

City of Manhattan Beach

Utility Undergrounding Assessment Deferment Program (ADP)

Steve S. Charelian, Finance Director

Stephanie Katsouleas, Public Works Director

Existing Assessment Deferment Program

March 21, 2006

ADP Approved by City Council

Districts 2 and 6

- ▶ 5 households took advantage of the program; one loan remains outstanding

Assessment Deferment Program Parameters

Loan Conditions	Applicant Conditions
<ul style="list-style-type: none">• Tiered loan support• Fixed interest rate• 20 year-loan period• Lateral connections included in loan• Opt-in only at the beginning; qualify only once• Automatically repaid if property is transferred	<ul style="list-style-type: none">• 62 years of age or older or disabled• Primary residence only• Must own the property• Total available assets may not exceed \$1 million, excluding the property• Total of all loans may not exceed 80% loan to value

Assessment Deferral Program Income Tiers

Financial assistance based on income tiers for
qualifying homeowners

Income	Program	Resident Contribution as a % of Gross Income
\$0 - \$35,500	State Program	N/A
\$35,501 - \$50,900	City Deferral	1%
\$50,901 - \$89,000	City Deferral	2%
\$89,001 - \$101,800	City Deferral	3%
\$101,801 - \$114,600	City Deferral	4%
\$114,601 - \$127,300	City Deferral	5%

Sample Loan Calculation for a **\$2,000** Annual Assessment

Income Ranges	Sample Median Income	% Resident Contributes	Residential Contribution	Annual City Contribution
\$0 - \$35,500		N/A	State Program	\$0
\$35,501 - \$50,900	\$42,000	1%	\$420	\$1,580
\$50,901 - \$89,000	\$71,000	2%	1,420	\$580
\$89,001 - \$101,800	\$95,000	3%	\$2,000	\$0
\$101,801 - \$114,600	\$108,000	4%	\$2,000	\$0
\$114,601 - \$127,300	\$121,000	5%	\$2,000	\$0

Staff Recommendations

- ▶ Approve continuation of the ADP
- ▶ Approve proposed loan qualification parameters
- ▶ Approve proposed ADP income tiers

Income	Program	Resident Contribution as a % of Gross Income
\$0 - \$35,500	State Program	N/A
\$35,501 - \$50,900	City Deferral	1%
\$50,901 - \$89,000		2%
\$89,001 - \$101,800		3%
\$101,801 - \$114,600		4%
\$114,601 - \$127,300		5%

Staff Recommendations (cont'd)

- Determine how funds should be allocated to pay annual assessments.
 - Establish a revolving fund (\$250k). City contribution will be included as part of the annual approved budget.
- Require a property appraisal and a title report for each household applying to the ADP, which is paid by the homeowner but can be added to the loan balance.