

AGENDA ITEM NO. 1 B

COUNCIL MEETING: 3-17-2011

APPROVED BY

DEPARTMENT DIRECTOR 

CITY MANAGER 

March 17, 2011

FROM: CRAIG SCHARTON, Director 
Downtown and Community Revitalization Department

THROUGH: CLAUDIA CÁZARES, Manager 
Housing and Community Development Division

BY: ERICA CASTANEDA, Provisional Project Manager 
Housing and Community Development Division

SUBJECT: RATIFY AND APPROVE AMENDMENT NO. II TO THE 2006 CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (PROPOSITION 1C) CALHOME PROGRAM AGREEMENT TO INCLUDE FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE ACTIVITIES, EXTEND THE TERM OF THE AGREEMENT, AND APPOINT AND AUTHORIZE THE DOWNTOWN AND COMMUNITY REVITALIZATION DEPARTMENT DIRECTOR TO SIGN PROGRAM DOCUMENTS

RECOMMENDATIONS

Staff recommends to City Council:

- 1) Ratify and approve Amendment No. II to the 2006 California Department of Housing and Community Development CalHome Program Agreement to include first-time homebuyer mortgage assistance activities, extend the term of the agreement to January 28, 2012 (Exhibit A); and
- 2) Appoint and authorize the Downtown and Community Revitalization Department Director to sign all necessary documents for participation in the CalHome Program, subject to prior approvals as to form by the City Attorney's Office.

EXECUTIVE SUMMARY

The Downtown and Community Revitalization Department, Housing and Community Development Division staff requested from the California Department of Housing and Community Development an Amendment No. II to the 2006 CalHome Program Agreement. The original CalHome Agreement provided funds only for owner-occupied rehabilitation activities, therefore Amendment No. II will provide for the inclusion of a first-time mortgage assistance program as an eligible Program activity and extend the term of the agreement to January 28, 2012. The expansion of eligible activities will enable staff to fully expend the balance of its 2006 CalHome funds by the January 28, 2012 expenditure deadline. Staff is also recommending approval to appoint and

authorize the Downtown and Community Revitalization Department Director to sign all necessary documents for participation in the CalHome Program.

BACKGROUND

On February 13, 2007 the California Department of Housing and Community Development released its first CalHome Program Notice of Funding Availability (NOFA) under Proposition 1C (Housing and Emergency Shelter Trust Fund Act of 2006). The State's 2006 CalHome Program was designed to provide grant funds to local public agencies and non-profit corporations that engage in housing programs aimed at assisting low- to very low-income persons or households with Program funds provided to a participating homeowner in the form of a deferred-payment loan. The 2006 CalHome Program was a competitive, no match grant with funds available on a first come first served basis.

The NOFA provided the City an opportunity to apply for up to \$1 million in CalHome Program Funds for use on the City's Home Improvement Program. The City submitted its application in April of 2007 and was notified of the \$1 million award on June 29, 2007.

The City's Home Improvement Program is layered with both CalHome Program and HOME Program funds to leverage both program dollars to the fullest extent possible. That layering method has enabled the City to complete a total of 52 rehabilitation activities with an additional three homes currently undergoing rehabilitation. The current maximum amount of funding is \$40,000 per home and includes a combination of grant and loan funds for home repairs.

From June of 2009 to January of 2010, the City's Home Improvement Program began experiencing delays for various reasons including a decrease in property values, and was temporarily closed for six months due to the State not issuing bonds to cover its bond obligation debt and thus not disbursing Program funds to awardees. For these reasons, staff was not able to fully expend the \$1 million in CalHome Program funds within the required time period. The City therefore requested and was granted an extension for the expenditure of funds to June 28, 2011 (Amendment No. I).

During 2009 and 2010, the housing market downturn continued to adversely impact the City's Home Improvement Program. Applicants were reluctant to incur additional liens on their property, increased loan-to-value ratios disqualified many applicants, and others had unresolved credit issues. City staff therefore requested a second Amendment to the 2006 CalHome Program Agreement to include first-time homebuyer mortgage assistance to help meet the expenditure deadline. The California Department of Housing and Community Development has agreed to a second amendment adding mortgage assistance and providing additional time to complete the grant, pending local approval of the change.

Staff currently has an estimated \$587,320 in 2006 CalHome Program funds, of which approximately \$169,918 will be used on Home Improvement Program projects that were recently completed. An estimated \$411,543 is proposed for use on first-time homebuyer activities. The estimated \$5,859 balance is proposed for use as a partial loan on a Home Improvement Program project.

Upon closeout of the 2006 CalHome Program, the City will have assisted an estimated 56 households with home improvement needs for their homes and 12 first-time homebuyers purchase their first homes.

The rehabilitation of owner-occupied housing and home buyer assistance are a priority of the City's 2008-2013 Housing Element of the 2025 General Plan and the 2010-2014 Consolidated Plan to HUD.

REPORT TO THE CITY COUNCIL
RE: AMENDMENT NO. II TO THE 2006 CALHOME PROGRAM AGREEMENT

March 17, 2011

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HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

The Housing and Community Development Commission considered and recommended this item for approval on March 9, 2011.

FISCAL IMPACT

There is no fiscal impact to the Downtown and Community Revitalization FY11 Budget. CalHome funds are advanced to the City for future use. Funds to be expended will depend on amounts advanced to the City by the State of California.

Attachments:

Exhibit A - Amendment No. II

CS:GS:CC – 3-17-11

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EXHIBIT A
AMENDMENT NO. II
2006 CALHOME PROGRAM AGREEMENT

STATE OF CALIFORNIA
STANDARD AGREEMENT
 STD 213A (Rev 06/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 2 Pages

AGREEMENT NUMBER	AMENDMENT NUMBER
06-CALHOME-0185	2
REGISTRATION NUMBER	

- This Agreement is entered into between the State Agency and the Contractor named below:
 STATE AGENCY'S NAME
 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
 CONTRACTOR'S NAME
 City of Fresno
- The term of this Agreement is: 11/14/2007 through 01/28/2012
- The maximum amount of this Agreement after this amendment is: \$1,000,000.00 - (Am. 2 increased the contract amount by \$0.00)
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:
 The term of this Agreement is hereby extended as identified in Item 2 above.

Exhibit A ("Authority, Purpose and Scope of Work") is hereby replaced in its entirety with a new Exhibit A. The new Exhibit A (rev 2/11) adds Mortgage Assistance as an allowable activity and changes the term of the contract to reflect Item 2 above.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Service Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) City of Fresno		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS 2600 Fresno Street, Room 3070, Fresno, CA 93721		
STATE OF CALIFORNIA		
AGENCY NAME Department of Housing and Community Development		<input checked="" type="checkbox"/> Exempt per: SCM 4.04.3 (DGS Memo dated 6/12/81)
BY (Authorized Signature)	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Stacy Q. Hernandez, Contracts Manager, Business & Contract Services Branch		
ADDRESS 1800 Third Street, Room 350, Sacramento, CA 95811		
CITY ATTORNEY SERVICE		


 2-23-11
 Stacy Q. Hernandez

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

(Owner-Occupied Rehabilitation and Mortgage Assistance)

Section 1 - Authority & Purpose

This Standard Agreement (hereinafter "Agreement") will provide official notification of a conditional funding commitment under the CalHome Program (the "Program") administered by the State Department of Housing and Community Development (variously, the "Department," or the "State") as authorized by and pursuant to Chapter 6 of Part 2 of Division 31 of the Health and Safety Code, commencing with Section 50650 (the "CalHome statutes") and regulations found in Title 25 of the California Code of Regulation, Division 1, Chapter 7, Subchapter 9 commencing with Section 7715 (the "CalHome Regulations"), all as amended and in effect from time to time. In accepting this conditional funding commitment, the Contractor agrees to comply with: (a) the CalHome statutes; (b) the CalHome Regulations; (c) the terms and conditions of the CalHome Program General Notice of Funding Availability dated February 13, 2007 (the "NOFA"), which NOFA is incorporated herein by this reference; (d) the representations contained in the Contractor's application made in response to the NOFA (the "Application"); and (e) the terms and conditions of this Agreement.

All funds provided through this Agreement are general obligation bond funds pursuant to the Housing and Emergency Shelter Trust Fund Act of 2006. As such, pursuant to Government Code section 16727, Contractor shall ensure that expenditures of the proceeds of the Program grant or loan are limited to those costs associated with the acquisition, rehabilitation or construction of capital assets.

Section 2 - Scope of Work

- A. Contractor shall perform the Work as described in the Application and as requested by Official Letter dated January 27, 2011, which are on file at the Department of Housing and Community Development, Division of Community Affairs, 1800 Third Street, Room 390, Sacramento, California and which are incorporated herein by reference. All written materials or alterations submitted as addenda to the original Application and which are approved in writing by the CalHome Program Manager or higher Departmental official, as appropriate, are hereby incorporated as part of the Application. In the event of a conflict between the description of the Work in the Application and as described in this Exhibit A, the description in this Exhibit A shall prevail. The State reserves the right to require the Contractor to modify any or all parts of the Application in order to comply with the CalHome Statutes or Regulations. The State reserves the right to review and approve all Work to be performed by the Contractor in relation to this Agreement. Any proposed amendment to the Work must be submitted in writing for review and approval by the State. Any approval shall not be presumed unless such approval is made by the State in writing.

B. The Work generally shall consist of:

Administration of an owner-occupied rehabilitation program and a mortgage assistance program.

Section 3 - Amount of Agreement

Owner-Occupied Rehabilitation and Mortgage Assistance: **\$1,000,000.00**

Section 4 - Completion Dates

A. All funds remaining unexpended as of **January 28, 2012**, shall be disencumbered.

B. This Agreement shall expire on **January 28, 2012**.

Section 5 – State Coordinator

The coordinator of this Agreement for the State is the Program Manager of the CalHome Program, Division of Community Affairs, or the Program Manager's designee. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class mail to the State Coordinator at the following address:

State CalHome Program Manager
Department of Housing and Community Development
Division of Financial Assistance
P. O. Box 952054, MS 390-2
Sacramento, California 94252-2054
Phone: (916) 327-8255

Section 6 - Contractor Contract Coordinator

The Contractor's contact for this Agreement is listed below. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class mail to the contact at the following address:

Contractor: City of Fresno
Name: John Dugan, Director of the Planning and Development Department
Phone: 559-621-8505
Fax: 559-457-1337
Address: 2600 Fresno Street, Room 3076 Fresno, CA 93721

Section 7 - Special Conditions

None