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Staff Report for Resolution Approving a FY 2012-13 Contractual Services Agreement with Bay Area Homebuyer Agency to Administer the City Homebuyer Programs

SUMMARY AND RECOMMENDATIONS

The City outsourced, under the Redevelopment Agency, the administration of its homebuyer programs: the First Time Homebuyer (FTHB) and the Inclusionary Housing/Below Market Rate Ownership (IH/BMR) Programs. The IH/BMR Program is a component of the City’s Inclusionary Zoning Ordinance. Bay Area Homebuyer Agency (BAHBA) is a nonprofit agency with extensive regional experience in administering public first time homebuyer and inclusionary/below market rate ownership housing programs.

Staff recommends that the City Council adopt a resolution approving a contractual services agreement with Bay Area Homebuyer Agency (BAHBA) for \$33,065 to continue administering the FTHB and IH/BMR Programs in FY 2012-13.

BACKGROUND

Due to increased demand and inquiries in recent years regarding the City’s FTHB and IH/BMR Programs, and limited City/Agency staffing capacity, the RDA began outsourcing the administration of the City’s homebuyer programs to BAHBA in FY 2007-08. Outsourcing to BAHBA has helped to better integrate, administratively streamline, and market the comprehensive homebuyer services under both programs.

BAHBA was created in 2000 as a nonprofit joint powers authority. Its members include Contra Costa County, Alameda County, and nine cities within the two counties. BAHBA’s primary mission is to promote homeownership opportunities for low- to moderate-income households in the nine county

Bay Area region. BAHBA contracts with First Home, Inc. (FHI), a for profit entity that serves as BAHBA's administrative arm to manage operations and contracts. BAHBA administers the homebuyer/below market rate ownership programs for cities and jurisdictions including Hayward, Antioch, Alameda, South San Francisco, and Brisbane.

BAHBA also has an extensive network of partners and resources to assist low- and moderate-income homebuyers with educational information about the home buying process and financial leveraging from private and public resources such as California Housing Finance Agency (CalHFA), Operation Hope (for credit counseling services), and lenders such as Meriwest Bank, which is a nonprofit credit union.

With the State discontinuing new redevelopment funding commitments (including ongoing local housing programs) as of June 2011 and the formal elimination of redevelopment by the State in early 2012, the City Homebuyer Programs have been non-operational since July 1, 2011. Therefore, the proposed contract with BAHBA to administer the FTHB and IH/BMR Programs in FY 2011-12 is \$33,065; the funding source is General Fund because of the termination of tax increment revenue under redevelopment. Tax increment revenue funded these programs.

The key programmatic change resulting from the elimination of redevelopment is the termination of the down payment assistance loan component of the City's First Time Homebuyer Program for eligible first time homebuyers. The \$33,065 will enable BAHBA to continue administering the other regular aspects of the City's homebuyer programs such as two free annual homebuyer educational seminars, one-on-one counseling, one post-purchase workshop, and refinancing for existing holders of City down payment assistance loans, and sale/re-sale/refinancing of existing IH/BMR units.

Previous Actions

The City Council approved \$35,000 in General Fund for the administration of the FTHB and IH/BMR Programs on June 4, 2012 with adoption of the City FY 2012-13 Budget.

Applicable General Plan Policies

Housing Element, Goal 55: First Time Homebuyer Opportunities - provide opportunities for low- and moderate-income San Leandro households to become homeowners.

Fiscal Impacts

The City Homebuyer Programs under this contract will cost \$33,065 and will be funded by FY 2012-13 General Fund revenue (see Account No. 010-41-004-8503).

Budget Authority

The adopted FY 2012-13 City of San Leandro Budget provides \$35,000 in the General Fund for Homebuyer Program administrative costs under Account No. 010-41-004-8503.

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