

City Council, Special Meeting
Council Chambers
777 Cypress Avenue
Redding, California
February 22, 2010 5:15 p.m.

The meeting was called to order by Mayor Jones with the following Council Members present: Bosetti, Dickerson, McArthur, and Stegall.

Also present were City Manager Starman, City Attorney Duvernay, Assistant City Manager Tippin, Assistant to City Manager Clark, Redevelopment Manager Thompson, Senior Redevelopment Project Coordinator Haddox, Assistant Redevelopment Project Coordinator Rudolph, Housing Specialist Christ, Deputy City Clerk Mize, and Executive Assistant Tipton.

At the hour of 6:37 p.m., Mayor Jones convened the Special Meeting of the Redding City Council for a joint meeting with the Redding Redevelopment Agency.

PROPOSED BE WISE! DEFERRED LOAN PROGRAM POLICY AND ASSOCIATED BUDGET AMENDMENT AND RESOLUTION MAKING THE REQUIRED FINDINGS
[R-030-100 / R-030-075-040]

Assistant City Manager Tippin provided an overview of the Report to City Council (Council) and Redding Redevelopment Agency (Agency) dated February 9, 2010, incorporated herein by reference, relative to the proposed Be WISE! Deferred Loan Program Policy.

Mr. Tippin noted that in late 2009, the Shasta Builders' Exchange (Exchange) proposed that the City consider a list of ideas (dubbed the "Radical 10 in 2K10") that the Exchange believed might be beneficial in stimulating the local economy during the current economic recession. Subsequently, an ad hoc committee met several times to discuss the ideas and, in January 2010, the Council conducted a public workshop on the same. Following the workshop, staff was directed to further develop several of the concepts for possible implementation. One of the ideas, a pilot rehabilitation loan program to assist up-to-moderate income homeowners, was directed to Redevelopment staff as the Agency's Low-and Moderate- Income Housing Fund (LMIHF) was identified as the most likely funding source for the activity.

Mr. Tippin explained that staff has drafted the Be WISE! Program (Program) Policy and Procedures. WISE is an acronym standing for **W**eathertight, **I**mproved, **S**ustainable, and **E**fficient, all terms that are descriptive of the focus of the proposed pilot Program. As proposed, the Program provides a deferred payment loan for income-eligible homeowners desiring to improve their home's energy efficiency. Eligible homeowners must have an annual household income between 81% and 120% of the current area median, or between \$44,651 and \$66,950 based on a family of four. The maximum loan is \$25,000 with a maximum term of 15 years at one percent (1%) interest. Repayment of both principal and interest is deferred for the term of the loan, or earlier, upon sale of the home, or if the home is no longer the principal residence of the loan recipient. A deed of trust will be recorded against the property securing the Agency for the amount of the loan.

Mr. Tippin noted that as the Program is written, the borrowers may choose to utilize proceeds of the Program under two options. Option 1 consists of undertaking improvement work such as window replacement; appliance upgrades; enhanced insulation; replacement of heating and air conditioning units; replacement of water heaters; and installation of solar equipment, all focused on improving the home's energy efficiency. Mr. Tippin explained that it is anticipated that the homeowner would utilize a variety of subcontractors in the community to accomplish the specific improvements selected, with staff assisting in creating a scope of work and with contractor selection.

Option 2 would be to use the loan to pay for costs associated with participating in the Redding Electric Utility's (REU) Home Performance Program (HPP). Mr. Tippin explained that the HPP is a specialized program designed to provide participants with a professional evaluation of their home's current energy usage and to assist with costs related to addressing inefficiencies relative to the home's attic thermal envelope such as: air sealing of the home's ceiling top plate; improving attic insulation; replacement of older heating and air conditioning units; and repair/sealing of all duct systems. Currently, the HPP is only available for homeowners whose incomes are at or below 80% of the current area median

income. Mr. Tippin noted that the proposed Program would allow homeowners with income up to 120% of the area median to participate. REU has entered into service contracts with a number of local contractors and subcontractors who have completed specialized training through the Exchange and who would perform all HPP work.

Mr. Tippin explained that because it is proposed that the Program be made available throughout the city limits, California Health and Safety Code § 33334.2(g) requires that resolutions be adopted by both the City and the Agency finding that use of the LMIHF for the stated purpose will be of benefit to the project area from which the funds are derived. He noted that in this case, the SHASTECC Project Area does not have a large number of residential units due to its location along the primarily commercial and industrial Airport Road corridor. He noted that it was anticipated at the time of the adoption of the SHASTECC Redevelopment Plan that the majority of the LMIHF generated in the Project Area would be spent outside of SHASTECC. Mr. Tippin further noted that use of the SHASTECC LMIHF for the Program is an allowable use of redevelopment resources and will assist in meeting SHASTECC goals related to improvement of housing in the community.

Mr. Tippin recommended that the Council adopt a resolution finding that expenditure of a portion of the SHASTECC LMIHF outside of the SHASTECC Redevelopment Project Area boundaries is of benefit to the SHASTECC Project Area. He further recommended that the Board approve the proposed Program to be effective for a 12-month period beginning March 1, 2010; approve the budget amendment designating \$500,000 from the SHASTECC Project Area's LMIHF to be used for the Program; and adopt a resolution finding that the expenditure of the LMIHF outside of the SHASTECC boundaries is of benefit to the SHASTECC Project Area.

Council/Agency Member Dickerson requested additional information as to the findings required to be made under Redevelopment Law which permit the SHASTECC funds to be used outside of the SHASTECC Project Area and the associated benefits to the Project Area.

In response to Council/Agency Member Dickerson, Ms. Haddox noted that when the SHASTECC Project Area was adopted, the three entities, the Cities of Redding and Anderson and the County of Shasta, acknowledged that it was likely that SHASTECC LMIHF would be spent outside of its boundaries. She explained that State legislation has found that the expenditure of redevelopment housing funds are of general benefit to the community regardless if the funding is spent within the Project Area from which it is generated. She stated that most of the Agency's housing programs are City-wide programs. She related that the expenditure of these funds would directly benefit the Project Area in that it supports SHASTECC's obligation to improve the community's supply of affordable housing.

In response to Council/Agency Member Jones, Mr. Tippin confirmed that the \$500,000 could potentially allow 20 to 30 households to take advantage of the Program. He pointed out that the main difference between this Program and others offered by the City is that it is a loan versus a grant. In addition, the Program allows the applicant to select between the two options. He opined that Option 1 could entice the homeowner to do additional work, i.e., adding countertops, upgrading flooring, etc., thereby assisting with stimulating the economy.

Ms. Haddox added that staff would be creating an informational packet for the Program which outlined the pros and cons of both options.

Kent Dagg, Chief Executive Officer of the Shasta Builders' Exchange (Exchange), expressed support of the proposed Program. He noted that consumers typically like visual repairs (Option 1), however, long-term savings are greater to the homeowner when above-the-attic repair work is completed (Option 2). He stated that the REU has surveyed a number of homes with high utility bills and believes participation in the HPP will assist in lowering those costs. He related that the Exchange was ready to heavily market the Program and hoped that applications could be expeditiously processed. Mr. Dagg indicated that he would like to see the Program ultimately expanded to the other two cities.

In response to Council/Agency Member Jones, Mr. Tippin opined that blending the two options would require additional Program funding.

MOTION: Made by Council Member Bosetti, seconded by Council Member Stegall, to adopt Resolution 2010-27, a resolution of the City Council of the City of Redding, finding that the use of taxes allocated from the SHASTECH Redevelopment Project Area for the purpose of improving and increasing the community's supply of low- and moderate-income housing outside the Project Area will be of benefit to the SHASTECH Redevelopment Project.

The Vote:

AYES: Council Members - Bosetti, Dickerson, McArthur, Stegall, and Jones

NOES: Council Members - None

ABSENT: Council Members - None

ABSTAIN: Council Members - None

Resolution No. 2010-27 is on file in the office of the City Clerk.

ADJOURNMENT

There being no further business, Mayor Jones declared the meeting adjourned at the hour of 7:05 p.m.

APPROVED:

Mayor

ATTEST:

Deputy City Clerk