



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 3, 2007

ITEM NUMBER:

SUBJECT: Application for CalHome Money

DATE: March 23, 2007

FROM: Muriel Ullman, Neighborhood Improvement Manager

PRESENTATION BY: Alma Penalosa

FOR FURTHER INFORMATION CONTACT: Muriel Ullman, (714) 754-5167

RECOMMENDATION:

Approve Resolution authorizing City Manager to submit an application to the California State Department of Housing and Community Development for funding under 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.

BACKGROUND:

The City of Costa Mesa ("City") has been operating a neighborhood improvement loan and grant program since the mid-eighties. It was traditionally funded by Housing and Urban Development (HUD) Community Development Block Grant Funds and provided funds for low income home owners to repair their homes for a very low cost. In 1995, the program was expanded to provide financial assistance in the form of grants to qualified property owners (who are also the occupants of the Property) to finance rehabilitation improvements to eligible owner-occupied single family properties and mobile homes located in the City. In 1997 the City Council decided to finance the program through funds made available pursuant to the federal HOME Investment Partnerships Act. Additional funds were made available through a small Redevelopment Funded program for households which did not meet the stringent federal requirements of the HOME program.

The primary objectives of the neighborhood improvement programs are to correct nonconforming uses, remedy code violations, and generally repair and improve deteriorating properties in an effort to provide decent housing and a suitable living environment for persons and families of low-income. The City is also required to comply with Title X, the federal Lead Based Paint Regulations as required by HUD which involves the removal or stabilization of properties with deteriorated lead base paint.

The Program is implemented by the City's Housing Rehabilitation staff. Subject to policies and procedures set forth in this Program (Attachment A). The City contracts with an institutional lender to administer and service the loans and/or grants. Program assistance is expressly contingent upon the availability of HOME Program funds and financial feasibility of lead-base paint (LBP) related issues affecting the subject property. The average grants range from \$5000-\$7000 or more in cases where lead is present on the property. The average loan amount is capped at \$50,000.

The City has given out over 15 loans in the last three years. The average loan amount is \$50,000 and there is a 1 year waiting list. Primary recipients are seniors and small families earning less than 80% of the Orange County Median.

ANALYSIS:

The State Housing and Community Development Department has issued a Notice of Funding Availability for CALHOME owner occupied rehabilitation assistance. This money is being provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to provide funding to local public agencies or non-profit corporation for either first time home buyer assistance or owner occupied rehab loans. Because the state mandated caps on the first time home buyer loans make the program financially infeasible for high-cost areas such as Costa Mesa, the City decided not to apply for funding under this grant section.

The Prop 1C funds can be used in three (3) census tracts in Costa Mesa which have the highest percentage of low income population living at or below the poverty levels and households living in substandard housing. (Attachment B). All homeowners must be owner-occupants of units that need rehabilitation. Rehabilitation services offered will mirror the attached Policies and Procedures used with both the HOME and Redevelopment Agency programs.

Based on the number of loans made in these census tracts over the last ten (10) years, staff will be applying for approximately \$120,000 in owner occupied rehabilitation assistance. Staff will actively market the program to ensure that these funds are spread throughout community.

ALTERNATIVES CONSIDERED:

The City can choose not to apply for the CalHome Owner Rehabilitation Loan and continue operating its HOME and Redevelopment Agency rehabilitation programs.

CONCLUSION

Approve Resolution (Attachment C) authorizing City Manager to submit an application to the California State Department of Housing and Community Development for funding under 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.

Allan L. Roeder
City Manager

Thomas Hatch
Assistant City Manager

Muriel Ullman
Neighborhood Improvement Manager

Attachments: A – [Policies and Procedures](#)
B – [Census map](#)
C – [Resolution](#)