

# *City of Brisbane*

## *Agenda Report*

**TO:** Honorable Mayor and City Council

**FROM:** Fred Smith via Clay Holstine, City Manager

**DATE:** Meeting of May 17, 2010

**SUBJECT:** Establishment of a program to rehabilitate and install energy efficiency measures on homes owned by lower income households in Brisbane with a supplemental appropriation from the Low and Moderate Income Housing Fund in the amount of \$35,000.

**CITY COUNCIL GOALS:**

- Goal #11. To develop management and fiscal systems to maximize effectiveness of city services and accountability to Brisbane taxpayers and citizens.
- Goal #14. To preserve and enhance livability and diversity of neighborhoods.

**PURPOSE:** To initiate a program to promote energy efficiency and rehabilitate homes owned by lower income households in Brisbane.

**RECOMMENDATION:**

Hear the presentation by Rebuilding Together Peninsula (RTP), direct staff to work with RTP to set up and market a rehabilitation program in Brisbane and consider approval of a supplemental appropriation from the Low and Moderate Income Housing Fund in the amount of \$35,000.

**BACKGROUND and DISCUSSION:**

During its goal setting session in January, the City Council indicated that it wanted to establish a program to utilize the Low and Moderate Income Housing Fund to help lower income homeowners upgrade and install energy conservation measures on their homes. Staff was instructed to contact an organization called Rebuilding Together Peninsula (RTP, formerly Christmas in April) that utilizes donations of money, building materials and labor to provide needed repairs to homes owned by lower income households that the homeowner could not otherwise afford to do. The projects can include energy efficiency upgrades and retrofits to the homes and the work is done at no cost to the homeowner.

California Redevelopment Law (CRL) provides that the Low and Moderate Income Housing Fund (LMIHF) must be used to “increase, improve or preserve” the

community's supply of low and moderate income housing. Rehabilitation programs that serve lower income households, such as RTP, meet this requirement and can be funded by the LMIHF.

RTP will be making a presentation to the City Council describing its mission and operation and how they could potentially team up with Brisbane to do a number of rehabilitation projects in Brisbane. One of their requirements is that, for each rehabilitation project, a major sponsor is needed to pay overhead costs such as insurance, administration, site requirements, and labor and materials that must be contracted for. These costs can run up to \$10,000 per home, depending on what kinds of new equipment are being installed in the home. For instance, a new roof or new furnace will involve a substantial cost to purchase materials and volunteers with the necessary skills to install these may not be available. Staff is recommending that the City Council approve an appropriation sufficient for Brisbane to sponsor three projects per year.

Because the CRL requires that housing units assisted with the LMIHF must have a recorded document that preserves affordability or, at a minimum, provides a means to recover the Agency's investment if the home is sold at a non-affordable price. Staff has consulted with Lynn Hutchins of Goldfarb and Lipman who recommends that a promissory note be executed and a deed of trust recorded for each home rehabilitated under this program. The note could provide that the loan be forgiven after a period of two to three years, depending on the amount of the subsidy, after which the deed of trust would be removed from the title. This will ensure that homeowners will not be able to use Agency funds to fix up a home for the purpose of flipping it for a higher price. If the City Council approves this program, Goldfarb and Lipman will draft the necessary documents.

**FISCAL IMPACT/FINANCING ISSUES:**

A supplemental appropriation is recommended from fund 283, the Low and Moderate Income Housing Fund, in the amount of \$35,000. This amount should fund legal fees for program set up and sponsor three rehabilitation projects in Brisbane.

**MEASURE OF SUCCESS:**

Two to three homes rehabilitated per year in Brisbane.

  
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Department Head

  
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City Manager