



Office of the City Manager

CONSENT CALENDAR
February 11, 2020

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Kelly Wallace, Interim Director, Health, Housing & Community Services
 Subject: Funding Application: State of California Department of Housing and
 Community Development for CalHome Funds

RECOMMENDATION

Adopt a Resolution authorizing the City Manager, or her designee, to submit an application to the State of California Department of Housing and Community Development (HCD) for a minimum of \$1,000,000 and up to \$5,000,000 in funding under the CalHome Owner-Occupied Rehabilitation Program, and if awarded, execute the Standard Agreement, and any subsequent amendments or modifications thereto.

FISCAL IMPACTS OF RECOMMENDATION

If the City's application is successful, CalHOME funds would be used to augment the budget for the City's Senior and Disabled Home Rehabilitation Loan Program (SDRLP). The CalHome Program does not require the City to provide matching funds to participate in the program, however the City currently allocates Community Development Block Grant (CDBG) funds for staffing to deliver the program and for rehabilitation costs.

CURRENT SITUATION AND ITS EFFECTS

The California Department of Housing and Community Development has issued a Notice of Funding Availability (NOFA) under the CalHome Program with funds from the Affordable Housing Bond Act Trust Fund of 2018, making \$57 million available to local communities.

City Council must adopt a resolution authorizing the City Manager to submit an application for funding. The maximum funding request for owner-occupied home rehabilitation is \$5,000,000. The maximum individual loan amount is set by HCD and under this grant would be \$75,000. HCD allows the City to charge from zero to three percent simple interest under the program. The City of Berkeley has used CalHome funds to partially fund the Senior and Disabled Rehabilitation Loan Program (SDRLP) since 2001. Under SDRLP, City staff make zero interest deferred loans which are repaid when title to the property changes hands, either as a result of a sale of the property or the death of the homeowner, or in 30 years, whichever comes first.

BACKGROUND

Since 2001, the City has received four CalHome grants providing a total of \$2,350,000 in loans for Berkeley homeowners which enabled recipients of program assistance to remain in their homes as they age. The City does not currently have an active CalHome grant with HCD, but the program is using loan repayments to fund new loans. These “reuse” funds currently amount to approximately \$400,000, which could support approximately 8 projects. If the HHCS Department is successful in receiving new CalHOME funding, the department will continue to use the new and reuse CalHome funds to assist low-income seniors and disabled homeowners to rehabilitate their homes with zero interest loans. The City also allocates CDBG funds to deliver the program and provide funds for rehabilitation loans.

The City’s Senior and Disabled Home Rehabilitation Loan Program is aligned with a Strategic Plan Priority Project, advancing our goal to maintain affordable housing and housing support service for our most vulnerable low-income senior and disabled community members.

ENVIRONMENTAL SUSTAINABILITY

The SDRLP assists low-income homeowners with health and safety repairs so that they can remain in their homes as they age. Many of the home repairs increase energy and water efficiency through the replacement of older, less efficient or broken HVAC systems, single paned windows, leaky plumbing and roofs, and the installation of attic and wall insulation and vapor barriers. Structural improvements, such as foundation work, are also common. Each project is also assessed for a sewer lateral replacement. All new fixtures are Energy Star qualified and work performed adheres to the most recent Energy Code as enforced by the City’s Department of Planning and Development.

RATIONALE FOR RECOMMENDATION

The City’s existing housing rehabilitation program meets the guidelines for consideration under CalHome Program since it offers loans to low-income seniors and disabled homeowners. The City of Berkeley does not have an open CalHome grant, and us currently only using CalHome reuse funds, which are limited and dependent on loan repayments. If the application is successful, the City will be able to continue to administer the program and provide the necessary loan assistance to a minimum of 10 to 15 low-income Berkeley homeowners over the 36 month period.

ALTERNATIVE ACTIONS CONSIDERED

If the City does not pursue this funding opportunity, the Senior and Disabled Home Rehabilitation Loan Program will be limited to the CalHome reuse fund account which fluctuates as loans are repaid and new loans executed. Obtaining a new CalHome grant would guarantee new funds for 36 months to assist low-income homeowners to make the repairs necessary to remain in their homes. If the City is unsuccessful in this application, the City would need to consider freezing the program until CalHome reuse

Funding Application: State of California Department of Housing and Community Development for CalHome Funds

CONSENT CALENDAR
February 11, 2020

funds are again available and/or possibly seek private funding sources, likely at higher interest rates, in order to continue this vital program.

CONTACT PERSON

Rhianna Babka, Community Service Specialist III, HHCS, (510) 981-5410

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

FUNDING APPLICATION: STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR CALHOME FUNDS FOR USE IN THE SENIOR AND DISABLED HOME REHABILITATION LOAN PROGRAM

WHEREAS, the City Council continues to support housing rehabilitation loans for senior and disabled homeowners in the City and desires to increase funding to this program when funding is available; and

WHEREAS, the City of Berkeley, a subdivision of the State of California, wishes to apply for and receive an allocation of funds through the CalHome Program; and

WHEREAS, the California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") on December 23, 2019 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, the City of Berkeley wishes to submit an application to obtain from HCD an allocation of CalHome funds for a minimum amount of \$1,000,000 and a maximum amount of \$5,000,000 for housing rehabilitation activities for low-income senior and disabled homeowners throughout the City.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager, or her designee, is hereby authorized to submit an application to the CalHome Program; the execution of a standard agreement if selected for such funding and any amendments thereto; and any related documents necessary to participate in the CalHome program in response to the NOFA issued on December 23, 2019.

BE IT FURTHER RESOVLED that the City of Berkeley shall submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on December 23, 2019 which will request a funding allocation for the following activities:

A minimum of one million dollars (\$1,000,000) and up to five million dollars (\$5,000,000) will be used to provide home rehabilitation loans to low-income Senior and Disabled homeowners in Berkeley so that they may remain in their homes as they age.

BE IT FURTHER RESOLVED that if the application for funding is approved, the City of Berkeley hereby agrees to use the CalHome funds for eligible activities in the manner

February 11, 2020

presented in the application as approved by HCD and in accordance with program regulations cited above. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timeliness represented in the application are enforceable through the Standard Agreement. The City of Berkeley, acknowledges and agrees that it may be required to execute any and all other instruments necessary or required by HCD for participation in the CalHome Program.

BE IT FURTHER RESOLVED that the City Manager, or her designee in the event that sufficient evidence of designation is provided to the Department, is authorized to execute in the name of the City of Berkeley, the application, the Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

BE IT FURTHER RESOLVED that the City Manager, or her designee, is authorized to approve loan applications under the existing Senior and Disabled Home Rehabilitation Loan Program, to execute any agreements or contracts and to take related actions necessary to facilitate the program in keeping with the intent of this resolution. A record signature copy of the executed CalHome Standard Agreement shall be on file in the Office of the City Clerk.

