

STAFF REPORT



ITEM NO. 14

CITY OF OCEANSIDE

DATE: September 13, 2006

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL OF A BUDGET TRANSFER IN THE AMOUNT OF \$217,025 FROM THE UNALLOCATED HOME ACCOUNT TO THE HOMEOWNERSHIP PROGRAM/CALHOME LOANS ACCOUNT**

SYNOPSIS

Staff recommends that the City Council approve a budget transfer in the amount of \$217,025 from the Unallocated HOME Account to the HOMEownership Program/CalHome Loans Account to supplement the CalHome First-Time Homebuyer Program (CalHome Program).

BACKGROUND

The City Council approved the 2006-2007 budget allocating \$782,975, in Federal HOME funds, to the HOMEownership Program / CalHome loans Account. The HOME funds will be used to leverage \$500,000 awarded by the State Housing and Community Development Department (HCD) for the implementation of the approved CalHome Program. The CalHome Program conforms to the guidelines of the Affordable Housing Strategy. The goal of the CalHome Program is to provide affordable housing opportunities to low-income first-time homebuyers. The subsidy necessary for a low-income family of four to afford a modest priced home in the City of Oceanside has been calculated to be \$181,000. Eight loans are projected to be made through the CalHome Program at this subsidy level. Each loan can be a maximum of \$61,000 of HCD funds and \$120,000 of HOME funds. The HOMEownership Program / CalHome Loans Account requires an additional \$177,025 in HOME funds to fund the eight loans.

In January 2003, the Community Development Commission authorized the administration of the Section 8 Housing Choice Voucher (HCV) Homeownership Program. Eight HCV households have become homeowners since May 2005; an additional two households are currently in escrow. All of the loans have required multiple financing sources including an outside CalHome source, CalHFA, and San Diego CASH. Due to an unexpected funding shortfall from one of these outside financing sources, an additional \$40,000 needs to be added to the HOMEownership Program / CalHome Loans Account to provide supplementary funding to a HCV participant under the HCV Homeownership Program.

ANALYSIS

In order to fund the HOME portion of the CalHome Program and provide the supplementary funding needed under the HCV Homeownership Program, it is necessary to transfer \$217,025 from the Unallocated HOME Account to the HOMEownership Program / CalHome Loans Account.

FISCAL IMPACT

Staff is recommending approval of a budget transfer in the amount of \$217,025 from the Unallocated HOME Account (277.294798) to the HOMEownership Program / CalHome Loans Account (277.294810.5441). The balance, as of 7/31/06, in the Unallocated HOME Account is approximately \$899,700. After this budget transfer there would be a remaining balance of \$682,675. No General Funds are used in the CalHome Program. Administrative costs are included in the CalHome and HOME grant funding sources.

COMMISSION REPORT

At its August 22, 2006 meeting, the Housing Commission unanimously recommended approval of a budget transfer in the amount of \$217,025 from the Unallocated HOME Account to the HOMEownership Program/CalHome Loans Account.

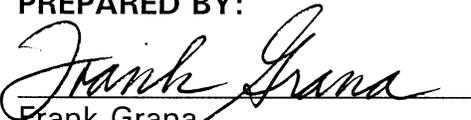
CITY ATTORNEY'S ANALYSIS

City Attorney analysis does not apply.

RECOMMENDATION

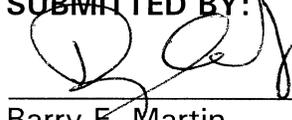
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PREPARED BY:



Frank Grana
Housing Program Manager

SUBMITTED BY:



Barry E. Martin
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager
Mike Blessing, Deputy City Manager
Margery M. Pierce, Director of Neighborhood Services
Nita McKay, Financial Services Director



Attachments: Housing Commission Report

TO: OCEANSIDE CITY COUNCIL
FROM: HOUSING COMMISSION
RE: HOME FUNDS TRANSFER
DATE: AUGUST 22, 2006

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL APPROVE A BUDGET TRANSFER IN THE AMOUNT OF \$217,025 FROM THE UNALLOCATED HOME ACCOUNT TO THE HOMEOWNERSHIP PROGRAM/CAL HOME LOANS ACCOUNT.

CAMP	YES
COOPER	ABSENT
FARMER	YES
HUSKEY	YES
MEYER	YES
OLINSKI	YES
PARKER	YES
SORENSEN	YES

ALTERNATES

SAIZ	YES
DAVIS	YES