



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2020 FEB 20 PM 2:35

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Shola Olatoye
Director, HCD

SUBJECT: CalHome Grant Funds Revised Resolutions

DATE: February 19, 2020

City Administrator Approval

Date:

2/20/2020

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Pieces Of Legislation:

- 1) A Resolution Authorizing The City Administrator Or His Or Her Designee To Apply For, Accept, And Appropriate Grant Funds From The California Department Of Housing And Community Development In An Amount Not To Exceed \$2 Million Dollars Under The CalHOME Program For First-Time Homebuyer Mortgage Assistance Programs; And
- 2) A Resolution Authorizing The City Administrator Or His Or Her Designee To Apply For, Accept, And Appropriate Grant Funds From The California Department Of Housing And Community Development In An Amount Not To Exceed \$3 Million Dollars Under The CalHOME Program For Accessory Dwelling Unit And Junior Accessory Dwelling Unit Programs.

EXECUTIVE SUMMARY

On December 10, 2019, and February 4, 2020, the Oakland City Council adopted resolutions authorizing staff to submit applications for funding to the California Department of Housing and Community Development (CA-HCD) for a grant from the CalHome Program current Notice of Funding Availability (CalHOME NOFA), which would provide funding for: 1) first-time homebuyer mortgage assistance loans and 2) funding to support the new construction, repair, and the rehabilitation of Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs), respectively (see **Attachment A** and **Attachment B**).

The resolutions authorized the City to:

- Apply to CA-HCD for CalHome grants in an amount not-to-exceed program maximums, which are limited to \$5 million per jurisdiction across all CalHOME programs;
- To enter into funding agreements with CA-HCD if the City is awarded program funds;

City Council
March 3, 2020

- Mortgage Assistance Component: To accept and appropriate those funds to fulfill the program purpose of providing first-time homebuyer mortgage assistance if the City is awarded program funds.
- ADU/JADU Component: Accept and appropriate the funds in order to fulfill the program purpose of new construction, repair, and rehabilitation of Accessory Dwelling Units if the City is awarded program funds.

The CalHOME NOFA was originally released in early December 2019, and amended twice subsequently, with applications due to CA-HCD by February 18, 2020. On or about February 11, 2020, CA-HCD released a revised NOFA dated February 5, 2020, which altered the requirements for the authorizing resolutions from applicants, and gave applicants until March 18, 2020 to submit revised resolutions to CA-HCD in order to be eligible for funding. The resolutions recommended for adoption are compliant with the recently released guidance from CA-HCD and are intended to replace the original resolutions approved for the funding applications.

REASON FOR URGENCY

Due to the tight turnaround for producing the revised resolutions to CA-HCD, and the fact that both staff reports have previously been heard at Community and Economic Development Committee, staff has requested that this item proceed directly to City Council for approval at the March 3, 2020 meeting.

BACKGROUND / LEGISLATIVE HISTORY

CalHome was created by Senate Bill (SB) 1656, Chapter 84 of the Statutes of 2000, which took effect on July 5, 2000 to add Chapter 6, commencing with Section 50650, to the Health and Safety Code (HSC). The first CalHome NOFA was issued in November 2000, with the first funding awarded in April 2001.

Effective September 2019, CA-HCD authority to operate the CalHome program was revised under SB 3 (Chapter 365, Statutes 2017) authorizing the Veterans and Affordable Housing Bond Act of 2018. SB 3, adopted by voters on November 6, 2018 (Proposition 1), authorizes the issuance of \$300 million of State General Obligation Bonds for the CalHome program. The bill also provided that CA-HCD may adopt guidelines establishing program requirements that would only apply to funds awarded by Proposition 1.

CA-HCD's stated program purpose is that funds are deployed to "assist the existing local homeownership programs aimed at lower and very low-income households in order to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of existing homes."

First-Time Homebuyer Program

Since 1993, the City has developed and implemented a variety of programs to encourage and facilitate homeownership and has invested considerable funds to programs that increase and promote affordable homeownership opportunities. Increasing homeownership rates helps to

stabilize neighborhoods and slow the effects of community gentrification by providing long-term housing affordability.

Pursuant to City Council Resolution No. 87961 C.M.S., dated December 10, 2019, City Staff were authorized to proceed with applying for, appropriating and allocating an estimated \$2 million in CalHOME funding to support mortgage assistance for first-time homebuyers.

Accessory Dwelling Unit Program

Pursuant to City Council Resolution No. 80018 C.M.S., dated February 4, 2020, City Staff were authorized to proceed with applying for, appropriating and allocating up to an estimated \$3 million in CalHOME funding to support ADU/JADU programs to support existing low-income homeowners.

Both programs would be limited to households earning at or below 80% of Area Median Income for loans made with CalHOME funding.

City staff submitted the applications for funding to CalHOME for the February 18, 2020 application deadline.

Attachments A and B are the original staff reports prepared for the December 10, 2019 and February 4, 2020 CalHOME application resolutions and provide a full description of the Analysis & Policy Alternatives, Fiscal Impact, Public Outreach, Coordination and Sustainable Opportunities considered for both the mortgage assistance and ADU/JADU components of the City's applications for CalHOME funding.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt the following pieces of legislation:

- 1) Resolution authorizing the City Administrator or his or her designee to apply for, accept, and appropriate grant funds from the California Department of Housing And Community Development in an amount not to exceed \$2 million dollars under the CalHOME Program For First-Time Homebuyer Mortgage Assistance Programs; and
- 2) Resolution authorizing the City Administrator or his or her designee to apply for, accept, and appropriate grant funds from the California Department of Housing And Community Development in an amount not to exceed \$3 million dollars under the CalHOME Program For Accessory Dwelling Unit And Junior Accessory Dwelling Unit Programs

For questions regarding this report, please contact Maryann Leshin, Deputy Director at 510-238-6225 or Christia Katz Mulvey, Housing Development Manager at 510-238-3623.

Respectfully submitted,



MARYANN LESHIN
Deputy Director, Housing and Community
Development Department

Prepared by:

Christia Katz Mulvey
Housing Development Services Manager

Nicki Duesberg
Homeownership Coordinator

Loyd Ware
Residential Lending Services Manager,
Housing and Community Development
Department

Attachments (2):

- A. December 10, 2019 City Council Staff report regarding CalHOME application for mortgage assistance funds for first-time homebuyers, including supplemental staff report
- B. February 4, 2020 City Council Staff report regarding CalHOME application for ADU/JADU assistance for low income homeowners



FILED
OFFICE OF THE CITY CLERK
OAKLAND
2019 NOV 21 PM 1:48

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Maraskeshia Smith
Assistant City Administrator

SUBJECT: Applying for CalHome Grant Funds

DATE: November 8, 2019

City Administrator Approval

Date:

11/19/19

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or His Or Her Designee To Apply For, Accept, And Appropriate Grant Funds From The California Department Of Housing And Community Development In An Amount Not-To-Exceed The Maximum Program Limits Under The CalHome Program For First-Time Homebuyer Mortgage Assistance Programs.

EXECUTIVE SUMMARY

Staff recommends that the City Council adopt a resolution authorizing staff to submit an application to the California Department of Housing and Community Development (CA-HCD) for an upcoming grant from the CalHome Program, which is currently estimated to be approximately \$1,500,000. If the application is successful, the awarded grant funds will be used to make first-time homebuyer mortgage assistance loans. The CA-HCD Notice of Funding Availability (NOFA) schedule anticipates that application packets will be released in November 2019 and due in January 2020. The CalHome NOFA release has been delayed with exact dates yet to be determined.

This resolution authorizes the City to:

- Apply to CA-HCD for a CalHome grant in an amount not-to-exceed program maximums, currently estimated to be approximately \$1.5 million
- To enter into a funding agreement with CA-HCD if the City is awarded program funds
- To accept and appropriate those funds to fulfill the program purpose of providing first-time homebuyer mortgage assistance if the City is awarded program funds

BACKGROUND / LEGISLATIVE HISTORY

CalHome was created by Senate Bill (SB) 1656, Chapter 84 of the Statutes of 2000, which took effect on July 5, 2000 to add Chapter 6, commencing with Section 50650, to the Health and Safety Code (HSC). The first CalHome NOFA was issued in November 2000, with the first funding awarded in April 2001.

Effective September 2019, CA-HCD authority to operate the CalHome program was revised under SB 3 (Chapter 365, Statutes 2017) authorizing the Veterans and Affordable Housing Bond Act of 2018. SB 3, adopted by voters on November 6, 2018 (Proposition 1), authorizes the issuance of \$300 million of State General Obligation Bonds for the CalHome program. The bill also provided that CA-HCD may adopt guidelines establishing program requirements that would only apply to funds awarded by Proposition 1.

CA-HCD's stated program purpose is that funds are deployed to "assist the existing local homeownership programs aimed at lower and very low-income households in order to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of existing homes."

The City Council has authorized staff to apply for the CalHome grant five times in the past. City applications received awards in 2003, 2006, and 2010 totaling \$2,575,000 for the "Oakland CalHome" program.

Since 1993, the City has developed and implemented a variety of programs to encourage and facilitate homeownership and has invested considerable funds to programs that increase and promote affordable homeownership opportunities. Increasing homeownership rates helps to stabilize neighborhoods and slow the effects of community gentrification by providing long-term housing affordability.

ANALYSIS & POLICY ALTERNATIVES

Through a competitive NOFA application process, the CalHome program offers a grant of up to \$1.5 million to local jurisdictions. Grant applicants have flexibility in shaping the program for which they propose to use the CalHome funds as long as basic program guidelines are met. One of these guidelines is that eligible borrowers must be lower income, having household incomes no higher than 80 percent of Area Median Income.

The Oakland CalHome Program has been successful in structuring the program to provide gap loans to households at or below eighty percent (80%) of Area Median Income (AMI), with interest rates of up to three percent (3%) simple interest and payments deferred for the 30-year term. No matching funds are required.

Proposals are evaluated on criteria, which include the following:

- Capability to operate the program demonstrated by prior experience.

- Community need, based on the percentage of low-income households overpaying for their housing, and the percentage of low-income homeowners as reflected in U.S. Census data.
- Feasibility of the proposed program demonstrated by the extent to which the proposed program is responding to a community need and demonstrates a likelihood of success.

Use of CalHome Funds

If the resolution is approved and the application for a CalHome loan is successful, the CalHome funds will be used to make low-interest, deferred-payment mortgage assistance loans to low-income, first-time homebuyers.

Staff recommends the following program options:

1. A simple interest rate of three percent (3%), consistent with the City's existing loan programs.
2. A 30-year loan, with annual payments deferred, and payable upon sale or transfer of the home, or when the property ceases to be owner-occupied, or at maturity.
3. The maximum amount of the CalHome Program assistance of \$60,000 per household (or greater if CalHome designates an increased loan amount for this upcoming NOFA, up to the amount provided by the City's existing Mortgage Assistance Program, which is currently \$75,000 but may be amended from time to time).
4. The assistance loans will be evidenced by a Promissory Note.
5. The loans will be secured by a deed of trust recorded on the property.
6. Funds will be made be available on a first-come, first-served basis.

If awarded \$1.5 Million, the City could fund at least 25 mortgage assistance loans of \$60,000.

Past and Current First-Time Homebuyer Activity

The \$2,575,000 in CalHome program funds previously provided to the Oakland CalHome program resulted in down payment assistance to seventy-two (72) low-income families (households earning up to 80 percent AMI) to purchase their first home in Oakland. Thirty-two percent (32%) of Oakland CalHome loans benefit Section 8 homebuyers, residents who are among the most vulnerable applicants.

The last CalHome grant award of \$1.5 million was received in 2010. This award was fully expended by 2013, after which the program was suspended for lack of funds. In the last six years, an additional nine CalHome loans were made using program Re-Use funds (sourced from loan repayments).

During the same six-year time period, the City operated three other down payment assistance programs:

- Mortgage Assistance Program (MAP) - funded 131 loans,
- Shared Appreciation Mortgage (SAM) - funded 17 loans,
- Building Equity and Growth in Neighborhoods Program (BEGIN) – funded 12 loans.

There is currently no funding under the SAM and BEGIN programs. The City's past CalHome grants are fully expended and inactive, and currently have a balance of \$51 of ReUse funds (from repaid CalHome loans).

Despite the discontinuity of funding, interest in the City's programs remains strong, as evidenced by daily program funding level inquiry calls and the continual full-capacity enrollments in first-time homebuyer workshops. In fiscal year (FY) 2019/20, 533 attendees participated in the educational opportunity, with 444 receiving class completion certificates. Interest in the City's First-time Homebuyer Programs has increased in the last few years, as rents have increased – homebuyer education class attendees state each month that they would prefer to buy their own home in order to stay in Oakland, and to pay their own mortgage instead of paying their landlord's mortgage. Many face being priced out of Oakland by rapidly rising rents and the lack of affordable rental housing.

The CalHome program funds will supplement the flagship City-funded Homeownership Program Mortgage Assistance Program (MAP), thereby increasing the number of buyers that can be assisted. Additionally, when MAP funds run out, CalHome funds often continue to provide critical down payment assistance to those most in need (those with incomes below 80 percent of AMI); this is critically important to providing opportunity to Section 8 buyers.

Staff are conducting an analysis of the past first-time homebuyer activity, the strengths and weaknesses of the programs, the impact of increasing home values on the programs, and how modifications to program design can enhance the program's impact. A report to the City Council will be presented in the first quarter of 2020.

FISCAL IMPACT

If awarded, the City would receive a grant in an amount reflecting the current program limits¹ from the CA-HCD CalHome program for the purpose of making mortgage assistance loans pursuant to the Oakland CalHome program guidelines. Funds will be deposited into the California Department of Housing and Community Development Fund (Fund 2144).

There is no match requirement, and existing staff will administer the program.

¹ Program grant limits are not available at the time of the writing of this report but are estimated to be approximately \$1,500,000.

PUBLIC OUTREACH

There was no public outreach conducted regarding this agenda report and legislation. However, City staff continue to receive regular calls from prospective homebuyers, lenders, housing counselors, and real estate professionals inquiring when program funds will be made available again.

COORDINATION

Staff produced this report in coordination with the City Attorney's Office and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

If the application for CalHome grant funds is authorized as recommended, and the funds are awarded by CA-HCD, the following sustainable opportunities will be realized:

Economic: Expanding homeownership opportunities for low-income families, seniors and Oakland's disabled community; in addition to expanding economic opportunity and increasing family wealth.

Environmental: Expanding homeownership opportunities close to employment centers provides a reduction of greenhouse gas generation by avoiding long auto commutes from less expensive, geographically distant communities. Less bay area commuting means healthier air for the community.

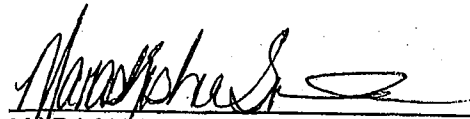
Race & Equity: The use of CalHome funds as proposed in this report promotes social equity by providing assistance to low-income families to become homeowners. Homeownership has a positive impact on the quality of life for families and residents and their neighborhoods through stabilized community bonds, pride of ownership, and increased wealth. The City's provision of down payment assistance helps to push against the imbalance in mortgage lending to disadvantaged communities. Federal data show that communities of color and low-income communities receive less mortgage financing than more privileged groups. Of the seventy-two (72) CalHome loans made, 75 percent assisted primary borrowers who identify as non-white. Mortgage assistance expands opportunities for low-income buyers to secure housing in resource-rich neighborhoods.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Administrator or his or her designee to apply for, accept, and appropriate grant funds from the California Department of Housing and Community Development in an amount not To exceed the maximum program limits under the CalHome Program For First-Time Homebuyer Mortgage Assistance Programs.

For questions regarding this report, please contact Christia Katz Mulvey, Housing Development Manager at 510-238-3623, or Nicki Duesberg, Homeownership Programs at 510-238-6158.

Respectfully submitted,


MARASKESHIA SMITH
Assistant City Administrator

Reviewed by:
Maryann Leshin, Deputy Director, HCD

Christia Katz Mulvey
Housing Development Svcs Manager, HCD

Prepared by: Nicki Duesberg
Homeownership Coordinator
Housing Development Services

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 NOV 21 PM 1:48

Approved as to Form and Legality


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR HIS OR HER DESIGNEE TO APPLY FOR, ACCEPT AND APPROPRIATE GRANT FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IN AN AMOUNT NOT TO EXCEED THE MAXIMUM PROGRAM LIMIT UNDER THE CALHOME PROGRAM FOR FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE PROGRAMS

WHEREAS, the California Department of Housing and Community Development ("CA-HCD") has announced an upcoming 2019-2020 funding availability ("NOFA") for the CalHome program currently operating under Health and Safety Code, Section 54000 et seq. and Military and Veterans Code Section 998.600 (collectively, the "Statutes"); and

WHEREAS, CA-HCD is authorized to approve funding allocations to the CalHome program, subject to the terms and conditions of the Statutes and the CalHome Program Regulations adopted by CA-HCD; and

WHEREAS, the City of Oakland currently operates the Oakland CalHome Program to provide mortgage assistance to very low and lower-income (a maximum of 80% of the Area Median Income (AMI)) first-time homebuyers; and

WHEREAS, the City of Oakland wishes to submit an application to obtain an allocation of 2019-2020 CalHome grant funds from CA-HCD in an amount not to exceed the maximum program limits for mortgage assistance for first-time homebuyers, which is currently estimated to be \$1.5 Million Dollars; and

WHEREAS, no matching funds are required for the CalHome program; and

WHEREAS, there is a substantial need for additional funds to assist in providing mortgage assistance lower-income, first-time homebuyers in Oakland including Section 8 Homeownership Program buyers; and

WHEREAS, if awarded, grant funds from the CA-HCD CalHome program will be used to fund the Oakland CalHome Program to allow the City to continue providing mortgage assistance loans to first-time homebuyers; now, therefore, be it

RESOLVED: That the City Administrator, or his or her designee, including the Housing Development Manager, is authorized to submit an application to the CA-HCD CalHome program for grant funds for an amount not to exceed the maximum program limits, currently estimated to be \$1.5 Million Dollars, to be used to fund loans to assist very low to lower-income first-time homebuyers; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is authorized to accept the CA-HCD CalHome program grant funds, if awarded, deposit said funds in the California Department of Housing and Community Development Fund (Fund 2144), Project to be determined, and appropriate said funds to first-time homebuyer activities to be used specifically to assist very low to lower-income first-time homebuyers; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is authorized to negotiate and execute the standard agreements and any amendments thereto between the City and the CA-HCD for this program; and be it

FURTHER RESOLVED: That said agreements shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and copies will be placed on file with the City Clerk; and be it

FURTHER RESOLVED: That if the application for funding is approved, the City hereby agrees to use the CalHome funds for eligible activities in the manner presented in the application, as approved by CA-HCD and in accordance with the regulations of the program, to assist additional homebuyers in accordance with the City's program; and be it

FURTHER RESOLVED: That the City Council hereby appoints the City Administrator or his or her designee as agent of the City to conduct negotiations, execute documents required by CA-HCD, and take any other action, including negotiating the amount, terms, and conditions of the Oakland CalHome Program loans to first-time homebuyers, funded with the CA-HCD CalHome program funds consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 DEC -5 PM 4:38

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Maraskeshia Smith
Assistant City Administrator

SUBJECT: SUPPLEMENTAL – Applying for
CalHome Grant Funds

DATE: December 4, 2019

City Administrator Approval

Date:

12/5/19

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or His Or Her Designee To Apply For, Accept And Appropriate Grant Funds From The California Department Of Housing And Community Development In An Amount Not To Exceed The Maximum Program Limit Under The CalHome Program For First-Time Homebuyer Mortgage Assistance Programs.

REASON FOR SUPPLEMENTAL

At the Community and Economic Development Committee meeting on December 3, 2019, the Committee requested a detailed breakdown of the demographics of CalHome loan subsidies provided.

Table 1 below shows the loan recipients' responses (from inception of the program through the present) regarding their race/ethnicity.

Table 1

	RACE	ETHNICITY	
		Hispanic	Not-Hispanic
Decline to Answer	0	0	0
Native American	1	0	1
Other	2	0	2
Asian/Pac Islander	9	0	9
White	29	7	22
African American	32	0	32
TOTAL	73	7	66

Source of data in Table 1 is responses of all Oakland CalHome homebuyers through 12/4/19

Item: _____
City Council
December 10, 2019

The Greenlining Institute and the National Community Reinvestment Coalition (NCRC) assessed home purchase lending in Oakland and in their 2017 report on lending inequities, they found that communities of color do not access home purchase loans at rates comparable to non-Hispanic Whites, citing African Americans as extremely underrepresented.

As compared to the general population's data, CalHome applicant responses show that purchases assisted with a CalHome subsidy had a significant increase in mortgage lending to African American households (see **Table 2** below). CalHome loans increase equity in Oakland.

Table 2

	Oakland Population's Demographics (%)	Home Purchases General Population (%)	Home Purchases CalHome Assisted (%)
White (non Hispanic)	25.9	44.1	30.1
Latino	25.4	10.3	9.6
Asian	16.8	15.4	12.3
African American	28.0	7.2	43.8
Native American	0.8	0.5	1.4

Source of data in columns 1 and 2 is Table 19 and Table 20 from Greenlining's 2017 Report "State of Gentrification": <http://greenlining.org/wp-content/uploads/2017/12/State-of-Gentrification-Home-Lending-to-Communities-of-Color-in-California.pdf>

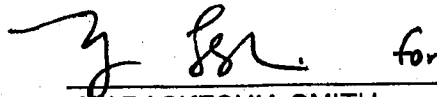
Source of data in column 3 is responses of all Oakland CalHome homebuyers through 12/4/19

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or His Or Her Designee To Apply For, Accept And Appropriate Grant Funds From The California Department Of Housing And Community Development In An Amount Not To Exceed The Maximum Program Limit Under The CalHome Program For First-Time Homebuyer Mortgage Assistance Programs.

For questions regarding this report, please contact Christia Katz Mulvey, Housing Development Services Manager at 510-238-3623 or Nicki Duesberg, Homeownership Program Coordinator at 510-238-6158.

Respectfully submitted,



MARASKESHIA SMITH
Assistant City Administrator

Prepared by:
Christia Katz Mulvey, Housing Development
Services Manager

Nicki Duesberg, Homeownership Program
Coordinator
Housing and Community Development



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2020 JAN 17 AM 9:16

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Maraskeshia Smith
Assistant City Administrator

SUBJECT: CalHome Grant Application

DATE: January 6, 2020

City Administrator Approval

Date:

1/14/2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City To Apply For, Accept, And Appropriate Grant Funds From The California Department Of Housing And Community Development In An Amount Not-To-Exceed \$3 Million Under The CalHome Program For Accessory Dwelling Unit and Junior Accessory Dwelling Unit Programs.

EXECUTIVE SUMMARY

Staff recommends that the City Council adopt a resolution authorizing staff to submit an application to the California Department of Housing and Community Development (CA-HCD) for a grant from the CalHome Program, in an amount not-to-exceed \$3 million. If the application is successful, the awarded grant funds will be used for owner-occupied rehabilitation assistance, targeting the reconstruction and rehabilitation, new construction, repair, and the rehabilitation of Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs). The CA-HCD Notice of Funding Availability (NOFA) application packets will be due on February 17, 2020 by 5:00 P.M.

This resolution authorizes the City to:

- Apply to CA-HCD for a CalHome grant in an amount not-to-exceed \$3 million.
- Enter into a funding agreement with CA-HCD when the City is awarded program funds.
- Accept and appropriate the funds in order to fulfill the program purpose of providing financial assistance for the housing rehabilitation of 1-4 unit residential structures targeting the new construction, repair, and rehabilitation of Accessory Dwelling Units when the City is awarded program funds.

BACKGROUND / LEGISLATIVE HISTORY

CalHome

CalHome was created by Senate Bill (SB) 1656, Chapter 84 of the Statutes of 2000, which took effect on July 5, 2000, to add Chapter 6, commencing with Section 50650, to the Health and Safety Code. The first CalHome NOFA was issued in November 2000, and the first funding awarded in April 2001.

Effective September 2019, CA-HCD's authority to operate the CalHome program was revised under SB 3 (Chapter 365, Statutes 2017) authorizing the Veterans and Affordable Housing Bond Act of 2018. SB 3, adopted by voters on November 6, 2018 (Proposition 1), authorized the issuance of \$300 million of State General Obligation Bonds for the CalHome program. The bill also provided that CA-HCD may adopt guidelines establishing program requirements that would only apply to funds awarded by Proposition 1.

CA-HCD's stated program purpose is that funds are deployed to "assist the existing local homeownership programs aimed at low- and very low-income households in order to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of existing homes."

To date, the City Council has authorized staff to apply for the CalHome grant five times. City applications received awards in 2003, 2007 (Resolution No. 80513 C.M.S.), and 2010 (Resolution No. 82822 C.M.S.), totaling \$2,575,000 for the "Oakland CalHome" program that provides assistance to first time homebuyers.

Residential Lending Services (RLS)

On November 11, 1975, the Oakland City Council passed Ordinance No. 9233 C.M.S. adopting the initial version of the Home Maintenance and Improvement Program. Since then, the City's Residential Lending Services division (RLS) has developed and implemented a variety of programs to assist homeowners with the rehabilitation of 1-4 unit properties and has invested considerable funds into programs that increase and promote sustaining housing rehabilitation opportunities for low-income homeowners. The rehabilitation of owner-occupied properties helps to stabilize neighborhoods and slow the effects of community gentrification by providing long-term housing affordability.

ANALYSIS & POLICY ALTERNATIVES

Through a competitive NOFA application process, the CalHome program offers a grant to local jurisdictions to advance programs that enable low- and very low-income households to become or remain homeowners. Grant applicants have flexibility in shaping the program for which they propose to use the CalHome funds as long as basic program guidelines are met. One of these guidelines is that eligible borrowers must be low income, with household incomes no higher than 80 percent of Area Median Income (AMI). In addition, the 2019 NOFA included as an eligible use ADU/JADU Programs.

Use of CalHome Funds

After approval, the CalHome funds will be used to provide low interest, deferred-payment loans to low-income homeowners for the rehabilitation and new construction of Accessory Dwelling Units.

Staff recommends the following program components:

- A simple interest rate of up to 3 percent, consistent with the City's existing owner-occupied rehabilitation loan programs.
- Deferred, and payable in full, upon sale or transfer of the home or when the property ceases to be owner-occupied.
- The maximum amount of the CalHome Program assistance will be \$100,000 (or greater, if CalHome designates an increased loan amount) per unit.
- The assistance loans will be evidenced by a Promissory Note.
- The loans will be secured by a Deed of Trust recorded on the property.
- Funds will be made available on a first-come, first-served basis.

When awarded the \$3 million grant, the City will fund approximately thirty (30) construction loans.

FISCAL IMPACT

If awarded, the City would receive a grant in the requested amount of \$3 million, from the CA-HCD CalHome program for the purpose of awarding housing rehabilitation loans, pursuant to the Department of Housing and Community Development CalHome program guidelines. Funds will be deposited into the California Department of Housing and Community Development Fund (Fund 2144).

There is no match requirement, and existing staff will administer the program.

PUBLIC OUTREACH

There was no public outreach conducted regarding this agenda report and legislation beyond the standard City Council agenda noticing procedures. City staff continues to receive regular calls from homeowners requesting rehabilitation assistance.

COORDINATION

Staff produced this report in coordination with the City Attorney's Office and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

If the application for CalHome grant funds is authorized as recommended, and the funds are awarded by CA-HCD, the following sustainable opportunities will be realized:

Economic: Expanding housing rehabilitation opportunities for low-income families, seniors, Oakland's disabled community and the unsheltered, in addition to expanding economic opportunity and increasing family stability.

Environmental: Expanding homeownership opportunities close to employment centers provides a reduction of greenhouse gas generation by avoiding long auto commutes from less expensive, geographically distant communities. Less Bay Area commuting means healthier air for the community.

Race & Equity: The use of CalHome funds as proposed in this report promotes social equity by providing assistance to low-income families to rehabilitate their homes. Livable homes have a positive impact on the quality of life for families, residents, and their neighborhoods through stabilized community bonds, pride of ownership, and increased wealth.

The City's provision of financial assistance helps to mitigate the imbalance in home improvement lending to disadvantaged communities. Federal data indicates that communities of color and low-income communities receive less home improvement financing than those in affluent communities. Housing rehabilitation assistance expands opportunities for low-income borrowers to secure housing in resource-rich neighborhoods.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt the resolution authorizing the City Administrator or her designee to apply for, accept, and appropriate grant funds from the California Department of Housing and Community Development in an amount not to exceed \$3 million under the CalHome Program for an Accessory Dwelling Unit (ADU) and Junior Accessory Dwelling Unit (JADU) Programs.

For questions regarding this report, please contact Loyd Ware, Residential Lending Services Manager at 510-238-6197.

Respectfully submitted,



MARAKESHIA SMITH
Assistant City Administrator

Reviewed by:
Maryann Leshin, Deputy Director
Housing and Community Development

Prepared by:
Loyd Ware, Residential Lending Services Manager
Housing and Community Development

FILED
OFFICE OF THE CITY CLERK
OAKLAND

DRAFT
City Attorney's Office

2020 JAN 17 AM 9:16

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY TO APPLY FOR, ACCEPT AND APPROPRIATE GRANT FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IN AN AMOUNT NOT TO EXCEED \$3 MILLION UNDER THE CALHOME PROGRAM FOR ACCESSORY DWELLING UNIT AND JUNIOR ACCESSORY DWELLING UNIT PROGRAMS

WHEREAS, the California Department of Housing and Community Development ("CA-HCD") has announced an upcoming 2019-2020 funding availability ("NOFA") for the CalHome program currently operating under Health and Safety Code, Section 54000 et seq. and Military and Veterans Code Section 998.600 (collectively, the "Statutes"); and

WHEREAS, CA-HCD is authorized to approve funding allocations to the CalHome program, subject to the terms and conditions of the Statutes and the CalHome Program Regulations adopted by CA-HCD; and

WHEREAS, the City of Oakland currently operates the Home Maintenance and Improvement Program to provide loans and technical assistance to very low and lower-income homeowners (e.g. those with household incomes of not more than 80% of the Area Median Income (AMI)); and

WHEREAS, the City of Oakland desires to submit an application to obtain an allocation of 2019-2020 CalHome grant funds from CA-HCD in an amount not to exceed the \$3 Million for home owners for the rehabilitation and/or new construction of Accessory Dwelling Units ("ADU") and Junior Accessory Dwelling Units ("JADU"); and

WHEREAS, no matching funds are required for the CalHome program; and

WHEREAS, there is a substantial need for additional funds to assist in providing financial assistance to lower-income homeowners in Oakland; and

WHEREAS, if awarded, grant funds from the CA-HCD CalHome program will be used to fund the Home Maintenance and Improvement Program to allow the City to provide loans to homeowners; now, therefore, be it

FURTHER RESOLVED: That the City Council hereby appoints the City Administrator or his or her designee as agent of the City to conduct negotiations, execute documents required by CA-HCD, and take any other action, including negotiating the amount, terms, and conditions of the Oakland CalHome Program loans to homeowners, funded with the CA-HCD CalHome program funds consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

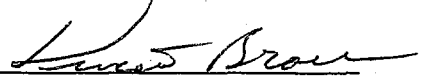
ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California

2020 FEB 20 PM 2: 35

Approved as to Form and Legality


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR HIS OR HER DESIGNEE TO APPLY FOR, ACCEPT AND APPROPRIATE GRANT FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IN AN AMOUNT NOT TO EXCEED \$2 MILLION DOLLARS UNDER THE CALHOME PROGRAM FOR FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE PROGRAMS

WHEREAS, the California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") on November 27, 2019, as amended on December 23, 2019, and further amended on February 5, 2020, for the CalHome Program established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the "Statute"). Pursuant to the Statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the Statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, on December 10, 2019, the Oakland City Council adopted Resolution 87961 C.M.S., which contained an ineligible name for the above referenced notice of funding availability; and

WHEREAS, the City of Oakland currently operates the Oakland CalHome Program to provide mortgage assistance to very low and lower-income first-time homebuyers (e.g. those with household incomes of not more than 80% of the Area Median Income (AMI)); and

WHEREAS, the NOFA published by HCD permits local jurisdictions to apply for the maximum award of \$5 Million Dollars and permits jurisdictions to allocate awarded funds for eligible activities in the manner presented in the application, as approved by HCD and in accordance with the regulations of the program; and

WHEREAS, the City of Oakland desires to submit an application to obtain an allocation of CalHome grant funds for mortgage assistance from HCD in an amount not to exceed \$2 Million Dollars and desires to submit a separate resolution for an additional \$3 Million for Accessory Dwelling Unit and Junior Accessory Dwelling Unit program assistance;

WHEREAS, no matching funds are required for the CalHome program; and

WHEREAS, there is a substantial need for additional funds to assist in providing mortgage assistance to lower-income, first-time homebuyers in Oakland including Section 8 Homeownership Program buyers; and

WHEREAS, if awarded, grant funds from the HCD CalHome program will be used to fund the Oakland CalHome Program to allow the City to continue providing mortgage assistance loans to first-time homebuyers; now, therefore, be it

RESOVLED: That this resolution replaces Resolution 87961 C.M.S.; and be it

FURTHER RESOLVED: That the City Administrator, or his or her designee in the event that sufficient evidence of designation is provided to HCD, is authorized to submit an application to the HCD CalHome program for grant funds for an amount not to exceed \$2 Million Dollars, to be used to fund loans to assist very low to lower-income first-time homebuyers; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is authorized to accept the HCD CalHome program grant funds, and if awarded, deposit said funds in the California Department of Housing and Community Development Fund (Fund 2144), Project to be determined, and appropriate said funds to first-time homebuyer activities to be used specifically to assist very low to lower-income first-time homebuyers; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is authorized to negotiate and execute the standard agreements and any amendments thereto between the City and HCD for this program; and be it

FURTHER RESOLVED: That said agreements shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and copies will be placed on file with the City Clerk; and be it

FURTHER RESOLVED: That if the application for funding is approved, the City hereby agrees to use the CalHome funds for eligible activities in the manner presented in the application, as approved by HCD and in accordance with the regulations of the program, to assist additional homebuyers in accordance with the City's program; and be it

[REMAINDER INTENTIONALLY BLANK]

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FURTHER RESOLVED: That the City Council hereby appoints the City Administrator or his or her designee as agent of the City to conduct negotiations, execute documents required by HCD, and take any other action, including negotiating the amount, terms, and conditions of the Oakland CalHome Program loans to first-time homebuyers, funded with the HCD CalHome program funds consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California