

Agenda Report

July 16, 2012

TO: Honorable Mayor and City Council

THROUGH: Economic Development & Technology Committee (July 11, 2012)

FROM: Housing Department

SUBJECT: APPROVAL OF KEY BUSINESS TERMS OF SUB-RECIPIENT AGREEMENT WITH NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY FOR THE USE OF HOME INVESTMENT PARTNERSHIP ACT FUNDS IN AMOUNT OF \$250,000 TO IMPLEMENT A SINGLE-FAMILY HOME REHABILITATION LOAN PROGRAM

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Find that the proposed key business terms, as described in this agenda report, of the sub-recipient agreement with Neighborhood Housing Services of Los Angeles County ("NHS") for the implementation of a single-family home rehabilitation loan program (the "Program") does not have a significant effect on the environment and has been determined to be categorically exempt under Class 1 (Existing Facilities) of the State California Environmental Quality Act ("CEQA"), and, specifically, Section 15301 of the State CEQA Guidelines;
- 2) Authorize and direct the City Clerk to file with the County Clerk a Notice of Exemption for the Program;
- 3) Approve the key business terms of the sub-recipient agreement, as described in this agenda report;
- 4) Recognize revenues of \$250,000 and increase appropriations totaling \$250,000 in the Housing Department FY 2013 operating budget for the NHS Program. The \$250,000 increase in revenues is from the reallocation of existing federal Home Investment Partnership Act ("HOME") grant funds (reallocation is subject to City Council approval of the Substantial Amendment as part of the public hearing on July 16, 2012) and represents new FY 2013 revenue (6229-221-684111) in the HOME fund (Fund 221). These new revenues will support the requested increase in appropriations of the same amount (8172-221-684111); and

5) Authorize and direct the City Manager to approve, and the City Clerk to attest, the sub-recipient agreement, certifications, and other documents as necessary to implement the staff recommendations.

ADVISORY COMMISSION RECOMMENDATION

The subject recommendation was considered by the Northwest Commission at its regular meeting of July 12, 2012. The results were not available at the time of the posting of the agenda. The outcome of the Northwest Commission's action will be distributed to the City Council prior to consideration of this matter on July 16, 2012.

BACKGROUND

Neighborhood Housing Services of Los Angeles County ("NHS") is a nonprofit organization which provides affordable homeownership, home repair, home refinancing, and financial education services to low and moderate income families. Based in Los Angeles, NHS has been serving predominantly minority and economically distressed neighborhoods throughout Los Angeles County for over 27 years.

In response to the City' Community Development Block Grant ("CDBG") Program Year 2012-2013 Request For Proposals, NHS submitted a proposal in February 2012 requesting \$250,000 to fund a home rehabilitation loan program to assist low income homeowners in Northwest Pasadena (the "Program"). The proposal also included services to strengthen community building through outreach and neighborhood activities under their Building Leadership by Organizing Communities ("BLOC") program. The NHS proposal was approved for funding but due to the high level of competition for the very limited CDBG funds, it was decided to utilize City Housing monies to fund the Program, thereby freeing up CDBG funding for other worthwhile programs.

KEY BUSINESS TERMS OF SUB-RECIPIENT AGREEMENT

A sub-recipient agreement between the City and NHS will include the following key business terms:

- a) City shall provide \$250,000 in HOME funds to serve as capital for the NHS Program. Of this amount, at least \$225,000 shall be expended directly on rehabilitation activities (material, supplies, labor) and a maximum of \$25,000 on NHS Program administrative costs.
- b) The Program shall rehabilitate at least nine (9) single-family homes in Northwest Pasadena, owned and occupied by HOME-qualified low income persons or families. The home rehabilitation projects will enable owners to make critical repairs with a focus on health and safety code violations. Priority will be given to

income-qualified seniors or persons with disabilities who may require emergency home repairs.

- c) The rehabilitation work shall be financed with Program Loans.
- d) Each Program Loan shall: 1) not exceed \$25,000; 2) have a term of 20 years; 3) bear 3% simple, fixed interest with payments deferred for the loan term; 4) be secured by a trust deed in favor of the City; 5) be subject to subordination requirements of the existing conventional home mortgage (if any); and 6) include other provisions as may be required by the City Housing Director.
- e) Services provided by NHS shall include: 1) community outreach to publicize the Program and other NHS services; 2) BLOC programs and activities; 3) approval of loan applications and verification of documentation; 4) development and pre-qualification of a contractor pool; 5) property inspections, work write-up and cost estimates; production of bid requests, contractor selection, contract awarding; 6) construction monitoring, review of draw requests and change orders; 7) any and all other duties to successfully administer and complete the Program including record-keeping, cooperation with City monitoring activities, budget management, and preparation of progress and close-out reports.
- f) NHS shall adhere to a Schedule of Performance in which progress is measured by quarterly milestones of homes rehabilitated and Building Leadership by Organizing Communities activities and programming.
- g) NHS shall make good faith efforts to coordinate with the City's MASH program to leverage their respective resources to increase the housing impact for the low income homeowners benefitting from the Program.
- h) NHS shall comply with all applicable City ordinances, policies and regulations.
- i) NHS shall comply with all applicable HUD/HOME Program statutes and regulations.
- j) The sub-recipient agreement period shall commence on the effective date and expire on June 30, 2013.

COUNCIL POLICY CONSIDERATION

The proposed action is consistent with the City's General Plan - Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Plan.

ENVIRONMENTAL ANALYSIS

The implementation of a single-family home rehabilitation loan program (the "Program") does not have a significant effect on the environment and has been determined to be categorically exempt under Class 1 (Existing Facilities) of the State California Environmental Quality Act ("CEQA"), and, specifically, Section 15301 of the State CEQA Guidelines. No further CEQA review is required for this Program. Class 1 specifically exempts from further CEQA review the repair, maintenance or minor alteration of existing structures where there is negligible or no expansion of the use. Interior or exterior alterations of the type contemplated under the Program are specifically contemplated under Class 1.

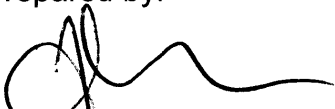
FISCAL IMPACT

Approval of the subject recommendation will increase appropriations to the NHS Program in the amount of \$250,000 to be supported by new FY 2013 revenues of reallocated HOME funds (\$250,000).

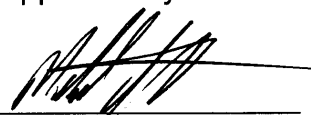
Respectfully submitted,


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