

CITY OF OAKLAND

AGENDA REPORT

OFFICE OF THE CITY CLERK
2007 FEB 17 PM 7:36

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: February 27, 2007

RE: A Report And Recommendations Regarding (1) Individual Development Accounts For Homeownership For Low And Moderate Income Residents; (2) Development And Implementation Of A City-Wide Community Land Trust; And (3) Use Of Housing Rehabilitation And Housing Development Funds For Use In Conjunction With A Condominium Conversion Program To Promote Neighborhood Revitalization

SUMMARY

This report provides information and recommendations on several policy issues pertaining to affordable housing, as requested by the City Council at its December 5, 2006 meeting. Staff is providing recommendations with respect to programs for Individual Development Accounts, a Citywide Land Trust, and use of City and Redevelopment Agency affordable housing funds for use in conjunction with condominium conversions. Staff is requesting that the City Council consider these recommendations and provide staff with further direction.

FISCAL IMPACT

As this report is an informational and policy report, there is no immediate fiscal impact. Depending on the specific actions directed by the City Council, there could be significant impacts in terms of redirecting already appropriated funds from one program to another. In addition, elimination of existing housing rehabilitation programs in order to redirect funds to other purposes could result in staff reductions, depending on the specific programs to be implemented.

BACKGROUND

At the City Council meeting of October 17, 2006, a motion was introduced to refer the issue of Inclusionary Zoning to a Blue Ribbon Commission, to be newly established. That recommendation was approved by the City Council on October 31, 2006.

On December 5, 2006, the City Council adopted a motion to expand the role of the Blue Ribbon Commission to include consideration of possible changes to the City's Condominium

Conversion Ordinance. As part of that resolution, the City Council also directed the City Administrator to develop recommendations concerning a Citywide Individual Development Account program and a Citywide Community Land Trust program, and to provide an analysis of existing housing rehabilitation and housing development funds for use in conjunction with a Condominium Conversion program to promote neighborhood revitalization.

KEY ISSUES AND IMPACTS

The City has long experienced serious housing problems, including affordability, physical deterioration, overcrowding and a low homeownership rate. These issues, and strategies for addressing them, are outlined in the City's Housing Element (adopted in June 2004) and its Five Year Consolidated Plan for Housing and Community Development (adopted in May 2005).

The City often seeks to use its housing assistance funds as part of a broader effort to promote community revitalization, particularly in distressed low income neighborhoods. These efforts include improvement of the existing housing stock, development of new affordable housing, and promotion of homeownership opportunities.

Among the City's high priorities are promotion of homeownership opportunities for low income families, development of housing that will remain affordable for the longest possible term, and revitalization of neighborhoods through increases in the homeownership rate. At the same time, the City seeks to avoid displacement of existing low income residents, a distribution of affordable housing throughout all neighborhoods, and promotion of vibrant, diverse, mixed-income neighborhoods with a full range of amenities and services.

PROGRAM DESCRIPTIONS

Individual Development Accounts

Individual Development Accounts, or IDAs as they are known, are a program to assist low income people to save money for homeownership, education, business start-up, or other financial objectives. They usually involve both active education and a matching funds component.

For homeownership, IDAs can be used to help accumulate the funds needed for a downpayment. For example, if a household can save \$100 per month, over 3 years it could save \$3,600. If matched on an equal basis, the household would have \$7,200 available to pay for downpayment and closing costs. If matched at a greater rate (such as 4:1), a household could save up to \$14,400 for a downpayment, but fewer families could be assisted with the same amount of funds.

A successful IDA program could assist low income families to accumulate the necessary savings for a portion of the downpayment and closing costs required to purchase a home (at an average cost of \$450,000, a three percent downpayment would amount to \$13,500). While this would not in itself close the affordability gap (Oakland's first time homebuyer program provides \$75,000 per unit and still requires leveraging of significant amounts of State subsidies), an IDA program would provide a small but important increment to these funds.

Several community-based organizations now operate (or have operated in the past) IDA programs that do not require City funds. Both the Unity Council and Lao Family Community Development, Inc., are operating IDA programs funded directly by the federal government with matching funds provided by private foundations. Low income participants also make regular deposits into savings accounts as part of these programs.

The Department of Human Services has applied to the federal Office of Community Services for a \$250,000 grant to establish a Citywide IDA program to assist low income families accumulate savings for purchase of a home, higher education, or establishment of micro-enterprises for business. A detailed description of the DHS proposal and the federal Assets for Independence program is contained in Attachment A to this report.

Community Land Trusts

Community Land Trusts (CLTs) are a mechanism for ensuring community control of land for the purpose of providing affordable housing, including homeownership for low and moderate income families.

The Institute for Community Economics, which developed the CLT model to encourage affordable ownership of housing, defines CLTs as follows:

A community land trust is a private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. In particular, CLTs attempt to meet the needs of residents least served by the prevailing market. Community land trusts help communities to:

- Gain control over local land use and reduce absentee ownership
- Provide affordable housing for lower income residents in the community
- Promote resident ownership and control of housing
- Keep housing affordable for future residents
- Capture the value of public investment for long-term community benefit
- Build a strong base for community action

CLTs ensure continued affordability by retaining ownership to the land and leasing it to the homebuyers, who buy only the actual structures. Under the terms of the ground lease as well as recorded resale restrictions, homebuyers receive only limited equity appreciation and may sell their home only to another qualified low income family, and only at an affordable price.

CLTs do not reduce the cost of developing housing. The cost of land and construction are the same as when the housing is developed under a more traditional nonprofit developer model. As a result, as is true with the City's current affordable homeownership development program, substantial local subsidies are required to reduce the sales prices from the original development cost down to an affordable purchase price.

The City could support a CLT program by redirecting federal HOME funds from its regular housing development program funded through the annual Notice of Funding Availability (NOFA). These funds would be restricted to assisting households at or below 80% of median income (approximately \$60,000 for a 3-person household). With an estimated subsidy requirement of \$250,000 to \$300,000 per unit, the City's annual HOME allocation of \$4 million would support up to 15 units per year at this income level.

Community Development Block Grant (CDBG) funds could also be used to support a CLT program. Funds would have to be reallocated from other programs such as housing rehabilitation and counseling programs, services for youth, seniors and the homeless, or economic development.

Redevelopment Agency Low and Moderate Income Housing funds could also be used to support a CLT program. A portion of those funds can be used to assist households earning up to 120% of the area median income (approximately \$90,000 for a 3-person household). Over the next several years, it is estimated that between \$6 million and \$8 million will be available for the Citywide NOFA (although some of these funds may be needed to meet the affordable housing obligations for the Oak to Ninth and Wood Street projects). This would make possible development of roughly 30 to 50 homes per year under the CLT model.

Finally, if a CLT model is used to support development of commercial projects to generate jobs, both CDBG funds and non-housing redevelopment tax-increment funds could be used in some cases. If CDBG funds are used, it would be necessary to show that low and moderate income jobs are being created. If redevelopment funds are used, this would only be possible in redevelopment project areas, and only if used for eligible redevelopment purposes such as elimination of blight (job creation in itself is not an eligible redevelopment activity).

If the CLT were to rely on subsidy sources such as federal HOME funds or Redevelopment Agency funds, all of the restrictions and limitations of those funding sources would continue to apply. For example, if Redevelopment Agency Low and Moderate Income Housing funds were used, then the resale formula would have to conform with the requirements of California Redevelopment Law, which strictly defines the resale formula. State law requires a minimum affordability term of 45 years for owner-occupied housing and 55 years for rental housing, but the Agency can choose to establish longer terms.

In practice, the CLT model operates almost identically to the long term resale controls that are imposed by the City when it subsidizes the development of affordable ownership housing. In both cases, equity appreciation is limited by a formula that ensures that units are sold at affordable sales prices to lower income homebuyers. CLTs can be a useful tool for promoting neighborhood development and permanently affordable housing, but the CLT model is not well suited for promoting equity buildup by low income families.

One way in which CLTs differ from more conventional affordable homeownership programs is that the resale controls are administered by the CLT itself, as an independent nonprofit corporation, rather than by City staff. The costs associated with this can be significant and could require additional City or Agency funding. Many experts suggest that at least 3 years of administrative funding, if not more, is required and that a CLT will need between 100 and 200 units of housing under its control before operations can be funded without any outside support.

In 2001, the City set aside \$5 million in Redevelopment Agency Low and Moderate Income Housing funds to establish a Citywide Land Trust. The effort was ultimately unsuccessful, due primarily to the substantial amounts of funding that were needed both to support the organization in its early years and to provide subsidies for development of a sufficient number of houses to allow the organization to become self-sustaining. In 2003, the interim board of directors of the Oakland Citywide Community Land Trust suspended operations and the Redevelopment Agency subsequently reallocated the funds for other housing development activities. Attachment B provides more detail about this effort.

If the Agency were to establish a new CLT, staff estimates that it would require a commitment of up to \$45 million in funds to make it a viable ongoing entity. This would include up to \$1 million in operating support for the first five years, as well as \$100,000 to \$300,000 per unit (depending on the level of affordability desired) in development subsidies for a minimum of 150 units. Staff estimates that there will be \$10 million to \$12 million per year available from HOME and Redevelopment Agency Low and Moderate Income Housing funds for housing development over the next several years. As a result, it would take at least three to five years to get a new CLT fully established at a level that allows it to be fully self-sustaining. As noted above, a significant portion of these funds may be needed to provide the affordable housing units in the Oak to Ninth and Wood Street projects. The allocation of a substantial portion of the City's funds to a single CLT, particularly one focusing primarily on homeownership, would make it more difficult for the City to meet its other housing objectives, including provision of decent rental housing for families who cannot afford homeownership, or the provision of new housing with supportive services for seniors, people with disabilities, and the homeless.

It may be possible to reduce costs somewhat if a CLT were to focus on acquisition of existing homes, with or without rehabilitation. While this would not have the same catalyst effect as new development, it could be a strategy to provide permanently affordable homeownership opportunities.

Using Housing Rehabilitation and NOFA Funds to Promote Condo Conversion

The City currently allocates approximately \$4 to \$5 million per year in Federal funds (from both the CDBG and HOME programs) for housing rehabilitation programs for low income homeowners. It also provides \$10 to \$12 million per year for housing development through the annual Notice of Funding Availability (NOFA) process. These funds could be used to finance the acquisition and rehabilitation of rental housing to be converted into condominiums to provide new homeownership opportunities.

There are several ways in which these funds can be used to facilitate condominium conversions:

- Funds can be provided to assist developers to renovate existing units and sell them as condominiums to low and moderate income purchasers.
- Funds can be provided directly to low and moderate income homebuyers to purchase newly converted condominiums.
- Funds can be provided to low and moderate income purchasers of condominiums to make physical improvements to their units.

If both the housing rehabilitation and housing development funds were redirected to a condo conversion program, \$14 to \$17 million would be made available, in addition to roughly \$4 million a year that is already available through the City's first-time homebuyer program.

Depending on the income level that is targeted, this would facilitate conversion of 60 to 200 units per year, yielding increases in the homeownership rate equal to between 0.1% and 0.3% per year.

If federal funds are used, the buyers must have incomes less than 80 percent of the area median income. If Redevelopment Agency Low and Moderate Income Housing funds are used, some of the units could be sold to households with incomes up to 120 percent of area median income (only one third of all Low and Moderate Income Housing funds can be used to assist households with incomes above 80 percent of median).

Development of a program on the scale described above would require elimination of other City programs, such as the Home Maintenance and Improvement Program (HMIP), the Emergency Home Repair Program (EHRP), the Minor Home Repair Program (MHR), lead-based paint hazard removal, the Access Improvement Program (AIP) and the housing development program.

Because all of the funding sources are governed by legal and regulatory requirements, a number of factors would need to be taken into consideration and factored into the overall costs of this effort:

- If existing tenants are unable to purchase their units and are forced to move, they could be considered displaced and therefore could have a claim for relocation benefits under state or federal relocation laws, which can add substantial cost to a project.
- Depending on the specific circumstances, the City or Agency could be required by state or federal replacement housing laws to develop new affordable housing units to replace units that are lost from the affordable supply through conversion to condominiums. This would include units occupied by very low or low income households that were subsequently affordable only to moderate income households.

- Condominium conversions would not count toward meeting Housing Element production requirements, because they do not add any units to the housing supply. Similarly, they generally do not meet the requirements for the production of affordable units in redevelopment project areas. Without a housing production program, the Agency would likely not be in compliance with California law.
- If federal funds are used, then all of the relevant requirements regarding lead-based paint hazards would apply. This could also increase costs. This factor is particularly relevant in Oakland where the majority of the housing stock was built prior to 1978, when the use of lead-based paint was banned.

If the policy objective is to promote sustainable neighborhood revitalization, then it would also be necessary to assist a substantial portion of the units in a neighborhood in order to make a lasting impact on neighborhood conditions. This could require making choices about which neighborhoods should be prioritized for assistance, but it would have a more dramatic effect due to the ability to focus more intensively on specific neighborhood improvement efforts.

SUSTAINABLE OPPORTUNITIES

Economic

The investment of City and Agency funds into rehabilitation and construction of housing leverages substantial public and private resources and creates new construction jobs and permanent jobs associated with management and maintenance of the housing. In addition, establishment of affordable housing provides residents with more discretionary income that can be spent on local retail and service establishments.

Environmental

The City's affordable housing programs are consistent with a smart growth policy that encourages relatively higher densities for housing, particularly in areas served by public transit. Criteria for awarding NOFA funds include additional competitive points for projects that include green building techniques.

Social Equity

The City's affordable housing programs promote social equity by directing resources to underserved residents and disadvantaged neighborhoods.

DISABILITY AND SENIOR CITIZEN ACCESS

All affordable housing developments assisted by the City include requirements for accessibility for people with disabilities, and the City continues to provide funding specifically for housing service seniors and people with special supportive services needs. It should be noted that because a large number of seniors are currently served by the City's housing rehabilitation programs, redirection of those resources to a condominium conversion program might result in a reduction in the number of seniors who are assisted.

RECOMMENDATION(S) AND RATIONALE

A. Staff recommends the following action:

1. Support the efforts by the Department of Human Services to establish a Citywide Individual Development Account program. If necessary, consider providing Community Development Block Grant funds to assist in the administration of that program. This will provide greater assistance to low income families seeking to achieve homeownership.

B. Staff request the City Council provide direction about the following two programs:

1. A Community Land Trust (CLT) program could be established and funded over a period of five years using funds currently devoted for the annual NOFA, currently projected to be approximately \$10 million to \$12 million annually. Funding of up to \$200,000 per year could be provided to support the costs of operating the CLT organization for up to five years.

The direct impact of this action would be elimination of the NOFA for the next five years. Depending on the specific activities of the CLT, this could make it more difficult to meet other affordable housing obligations and to meet prior adopted objectives in the Housing Element of the General Plan.

Establishment of a CLT will create a new mechanism for providing affordable housing with long-term or permanent affordability controls, although with limited opportunities for equity building by low income homebuyers. If the CLT concentrates its efforts in a single neighborhood, this could have a substantial impact on neighborhood revitalization.

2. A condominium conversion program targeted to low and moderate income families could be established. Substantial subsidies would be required to make units affordable to these income levels. In the absence of any new source of funds, existing programs could be eliminated and the funds redirected to make condominium purchases affordable. For example, the City Council could reduce or discontinue CDBG funding for housing rehabilitation programs. Similarly, the City Council could reallocate funds normally used for the annual NOFA to facilitate condominium conversions for low and moderate income homeownership. This would provide more homeownership opportunities for low income residents. To avoid displacement, any such program should prioritize assistance to those projects where the existing tenants will be purchasing the units.

If the intent of such a program is to promote neighborhood revitalization efforts, it might be necessary to target specific areas for a more intensive investment of funds in order to

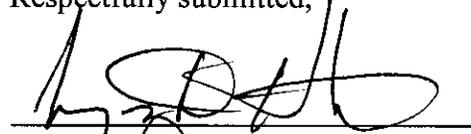
have the desired catalyst effect. Once a neighborhood is clearly on the path to revitalization, funds could then be redirected to other neighborhoods.

Implementation of this course of action would make it more difficult for the Redevelopment Agency to meet its legal obligations for inclusion of affordable housing in redevelopment project areas. In addition, to the extent that State housing funds are awarded on the basis of progress in meeting Housing Element “fair share” allocations, use of funds primarily to purchase existing units will likely put the City at a competitive disadvantage.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council consider these recommendations and provide direction as to how to proceed.

Respectfully submitted,



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APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
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OFFICE OF THE CITY ADMINISTRATOR

Attachment A

Department of Human Services Proposal for IDA Program

The City of Oakland has submitted an application for the Assets for Independence Demonstration Program to secure a grant to help support Oakland's City-wide Families Building Wealth Individual Development Account (IDA) Program.

The goal of the City of Oakland's Helping Working Families Initiative is to provide greater opportunities for Oakland's low-income community. The City's proposed City-Wide Families Building Wealth Individual Development Account (IDA) program is seen as one of those opportunities. The objective of Oakland's program is to create a sustainable city-wide IDA model. This pilot is a collaborative community based service model targeted at serving 250 low- and moderate-income families and individuals and enrolling 106 customers into a city-wide IDA program in order to help families become self sufficient through the ownership of stabilizing assets. The program objectives are to:

1. Serve 250 customers within the three target areas over 5 years
2. Open 106 Individual Development Accounts
3. Assist 30% (32) of the 106 IDA participants to achieve homeownership
4. Assist 40% (43) of the 106 IDA participants to acquire post-secondary education
5. Assist 30% (32) of the 106 IDA participants to create/expand a micro-enterprise
6. Increase the Earned Income Tax Credit (EITC) assistance by 15% in the 3 targeted neighborhoods

We believe that a prosperous community is one in which everyone has opportunities to save for the future. The expansion of the existing IDA programs to a city-wide effort coupled with the existing self-sufficiency efforts in Oakland will provide residents with the education, incentives and support that they need to improve their financial management skills, increase their savings, and build wealth.

The benefits of launching Oakland's City-wide IDA Program are:

- To increase the number of low-income families and individuals who obtain homeownership, post-secondary education, or start their own business;
- To incorporate the program into the City's Family Economic Success Initiative
- To build upon the existing foundation of our community based partners who are already providing asset building opportunities to Oakland's diverse population;
- To create standardization for a city-wide sustainable program, increase efficiencies and achieve economies of scales as it relates to program operation and cost;
- To increase the overall capacity of the collaborative to serve more low-income families and individuals;
- To develop city-wide marketing materials in conjunction with our successful *Earn It! Keep It! Save It!* Earned Income Tax Credit Campaign and the launch of a 2007 City-wide Savings Initiative based on the America Saves model; and
- To leverage the City of Oakland's existing relationships and connections to raise funds to cover program cost.

Our approach is not to reinvent the wheel by duplicating services but to provide an enhancement to existing programs by integrating and expanding the availability of the IDA program to their clients so that more families will be able to take advantage of the opportunity to pursue their goal of home/business ownership or a college education. To that end, the City of Oakland has extended an invitation for three of Oakland's diverse community-based partners who are located within three of the City's highest poverty areas, to provide services to 250 low-income families and individuals. Two of the program partners (Unity Council and LAO Family Community Development Inc.) already provide asset building services to their program participants and this program model will increase and enhance the availability of IDA resources to each agency by 45 accounts.

The third program partner, Project Choice Academy – parolee re-entry housing program - seeks to test the findings from the Washington University's Center for Social Development 2004 "*Evaluation of the American Dream Demonstration: Final Evaluation Report*" which found that poor people, like higher-income people, can and do save toward asset accumulation, given the right incentives. Therefore, sixteen IDA accounts have been allocated as an "incentive" to encourage this targeted population to strive toward attaining a piece of the American dream through intensive case management, coaching, and financial education training in partnership with People's Community Partnership Federal Credit Union.

The City of Oakland will contract with EARN to set up and maintain all 106 IDA savings accounts through Citibank, provide data management, evaluation, and technical assistance in support of the overall collaborative. EARN is a leader in IDA management located within San Francisco and currently oversee a total of approximately 1300 savings accounts. The agencies described below are members of the IDA Advisory Board (which consist of program partners and community partners) and have been instrumental in the development and planning of the proposed program strategy. In support of this collaborative, each of the community based program partners has agreed to sign a Memorandum of Understanding (MOU) in support of this city-wide asset-building strategy.

Assets for Independence: AFI

Background

Assets for Independence (AFI) is a Federal grant program that enables community-based nonprofits and State, local and Tribal government agencies to implement and demonstrate an asset-based approach for giving low-income families help out of poverty.

Participating Organizations. AFI is administered by the Office of Community Services (OCS), within the U.S. Department of Health and Human Services, Administration for Children and Families. OCS offers five-year AFI Project grants to several categories of organizations and agencies:

- Nonprofit organizations, including faith-based and community organizations
- State, local, or Tribal government agencies applying jointly with a nonprofit
- Community Development Financial Institutions that partner with a community-based anti-poverty group
- Low Income Credit Unions that partner with a community-based anti-poverty group
- Consortia of organizations and agencies that target multiple service areas

Project Activities. AFI Projects assist client families in a number of ways. First and foremost, they help participants save earned income in special purpose, matched savings accounts called Individual Development Accounts (IDAs). Every dollar in savings deposited into an IDA by a participant is matched from \$1 to \$8 by the AFI Project. The IDA mechanism promotes savings and enables participants to acquire a lasting asset after saving for a few years. Clients use their IDA savings, including the match funds, to acquire any of the following assets:

- A first home
- Capitalization of a small business
- Post-secondary education or training

To help clients with their IDA savings, all AFI Projects provide training and supportive services related to family finances and financial management. Services include:

- Financial education on issues such as owning and managing a bank account or a credit card
- Credit counseling and credit repair
- Guidance in accessing refundable tax credits including the Federal and State Earned Income Tax Credit (EITC), child tax credit, and others
- Specialized training about owning a home, starting a business or attending post-secondary school.

All AFI Projects participate in a national program evaluation to help determine the effectiveness of this asset-based approach to addressing poverty.

Clients Served. Generally, AFI Projects serve individuals and families with limited income and assets. Eligible clients include:

- Those who are eligible for Temporary Assistance for Needy Families (TANF)
- Those who are eligible for the Federal Earned Income Tax Credit (EITC)
- Those whose income is less than two times the Federal poverty line (approximately \$37,000 for a family of four in 2004)

Clients may have no more than \$10,000 in net asset wealth when they enroll in an AFI Project (not counting one automobile and a home).

Size of Project Grants. Up to \$1,000,000 for five-year awards. The average AFI Project grant is approximately \$350,000 for the five-year grant period. Applicants must secure non-Federal funds in an amount equal to or greater than their AFI Project grant.

Grant Opportunities. OCS issues AFI Project grants annually, in keeping with legislative authority and appropriations. Learn [How to Apply](#) for funding for an AFI Project grant.

AFI Legislation

AFI was established by the [Assets for Independence Act \(AFI Act\) \(PDF 117k\)](#) in title IV of the Community Opportunities, Accountability, and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285. It was subsequently amended in December 2000.

Attachment B History of Community Land Trust Efforts in Oakland

In June 2001, the Redevelopment Agency allocated \$5 million from 2000 Affordable Housing Set-Aside Bond proceeds in its FY 2001-03 budget to fund a Community Land Trust program in Oakland. After an informational report and subsequent research, it was felt that a single City-wide CLT would be best able to maximize the limited funds available. In October 2002, the Agency authorized establishing the Oakland City-wide Community Land Trust (OCCLT).

OCCLT's mission was to create a sustainable program to provide affordable ownership units to households earning between 60-80% of Area Median Income (AMI). OCCLT would sell improvements (i.e. homes), provide long-term ground leases to buyers, and retain ownership of the land. Qualified households could purchase units at an affordable sales price set by City staff, and OCCLT would monitor resales to subsequent buyers at similar income levels, with sellers receiving returns tied to increases in AMI, rather than the housing market.

However, due to difficulties in fundraising and soaring development costs, its interim board concluded by late 2003 that the program was infeasible as structured. Analysis indicated that a minimum of 100 units would be needed for a self-sustaining CLT. With a maximum subsidy of \$120,000 per unit, it was estimated that the Agency's \$5 million investment might produce 40 units and provide a portion of the operating support required.

After a year of study, OCCLT's board estimated operating expenses at nearly \$200,000 annually over five years with inflation, and a major gap between the budget and revenues the group might receive. The board had some success in securing grants despite a poor fundraising environment for new non-profits, but several major grant applications were not funded. Ironically, after the decision was made to have a single City-wide CLT rather than multiple neighborhood CLTs as some advocates preferred, at least one major foundation indicated that it felt only a region-wide CLT would provide feasible economies of scale.

Besides the organization's short term financial problems, securing additional development funds was also difficult. Bonds approved under Proposition 46 in fall 2002 dedicated over \$400 million towards ownership programs, but this was mostly downpayment assistance for individuals, and would not close the gap between development costs and the affordable sales price. The Federal Home Loan Bank's AHP program typically provides \$10-20K per unit, which also would not bridge the gap without significant additional local funds.

Unfortunately, given the OCCLT board's estimate of operating costs and the funding options available for operating and development costs, the program as designed was untenable. Further discussion between City staff and the OCCLT board did not yield any viable means of resolving the issues while still using local funds efficiently. The board suspended operations in December 2003, and remaining funds of approximately \$4.75 million were re-allocated to other affordable housing developments and programs in January 2004.