnaires given to City loan applicants at the close of each transaction.

KEY ISSUES AND IMPACTS

High Demand for HMIP Loans

The current deficit in HMIP loan funds is a direct result of three main factors. First, the program has historically been in high demand among low-income homeowners living in the City's Community Development Districts. Statistics based on 1990 census data using the pre-October 2000 Community Development District boundaries, show that 53% of all households in those districts are at income levels less than \$25,000 per year (in 1990 dollars). Comparatively, almost 90% of citywide households with income less than \$25,000 are located in the previously delineated Community Development Districts. Many of these low-income homeowners purchased their homes 15 or more years ago and many are now seniors living on fixed incomes. With limited financial options, these homeowners are generally considered "high-risk" by conventional lenders, which make them especially vulnerable to *predatory lenders*.

The City's HMIP has for many years filled the "financial gap", allowing these low-income homeowners to obtain no- or low-interest loans to rehabilitate their often sub-standard homes. When the City turns away these qualified applicants, they are left with little alternative than to work with lenders charging exorbitant interest rates and excessive loan fees. Since HMIP loans are for the purpose of addressing critical health and safety hazards in older homes, complete

denial of applicants in severe need is rare. Rather, staff will review the property condition and limit loan funds to address only the most serious situations.

Increased Construction Costs

The second factor contributing to the deficit has been the significant increase in overall construction costs compounded by the age and deferred maintenance conditions of much of Oakland's older housing stock. In October 1999, Council approved an amendment to the HMIP that allowed for an increase in the maximum loan amount from \$25,000 per project to \$40,000. This was executed to address recent increases in construction costs.

Lead Paint Abatement Issues

The high cost of rehabilitation is further exacerbated by new Federal regulations aimed at *Lead-Based Paint Hazard Abatement* (see Environmental Opportunities). These regulations have increased average rehabilitation costs by \$8,000 to \$10,000 per unit.

The new regulations entitled "*Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance*" have changed the entire rehabilitation program focus. The U.S. Department of Housing and Urban Development (HUD) issued these regulations to protect young children from lead-based paint hazards in housing that is financially assisted by the federal government. The new regulations impose much greater responsibility on the City for additional homeowner and landlord education and counseling, more stringent monitoring of contractor qualifications, and more thorough testing and abatement procedures. All of these measures have a substantial impact on the cost of each rehabilitation project.

During FY1997-98, the City of Oakland participated in a HUD-funded partnership agreement with the Alameda County Lead Paint Poisoning Prevention Program, to address lead-based paint hazards in owner-occupied properties. Under that program, the City financed the successful rehabilitation and abatement of lead hazards in 40 residential units. Based on that experience, staff has determined that the average rehabilitation costs directly related to lead-based paint hazards approximates \$8,000 to \$10,000 per unit; the older the residence, the higher the cost.

The new lead-paint regulations became effective September 15, 2000, one year after publication in the Federal Register, to allow time for housing owners and state and local agencies to prepare for compliance. Currently, the City of Oakland, under a Collaborative Transition Implementation Plan, has an extension of time until March 15, 2001 to completely meet compliance requirements.

PROGRAM DESCRIPTION

Proposed New Funding for the HMIP Program

Staff clearly recognizes the need for immediate measures to correct the HMIP fund deficit balance and has researched several options. The most effective, programmatically and financially, is the reallocation of Rental Rehabilitation Program (RRP) Income funds to the current HMIP loan fund. Based on the extreme decline in RRP applications over the past four years, and the recent development of a new Rental Rehabilitation Program funded through the Section 108 Loan Program (HUD 108-RRP), there will be no negative effect on funds available to rental property owners. Additionally, unlike the current program, the HUD108-RRP loan does not require owners to provide matching funds, which has discouraged participation because of the difficulty owners have in securing private financing for the matching funds. This factor is expected to offer incentives to rental property owners and increase demand for the new program.

Other City Housing Rehabilitation Programs

The residential loan programs managed by the Residential Lending and Rehabilitation Services unit are summarized in the attached Exhibit "C". Individual program descriptions for each program are detailed in Exhibits "C-1" through "C-9." These program descriptions are included with all program application packages and are distributed at various community meetings and forums to increase awareness of program availability.

In October 1999, the Council approved the Targeted Neighborhood Housing Program, which focused the City's rehabilitation programs on specific target areas. Concerns have been raised by the community that this action leaves neighborhoods outside the Council-approved target areas without access to funds for housing rehabilitation. To address these concerns, the Council also approved a new HUD 108 HMIP *Amortized* Loan Program, which will provide funds to applicants in all parts of the City's Community Development Districts. These funds are also anticipated to be used in combination with various 'purchase-rehabilitation' loan products offered by many lending institutions currently in partnership with the City's First Time Home Buyer Program and the Homeownership Alliance.

In July 2000, again in response to community concerns, the Council authorized modifications to the Access Improvement Program (AIP), which provides funding for accessibility modifications to ownership and rental housing. These modifications eliminated the requirement that applicants provide matching funds, which had served as a barrier to the full utilization of this program.

DISABILITY AND SENIOR CITIZEN ACCESS

Programs administered by the Residential Lending and Rehabilitation Services unit of CEDA provide assistance to a significant population of senior citizens and disabled tenants and homeowners. The variety of grants, loans, and housing rehabilitation services available have had a positive impact on the quality of life for all of the citizens of Oakland, but especially disabled and senior citizens. The Access Improvement Program specifically addresses the needs of

disabled renters and homeowners by offering grants for housing accessibility modifications. In addition, eligibility for participation in the Free Painting Program is restricted to very low-income seniors and disabled persons.

Approximately 60% of all loans and grants approved by the unit are to seniors and/or disabled persons. As this population has historically exemplified the greatest need for these products, future program guideline modifications will continue to focus on this very important and often under-served segment of Oakland's population.

ENVIRONMENTAL ISSUES AND OPPORTUNITIES

The City of Oakland has one of the highest risk levels in the state for lead-based paint hazards. Exhibits "B" and "B1" are maps of Alameda County based on 1990 census data that reflect the lead poisoning risk levels by zip code and the percentage of pre-1950 housing structures (which have the greatest incidence of lead paint) by zip code.

The new HUD lead-based paint hazard regulations affecting residential rehabilitation place greater emphasis on reducing lead dust. Scientific research has found that exposure to lead in dust is the most common way young children become lead poisoned. The clearance (dust) testing that is required after paint is disturbed is to make sure the home is lead-safe.

Lead poisoning can cause permanent damage to the brain and many other organs, and can result in reduced intelligence and behavioral problems in young children, especially those under the age of six (6) years, as well as juvenile delinquency in teens. Lead can also harm the fetus. Lead can cause infertility in men. The most common sources of childhood exposure to lead are deteriorated lead-based paint and lead-contaminated dust and soil in the residential environment.

Residential Lending and Rehabilitation Services staff are working with the Alameda County Lead Poisoning and Prevention Program (ACLPPP) and the Collaborative Transition Implementation Plan Team. Both groups are composed of staff from other jurisdictions within the Joint Powers Authority, to integrate compliance with the new regulations into current program operations. Initial regulation compliance collaboration has been beneficial for all jurisdictions and allows for a networking forum to exchange current strategies and solutions.

Both loan underwriting and rehabilitation advisory staff has received extensive training for compliance. As part of an on-going partnership, ACLPPP currently provides the necessary risk assessments and clearance testing for City projects.

Recently, as an interim measure, staff received permission from the City Manager's office to temporarily discontinue the Self-Help Paint Program, which involved the distribution of free paint to homeowners willing to paint their own homes. This was necessary because there is insufficient staff to handle the supervision and monitoring required for compliance with the new Federal lead-based paint hazard regulations. Especially considering the following:

- The majority of the homes requiring paint assistance were built pre-1978 and generally have lead-based paint and require identification of existing hazards;

- Property owners who wished to paint their own homes would have been required to attend education classes for proper “safe work practices” to be employed in preparing the surfaces for painting;
- Upon completion of the painting, clearance testing would have been required; and
- Failed clearance tests would have resulted in additional costs for cleaning and testing until clearance was positive.

The impact of discontinuing the Self-Help Paint Program has resulted in only providing free paint and painting contractor services to very low- and low-income, senior and disabled property owners. Staff is currently reviewing eligibility requirements and program parameters of the Free Paint Program to also include very low- and low-income property owners who have children under the age of six, either residing or frequently visiting (as defined by HUD) the property.

Future recommended revisions to this program will focus on effectively and fully complying with the intent of the new regulations by providing a program to protect children. By continuing to provide these services to senior citizens, we will also be ensuring lead-based paint hazard-free properties for future property owners with small children.

RECOMMENDATION(S) AND RATIONALE

Staff recommends approval of the attached resolution to use uncommitted program income available in the Rental Rehabilitation Program to fund the HMIP program deficit. Because the new HUD 108 Rental Rehabilitation Program will provide \$2,500,000 for loans to rental property owners, without the need for matching funds, the City will still have significant resources available for rehabilitation of rental housing. This will ultimately benefit renters by preserving and improve existing rental housing.

The recommendation to reallocate program funds to continue the HMIP will allow CEDA to continue to implement the Mayor and City Council Goals of addressing the rehabilitation of blighted and substandard housing stock in Oakland.

The upcoming FY2001-03 Policy Budget for CEDA will include recommendations for further restructuring of program funds to allow for the continuation of the HMIP.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Council adopt the proposed resolution to reallocate Rental Rehabilitation Program funds of \$1,200,000 to the Home Maintenance and Improvement Program (HMIP).

Respectfully submitted,

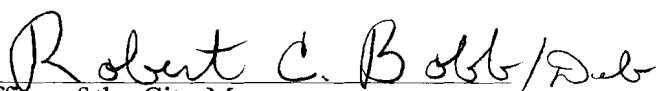

WILLIAM E. CLAGGETT
Executive Director

Prepared by:
Roy Schweyer, Director
Housing and Community Development
and
Teresa Andrews, Manager
Residential Lending and Rehabilitation Services
Jeffrey P. Levin
Housing Policy and Programs Coordinator

Exhibits:

- A: Current funding allocations and expenditures table
- B1-B2: Lead Poisoning Risk Level Maps
- C: Matrix of Housing Rehabilitation Programs Offered by the City
- C1-C9: Current Program Descriptions

APPROVED AND FORWARDED TO THE COMMUNITY
AND ECONOMIC DEVELOPMENT COMMITTEE


Office of the City Manager

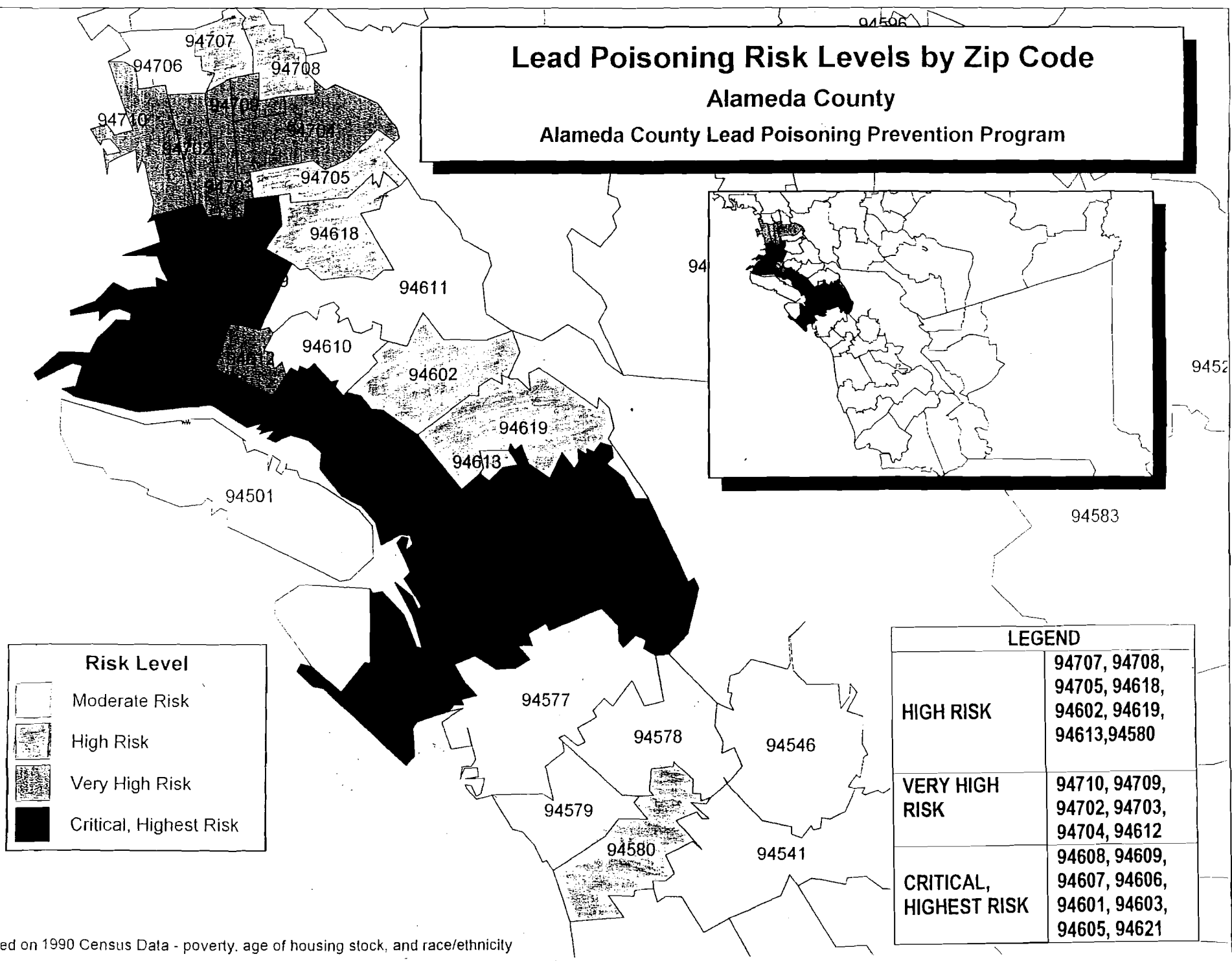
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Exhibit A

Community & Economic Development Agency							
HCD Residential Lending Services							
Allocations and Actual Expenditures of FY 1999-2000 and FY 2000-2001 Housing Funds							
(amounts available for loans-does not include funds for administration and overhead)							
		FY 1999-00	FY 1999-00	FY 1999-00	FY 2000-01	FY 2000-01	Available
							Funds
Program	Source of Funds	Budget	Expenditures	Balance	Budget	Expenditures	as of 12/31/00
HOMEOWNER REHAB							
HMIP-Amortized and Deferred	CDBG	1,400,000	2,588,797	(1,188,797)	1,400,000	1,298,329	(1,087,126)
	HOME	-	-	-	300,000	-	300,000
HMIP-Amortized	HUD Section 108	1,250,000	-	1,250,000	1,250,000	-	2,500,000
Emergency Home Repair	CDBG	400,000	119,350	280,650	400,000	251,490	429,160
Paint	CDBG	435,000	73,418	361,582	435,000	51,951	744,631
Access Improvement	CDBG	200,000	59,764	140,236	65,000	67,251	137,985
Minor Home Repair	CDBG	250,000	175,345	74,655	250,000	70,637	254,018
RENTAL REHAB							
Rental Rehabilitation-Amortized Loans	HUD Section 108	1,250,000	-	1,250,000	1,250,000	-	2,500,000
Rental Rehabilitation-Deferred Loans	RRP Prog Income	750,000	16,625	733,375	450,000	-	1,183,375
TOTAL		3,435,000	3,033,299	401,701	3,300,000	1,739,658	1,962,043
* HUD Section 108 funds is excluded from totals since funds were not approved by HUD until 2Qtr 00/01.							

Lead Poisoning Risk Levels by Zip Code
Alameda County
 Alameda County Lead Poisoning Prevention Program



Risk Level	
	Moderate Risk
	High Risk
	Very High Risk
	Critical, Highest Risk

LEGEND	
HIGH RISK	94707, 94708, 94705, 94618, 94602, 94619, 94613, 94580
VERY HIGH RISK	94710, 94709, 94702, 94703, 94704, 94612
CRITICAL, HIGHEST RISK	94608, 94609, 94607, 94606, 94601, 94603, 94605, 94621

Based on 1990 Census Data - poverty, age of housing stock, and race/ethnicity

Percentage of Housing Structures Pre-1950 by Zip Code

Alameda County

Alameda County Lead Poisoning Prevention Program

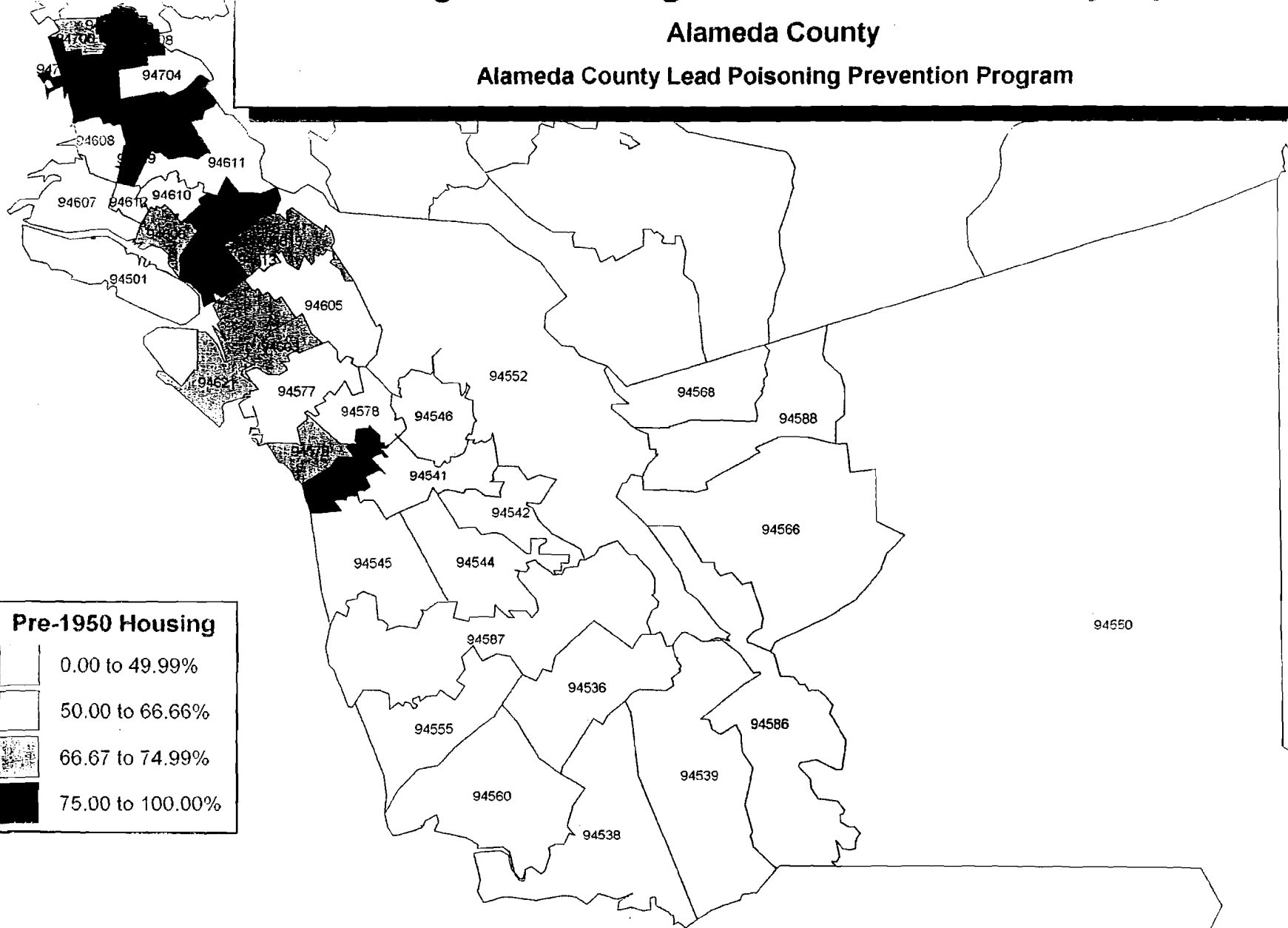
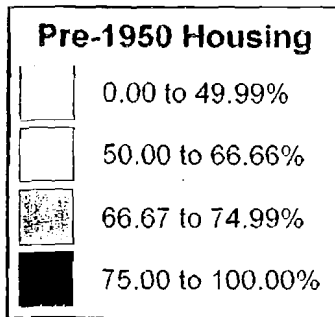


EXHIBIT C

City of Oakland
 Community & Economic Development Agency
 Residential Lending Services

250 Frank Ogawa Plaza, 5th Floor
 Oakland, CA 94612
 (510) 238-3909

HOME MAINTENANCE PROGRAMS

NAME	PURPOSE	LOAN AMOUNTS	LOAN TERM	ELIGIBILITY
1) HMIP DEFERRED PAYMENT LOAN (Home Maintenance & Improvement Program)	To provide rehab resources to low-income homeowners unable to qualify for conventional mortgage loans.	Up to \$40,000 secured by a Deed of Trust.	No interest on loan. No monthly payments. Due and payable if house is sold or title is transferred. For borrower under 62 years of age, income will be reassessed every three years to determine ability to pay.	Borrower's income cannot exceed 50% of area median. Property must be owner-occupied.
2) HMIP AMORTIZED LOAN	To provide low interest rehab loans to low-and moderate-income owner-occupants of 1-4 unit dwellings.	\$40,000 for single family unit plus \$5,000 for each additional unit up to 4 units. Secured by a Deed of Trust.	Up to 20 years; fixed interest rate of 6%. Monthly payments of principal and interest.	80% of area median and must demonstrate financial/credit capacity to make payments.
3) ACCESS IMPROVEMENT PROGRAM (AIP)	To provide grants for accessibility modifications for rental and owner-occupied properties.	Grants of up to \$15,000. A maximum \$4,000 grant is available toward <u>construction of new</u> accessible units in buildings of 3 or fewer units.	Grant	Property owners of existing units. Property owners for new construction.
4) EMERGENCY HOME REPAIR PROGRAM (EHRP)	To provide loans for emergency home repairs which exceed the amount available under the Minor Home Repair Program.	Up to \$7,500.00	No interest; no payments due and payable if home is sold or title is transferred. Secured by a Deed of Trust.	Property must be owner-occupied. Borrower's income cannot exceed 50% of area median. Repair must constitute a health &/or safety hazard.
5) MINOR HOME REPAIR PROGRAM* *Administered by Alameda County, for the City of Oakland (510) 670-5404	To provide grants for emergency home repairs for homeowners.	Maximum grant is \$1,500.	Grant	Homeowners who are 62 years or older or disabled and whose income does not exceed 50% of area median.
6) SELF-HELP PAINT/FREE PAINT PROGRAM	To improve appearance & to address lead paint remediation of owner-occupied homes.	N/A	Grant	Owner-occupied properties. Income cannot exceed 80% of area median. A limited number of low income, elderly or disabled owners may qualify to have their homes painted by contractors.

INCOME LIMITS FOR HOME MAINTENANCE PROGRAMS

HOUSEHOLD SIZE	50% AND BELOW AREA MEDIAN INCOME	80% AND BELOW AREA MEDIAN INCOME
1	\$23,650	\$35,150
2	\$27,050	\$40,150
3	\$30,400	\$45,200
4	\$33,800	\$50,200
5	\$36,500	\$54,200
6	\$39,200	\$58,250
7	\$41,900	\$62,250
8	\$44,600	\$66,250

Income Limits are revised annually. These limits are effective through 2/2001

Rev. 7/20/00

EXHIBIT C

City of Oakland
 Community & Economic Development Agency
 Residential Lending Services

250 Frank Ogawa Plaza, 5th Floor
 Oakland, CA 94612
 (510) 238-3909

HOMEOWNERSHIP PROGRAMS

NAME	PURPOSE	LOAN AMOUNTS	LOAN TERM	ELIGIBILITY
1) FIRST-TIME HOMEBUYERS MORTGAGE ASSISTANCE PROGRAM (MAP)	To assist low and moderate income, first-time homebuyers to purchase homes in the City of Oakland.	Up to \$30,000. The loan is secured by a 2 nd Deed of Trust.	No payments. Loan is due when borrower sells, refinances, or rents the property. In lieu of interest, City receives a share of the equity in the property.	First-time homebuyers at or below 80% of median income. Borrowers must be owner-occupants. Single family dwellings only.
2) PUBLIC SERVICE EMPLOYEE & O.U.S.D. TEACHERS DOWN PAYMENT ASSISTANCE PROGRAM (DAP)	To provide down payment and/or closing costs to sworn Police & Fire officers, and O.U.S.D Teachers as incentive to purchase homes in the City of Oakland.	Up to \$10,000. The loan is secured by a 2 nd Deed of Trust.	Ten-year loan term. No payments due for the first 5 years. Monthly principal & interest payments, at 6% per annum, due beginning in year six (6) through year ten (10). Final payment due at end of term.	Borrower must be a City of Oakland Public Safety Officials (Sworn Police Officers, Police Dispatchers, Sworn Firefighters, or O.U.S.D. Teachers) with annual income @ or below 120% of area median income.

INCOME LIMITS FOR HOMEOWNERSHIP PROGRAMS

HOUSEHOLD SIZE	80% OF AREA MEDIAN INCOME	120% OF AREA MEDIAN INCOME
1	\$35,150	\$56,750
2	\$40,150	\$64,900
3	\$45,200	\$72,950
4	\$50,200	\$81,100
5	\$54,200	\$87,600
6	\$58,250	\$94,050
7	\$62,250	\$100,550
8	\$66,250	\$107,050

Income limits are revised annually.
 These limits are effective through 2/2001.

EXHIBIT C1

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, California 94612
 (510) 238-3909

**HOME MAINTENANCE AND IMPROVEMENT PROGRAM (HMIP)
 Program Description**

PURPOSE:	The Home Maintenance and Improvement Program (HMIP) is a City of Oakland program that offers loans to owner-occupied low-income and moderate-income households to correct health and safety violations, code deficiencies and repair major systems in danger of failure.			
REQUIREMENTS:				
LOCATION:	<ul style="list-style-type: none"> Property must be located in one of the designated target areas 			
OCCUPANCY:	<ul style="list-style-type: none"> One unit structures must be occupied by low-moderate income households Two-unit structures must have at least one unit occupied by a low-moderate income household Three-to-Four unit structures must have at least 51% of the units occupied by low-moderate income households 			
OWNERS ON RECORD:	<ul style="list-style-type: none"> All owners on record must apply 			
Types of HMIP Loans:	DEFERRED LOAN		AMORTIZED LOAN	
INTEREST RATE:	<ul style="list-style-type: none"> No Interest 		<ul style="list-style-type: none"> 6% Interest 	
PAYMENTS/TERMS:	<ul style="list-style-type: none"> No Periodic Payments* Loan will be paid upon the sale or transfer of title of property. 		<ul style="list-style-type: none"> Maximum of 20 years Applicants must demonstrate the ability to pay for additional loan 	
SECURITY:	<ul style="list-style-type: none"> Deed of Trust 		<ul style="list-style-type: none"> Deed of Trust 	
PREPAYMENT:	<ul style="list-style-type: none"> None 		<ul style="list-style-type: none"> None 	
CLOSING COSTS:	<ul style="list-style-type: none"> \$350-\$500 		<ul style="list-style-type: none"> \$350-\$500 	
MAXIMUM LOAN AMOUNTS:	<ul style="list-style-type: none"> \$40,000, or the cost of rehabilitation, whichever is less 		<ul style="list-style-type: none"> \$40,000 for single family unit and \$5,000 for each additional unit, up to four units 	
INCOME:	Annual Household Income cannot exceed 50% of the established HUD median income limits for Alameda County		Annual Household Income cannot exceed 80% of the established HUD median income limits for Alameda County	
	<i>Income of all household members who are 18 years or older must be considered to determine income eligibility.</i>			
Income Limits	Household Size	Maximum Income*	Household Size	Maximum Income
	1	\$23,650	1	\$35,150
	2	\$27,050	2	\$40,150
	3	\$30,400	3	\$45,200
	4	\$33,800	4	\$50,200
	5	\$36,500	5	\$54,200
	6	\$39,200	6	\$58,250
	7	\$41,900	7	\$62,250
	8	\$44,600	8	\$66,250
	*Income of borrowers under 62 years old at the time of loan approval will be re-assessed every three (3) years to determine ability to pay			

It is the policy of the City of Oakland not to discriminate on the basis of disability in employment or any of its programs, activities, or services. Auxiliary aids and services may be provided upon request.

EXHIBIT C2

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, California 94612
 (510) 238-3909

**HOME MAINTENANCE AND IMPROVEMENT PROGRAM
 HUD SECTION 108
 Program Description**

PURPOSE:	The HUD SECTION 108 HOME MAINTENANCE AND IMPROVEMENT PROGRAM provides loan funds for major home rehabilitation, including the correction of general property deterioration, health, safety, and code violations or deficiencies.	
REQUIREMENTS:		
Location:	<ul style="list-style-type: none"> Property must be located in the non-target areas in the Community Development Districts 	
Property:	<ul style="list-style-type: none"> One to Four Units, only 	
Occupancy:	<ul style="list-style-type: none"> One unit structures must be occupied by low-moderate income households Two-unit structures must have at least one unit occupied by a low-moderate income household Three-to-Four unit structures must have at least 51% of the units occupied by low-moderate income households 	
Eligible Uses	<ul style="list-style-type: none"> Loan funds can be used to correct code violations/deficiencies, required upgrades to mechanical systems electrical, plumbing, foundation retrofitting, and general upgrades required to prevent further deterioration of the subject property. 	
Owners on Record	<ul style="list-style-type: none"> All owners on record must apply 	
Interest Rate:	<ul style="list-style-type: none"> 8.50% + (to be determined) 	
Payments/Terms:	<ul style="list-style-type: none"> Principal and Interest payments deferred for the first year Periodic Principal and Interest monthly payments beginning the second year Maximum of 15 years Loan will be paid upon the sale or transfer of title of property Applicants must demonstrate the ability to pay for additional loan 	
Security:	<ul style="list-style-type: none"> Deed of Trust 	
Occupancy:	<ul style="list-style-type: none"> Owner-Occupied Only 	
Prepayment:	<ul style="list-style-type: none"> None 	
Minimum Loan Amount	<ul style="list-style-type: none"> \$10,000.00 	
Maximum Loan Amounts:	<ul style="list-style-type: none"> \$40,000 for single family unit and \$5,000 for each additional unit, up to four units 	
INCOME: Annual Household Income cannot exceed 80% of current area HUD median income adjusted per household size. Income limits revised annually.	Family Size	
	Maximum Income	
	1	\$35,150
	2	\$40,150
	3	\$45,200
	4	\$50,200
	5	\$54,200
	6	\$58,250
	7	\$62,250
8	\$66,250	

It is the policy of the City of Oakland not to discriminate on the basis of disability in employment or any of its programs, activities, or services. Auxiliary aids and services may be provided upon request.

EXHIBIT C3

City of Oakland
Community and Economic Development Agency
Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
Oakland, California 94612
(510) 238-3909

**RENTAL REHABILITATION PROGRAM (RRP)
Program Description**

PURPOSE:	The RENTAL REHABILITATION PROGRAM provides loans on a matching fund basis to finance the rehabilitation of privately-owned residential rental properties. Loan funds may be used to correct substandard conditions, repair major systems (electrical, structural, plumbing, etc.), and make essential improvements.
ELIGIBLE PROPERTIES:	<ul style="list-style-type: none"> • Owner-occupied projects with at least one rental unit may be assisted if the owner's unit does not exceed 50% of the project's rentable floor area • In combined projects with residential rental and commercial spaces, the residential space must be at least 51% of the total rentable space • 1 to 99 residential units. Priorities given to projects with units that have two or more bedrooms. Projects with 12 or more units are subject to Davis-Bacon Act (prevailing wages)
LOCATION:	<ul style="list-style-type: none"> • Property must be located in one of the designated targeted areas
INTEREST RATE:	<ul style="list-style-type: none"> • 6% Interest
PAYMENTS/TERM:	<ul style="list-style-type: none"> • No Periodic Payments • Principal and interest are due and payable in five (5) years. • No Prepayment Penalty
MAXIMUM LOAN AMOUNT:	<ul style="list-style-type: none"> • \$5,000 per studio, \$6,500 per 1-bedroom, \$7,500 per 2-bedroom and \$8,500 per 3-bedroom unit and larger.
SECURITY:	<ul style="list-style-type: none"> • Deed of Trust
REQUIREMENTS:	
Minimum Rehabilitation Standards:	<ul style="list-style-type: none"> • Compliance with Housing Authority Section 8 Housing Quality Standards and relevant codes
Matching Funds:	<ul style="list-style-type: none"> • Applicant must provide proof of matching funds equal to or greater than 50% of the total project cost
Ten Years Restrictions :	<ul style="list-style-type: none"> • Owner agrees to abide by the City's Affirmative Marketing Plan and not to convert units into condominium or cooperative ownership
Disbursement of Funds:	<ul style="list-style-type: none"> • Work completed prior to loan approval will not be paid • Funds will be disbursed based on progress payments
Application Fee:	<ul style="list-style-type: none"> • \$350 non-refundable

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EXHIBIT C4

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, California 94612
 (510) 238-3909

**HUD SECTION 108 RENTAL REHABILITATION PROGRAM
 Program Description**

PURPOSE:	The HUD SECTION 108 RENTAL REHABILITATION PROGRAM provides loan funds to rental property owners to correct health and safety violations, code deficiencies and to repair major mechanical systems in danger of failure (electrical, structural, plumbing, etc.).	
REQUIREMENTS		
LOCATION:	<ul style="list-style-type: none"> Property must be located in one of the seven community development districts. 	
ELIGIBLE PROPERTIES:	<ul style="list-style-type: none"> 1 to 7 residential units. Priorities given to projects with units that have two or more bedrooms. For owner-occupied projects with at least one rental unit, owner's unit must not exceed 50% of the project's rentable floor area. For combined projects with residential rental and commercial spaces, the residential space must be at least 51% of the total rentable space. 	
INTEREST RATE:	<ul style="list-style-type: none"> 8.50% + (to be determined) 	
PAYMENTS/TERM:	<ul style="list-style-type: none"> Interest and Payments deferred during the first year (during rehabilitation). Monthly periodic payments of principal and interest beginning the second year. Loans are amortized for 30 years, due in 15 years or less, if senior loan has a balloon payment of less than 15 years. Loans are due and payable upon sale or transfer of title of property. 	
PREPAYMENT PENALTY:	<ul style="list-style-type: none"> None 	
MINIMUM LOAN AMOUNT:	<ul style="list-style-type: none"> \$2,500 per unit 	
MAXIMUM LOAN AMOUNT:	<ul style="list-style-type: none"> \$25,000 per unit (additional funds maybe available for extenuating circumstances, such as lead remediation, asbestos removal and earthquake retrofitting). 	
SECURITY:	<ul style="list-style-type: none"> Deed of Trust 	
USE RESTRICTIONS :	<ul style="list-style-type: none"> Owners must agree NOT to discriminate against Section 8 recipients. 	
ELIGIBLE USES:	<ul style="list-style-type: none"> Loan funds to be used to correct code violations and deficiencies, to repair mechanical systems in danger of failure and to upgrade deteriorating rental properties 	
INCOME:	<ul style="list-style-type: none"> 51% of the rental units must be occupied by tenants with annual household income not exceeding 80% of the current area median income adjusted for household size. (Income limits revised annually). 	
	Family Size	
	Maximum Income	
	1	\$35,150
	2	\$40,150
	3	\$45,200
	4	\$50,200
	5	\$54,200
	6	\$58,250
7	\$62,250	
8	\$66,250	

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EXHIBIT C5

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank Ogawa Plaza, Suite 5313
 Oakland, CA 94612
 (510) 238-3909

**EMERGENCY HOME REPAIR PROGRAM
 Program Description**

PURPOSE:	The EMERGENCY HOME REPAIR PROGRAM (EHRP) provides loan funds for major home repairs that require immediate attention. Emergency repairs issued by a Fire Marshall, Health Officer or Code Enforcement Officer.		
REQUIREMENTS:			
LOCATION:	<ul style="list-style-type: none"> Property must be located in one of the seven community development districts. 		
ELIGIBLE ITEMS:	<ul style="list-style-type: none"> Loan funds can only be used for major emergency such as major roof repairs, sewer repairs or other major mechanical system that include electrical and plumbing repairs that have been or can be verified by a health and safety government official. 		
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> \$2,500 	MAXIMUM LOAN AMOUNT:	<ul style="list-style-type: none"> \$7,500
INTEREST RATE:	<ul style="list-style-type: none"> Zero Interest 		
PAYMENTS/TERM:	<ul style="list-style-type: none"> No periodic payments Loan will be paid upon the sale or transfer of title of property 		
PREPAYMENT PENALTY:	<ul style="list-style-type: none"> None 		
SECURITY:	<ul style="list-style-type: none"> Deed of Trust 		
OCCUPANCY: OWNERS ON RECORD:	<ul style="list-style-type: none"> Applicant must occupy the property All owners on record must apply 		
INCOME:	<ul style="list-style-type: none"> Applicant's annual household income cannot exceed the income limits listed below. Income of all household members who are 18 years or older must be considered to determine income eligibility (includes house/roommates). 		
INCOME LIMITS:	Household Size	Maximum Income	
	1	\$23,650	
	2	\$27,050	
	3	\$30,400	
	4	\$33,800	
	5	\$36,500	
	6	\$39,200	
	7	\$41,900	
	8	\$44,600	
	Income of borrowers under 62 years old at the time of loan approval will be re-assessed every three (3) years to determine ability to pay.		

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EXHIBIT C6

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, California 94612
 (510) 238-3909

**MINOR HOME REPAIR PROGRAM (MHRP)
 Program Description**

PURPOSE:	The MINOR HOME REPAIR PROGRAM (MHRP) is a City of Oakland program, administered by Alameda County Housing and Community Development, that provides grants for minor home repairs to owner-occupied properties for homeowners who are 62 years or older or disabled.	
REQUIREMENTS:		
LOCATION:	<ul style="list-style-type: none"> Property must be located in one of the seven community development districts. 	
ELIGIBLE ITEMS:	<ul style="list-style-type: none"> Grant funds may only be used for minor plumbing and electrical work, water heaters, carpentry, door locks and security devices, smoke detectors, grab bars and other minor repairs. 	
COMPLIANCE WITH HEALTH AND SAFETY CODES:	<ul style="list-style-type: none"> The property must be in compliance with health and safety codes. 	
	OWNER-OCCUPIED	RENTAL PROPERTIES
MAXIMUM GRANT AMOUNT:	<ul style="list-style-type: none"> The maximum grant is \$1,500. 	<ul style="list-style-type: none"> The maximum grant is \$1,500 for the owner-occupied unit only of a rental property.
OCCUPANCY	<ul style="list-style-type: none"> Applicant must occupy the property 	<ul style="list-style-type: none"> Property owner must occupy the unit requiring repairs.
INCOME	<ul style="list-style-type: none"> Applicant's annual family income cannot exceed 80% of the area median income. Income of all family members who are 18 years or older must be considered to determine income eligibility. 	<ul style="list-style-type: none"> SAME AS OWNER-OCCUPIED
INCOME LIMITS ARE REVISED ANNUALLY. THESE LIMITS ARE EFFECTIVE THROUGH 2/2001	Family Size	Maximum Income
	1	\$35,150
	2	\$40,150
	3	\$45,200
	4	\$50,200
	5	\$54,200
	6	\$58,250
	7	\$62,250
8	\$66,250	

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EXHIBIT C7

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, California 94612
 (510) 238-3909

**PAINT PROGRAM
 Program Description**

<p>PURPOSE:</p>	<p>The Paint Program of the City of Oakland offers free exterior paint and painting services to a limited number of owner-occupied, low-income households.</p>			
<p>REQUIREMENTS:</p> <p>Free Painting</p>	<ul style="list-style-type: none"> • The property to be painted must be occupied by one or more of the owner(s) of record. • The property must be located within one of the Community Development Districts. • The household must meet the Income Limits criteria. The income of all household members 18 or older, including house/roommates is considered in the income eligibility determination. • All recorded owners must apply. • The head of household must be at least 65 years of age or have a physical disability that prevents him/her from doing the painting; OR • The household includes expectant mothers or one or more children under the age of six (6) years* 			
<p>INCOME LIMITS:</p>	<p>For homeowners aged 65 or older and/or physically disabled persons.</p> <p align="center">30% of Area Median Income</p>		<p>For owner-occupied households with one or more children under age 6 or expectant mothers.</p> <p align="center">80% of Area Median Income</p>	
	<p align="center">Household Size</p>	<p align="center">Maximum Income*</p>	<p align="center">Household Size</p>	<p align="center">Maximum Income</p>
	1	\$14,200	1	\$35,150
	2	\$16,200	2	\$40,150
	3	\$18,250	3	\$45,200
	4	\$20,300	4	\$50,200
	5	\$21,900	5	\$54,200
	6	\$23,500	6	\$58,250
	7	\$25,150	7	\$62,250
	8	\$26,750	8	\$66,250

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*** A risk assessment for lead-based paint hazards will be performed.**

EXHIBIT C8

City of Oakland
 Community & Economic Development Agency
 Residential Lending Services

250 Frank Ogawa Plaza, Suite 5313
 Oakland, CA 94612
 (510) 238-3909

**PUBLIC SAFETY EMPLOYEE &
 O. U. S. D. TEACHERS
 DOWN PAYMENT ASSISTANCE PROGRAM
 Program Description**

PURPOSE:	The PUBLIC SAFETY EMPLOYEE & O.U.S. D. TEACHERS DOWN PAYMENT ASSISTANCE PROGRAM provides loan funds for down payment and/or closing costs for the purchase of owner occupied, single family homes in the City of Oakland. The Program is designed to offer an incentive to Oakland Police and Fire Services Sworn Employees and current full-time Oakland Unified School District Teachers, to purchase homes in the City in which they work.		
REQUIREMENTS:			
LOCATION:	<ul style="list-style-type: none"> • Citywide 		
ELIGIBLE USES:	<ul style="list-style-type: none"> • Loan funds must be used towards the down payment and/or closing costs. 		
MAXIMUM LOAN AMOUNT	\$10,000	MINIMUM LOAN AMOUNT	\$5,000
INTEREST RATE:	6.00%		
PAYMENTS/TERM:	<ul style="list-style-type: none"> • 120 Months (10 years) • Payments and Interest deferred for the first sixty (60) months (five years) • Monthly payments of principal and interest begin in the 61st month • Final payment due at end of ten year term • Loan must be paid in full upon the sale or transfer of title of property 		
PREPAYMENT PENALTY:	<ul style="list-style-type: none"> • None 		
SECURITY:	<ul style="list-style-type: none"> • Deed of Trust 		
OCCUPANCY	<ul style="list-style-type: none"> • Owner-Occupied only 		
INCOME	<ul style="list-style-type: none"> • Applicant's annual household income cannot exceed 120% of the established HUD area median income limits for Oakland. 		

INCOME LIMITS	
HOUSEHOLD SIZE	MAXIMUM ALLOWABLE INCOME*
1	\$56,750
2	\$64,900
3	\$72,950
4	\$81,100
5	\$87,600
6	\$94,050
7	\$100,550
8	\$107,050

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*120% of Area Median Income limits are revised annually.

EXHIBIT C9

City of Oakland
 Community and Economic Development Agency
 Residential Lending Services

250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, California 94612
 (510) 238-3909

**PROPOSED
 FIRST TIME HOMEBUYERS MORTGAGE ASSISTANCE PROGRAM (MAP)
 Program Description**

PURPOSE:	The First Time Homebuyers Mortgage Assistance Program (MAP) is a City of Oakland program operating jointly with participating lenders to assist low-income, first time homebuyers to purchase homes in the City of Oakland.		
ELIGIBILITY:	<ul style="list-style-type: none"> • Borrowers must be <u>First Time Homebuyers*</u> • Income of all household members 18 years or older considered (includes house/roommates). • Borrower must be approved on a first mortgage loan from one of the City's Participating Lenders <p><i>* Defined as someone who has not owned their principal residence during the previous three years, or they qualify under one of the following exceptions:</i></p> <p><i>Individuals who worked primarily in the home, owned a principal residence with a previous spouse, and are currently unemployed or underemployed;</i></p> <p><i>Single parents who owned a principal residence with a previous spouse; and</i></p> <p><i>Homebuyers who own or owned a mobile home or trailer, or house which requires repairs which exceed the cost of constructing a new home.</i></p>		
LOCATION:	Property must be located in one of the seven <i>Community Development Districts</i> OR in one of <i>Housing Revitalization Targeted Areas</i>		
MAXIMUM LOAN AMOUNTS:	<ul style="list-style-type: none"> • \$50,000 if income is at or below 80% of Median; \$25,000 - 81% to 120% 		
SECURITY:	<ul style="list-style-type: none"> • Deed of Trust 		
OCCUPANCY:	<ul style="list-style-type: none"> • Single Family Dwelling • Owner-Occupied only 		
INTEREST RATE: TERMS:	<ul style="list-style-type: none"> • 3.0% simple interest due when the borrower sells, transfers, refinances the property (under certain conditions) or converts the home to rental property. • 20 Years • No Monthly Payments 		
INCOME LIMITS:	Household Size		
		Maximum Income*	
		80%	120%
	1	\$35,150	\$56,750
	2	\$40,150	\$64,900
	3	\$45,200	\$72,950
	4	\$50,200	\$81,100
	5	\$54,200	\$87,600
	6	\$58,250	\$94,050
	7	\$62,250	\$100,550
	8	\$66,250	\$107,050

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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

INTRODUCED BY COUNCILMEMBER _____



RESOLUTION AUTHORIZING THE REALLOCATION OF RENTAL REHABILITATION PROGRAM (RRP) INCOME OF \$1,200,000 TO THE HOME MAINTENANCE AND IMPROVEMENT PROGRAM (HMIP)

WHEREAS, on June 7, 1977, the City Council passed Ordinance No. 9479, C.M.S. which established financial assistance for rehabilitation of residential properties, as part of the Home Maintenance and Improvement Program, in the seven Community Development Districts of the City of Oakland; and

WHEREAS, Resolution No. 75306 passed on October 26, 1999 amended the City's Consolidated Plan Action Plan and amended the adopted policy budget for FY 1999-2001 between housing programs; and

WHEREAS, said Resolution No. 75306 established certain target areas in the City and eliminated the funding of the Home Maintenance and Improvement Program and Rental Rehabilitation Program for non-target areas; and

WHEREAS, there is a tremendous need for housing rehabilitation financial assistance for low-income owner-occupied residential properties, both in target and non-target areas; and

WHEREAS, funds in the approximate amount of \$1,200,000 have been committed over and above the allocated funds for applications received prior to the establishment of target areas; and

WHEREAS, there has been very little interest in and demand for the existing Rental Rehabilitation Program and there are accumulated Rental Rehabilitation Program Income Funds; and

WHEREAS, there is a need to transfer funds from the Rental Rehabilitation Program to the Home Maintenance and Improvement Program which is in critical need of funds; now therefore, be it

RESOLVED: That the City Council hereby authorizes the following modification to the Adopted Policy Budget FY 1999-2001:

Appropriate Rental Rehabilitation Program Income in the amount of \$1,200,000 in Fund 2108, Organization 88939, Projects: 71500, 71501, G08480, G08490 to the Home Maintenance and Improvement Program Fund 2108, Organization 88939, Account 58311, Project G08650 for rehabilitation of owner occupied homes in FY 2000-2001, under the same guidelines as the existing HMIP program; and be it further

F-1
**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE.**

FEB 13 2001

RESOLVED: That the City Council hereby appoints the City Manager and his designee as agent of the City to take any actions necessary to execute and submit to HUD an Amendment to the Consolidated Plan, and to conduct negotiations, execute documents, administer the programs, and take any other action with respect to the Amendment and related programs consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 19 _____

PASSED BY THE FOLLOWING VOTE:

AYES- BRUNNER, CHANG, NADEL, REID, SPEES, WAN AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

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**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE.**
FEB 13 2001

ATTEST: _____

CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California