

Agenda Report

September 28, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Housing and Career Services Department

SUBJECT: APPROVAL OF AMENDMENT AGREEMENTS TO ALLOCATE FEDERAL HOME INVESTMENT PARTNERSHIP ACT FUNDS TOTALING \$142,605 UNDER CHDO/HOME LOAN AGREEMENT #30,252 WITH COMMUNITY HOUSINGWORKS, AND HOME SUB-RECIPIENT AGREEMENT #C-21,122 WITH NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY

RECOMMENDATION:

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

- 1) Approve a budget amendment and a journal voucher appropriating \$142,605 from uncommitted HOME Investment Partnership Act Funds ("HOME") to the Housing and Career Services Department FY 2016 operating budget, and the allocation of said HOME funds in the amount of \$60,000 for the Single-Family Home Rehabilitation Loan Program (Account No. 22116002-816700-52507) and in the amount of \$82,605 for the Northwest Manors II Rehabilitation Project (Account No. 22116002-816700-52045);
- 2) Approve key business terms of amendment agreements to CHDO/HOME Loan Agreement #30,252 with Community Housing Works and HOME Sub-Recipient Agreement #C-21,122 with Neighborhood Housing Services of Los Angeles County; and
- 3) Authorize the City Manager to execute any and all documents necessary to effectuate the staff recommendation.

BACKGROUND:

The City is a Participating Jurisdiction ("PJ") recipient of federal entitlement housing funds under the HOME Investment Partnership Act Program ("HOME") which are allocated annually by the U. S. Department of Housing and Urban Development ("HUD"). PJs are required to commit HOME entitlement funds, plus any HOME program income that might be generated (e. g., from the payoffs of HOME-funded

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housing loans) to eligible projects within two years of HUD's award date and to complete the projects within five years of the award date. If these commitment deadlines are not met, the HOME funds are subject to recapture by HUD.

As of June 31, 2015 staff planned on an outstanding HOME commitment requirement in the amount of \$470,000 which funds must be under contract for an eligible project by September 30, 2015. This commitment requirement would have been fully satisfied with the approval by City Council on July 20, 2015 to allocate \$470,000 in HOME funds for the rehabilitation of the Northwest Manors II apartments by nonprofit developer Community HousingWorks under CHDO/HOME Loan Agreement #30,252.

Subsequently, however, greater than projected amounts of HOME program income revenues were received during the months of July and August. This caused the prior commitment requirement amount to increase by \$142,605 which must be committed before the federal fiscal year ends on September 30, 2015.

With the very limited amount of time in which to commit this amount of funds, staff is proposing that these available HOME monies be allocated to housing rehabilitation activities that are currently under contract with the City -- the Single-Family Home Rehabilitation Loan Program administered by Neighborhood Housing Services (NHS), and the rehabilitation of the Northwest Manors apartments by Community HousingWorks (CHW). The NHS program was originally funded with \$250,000 from HOME. One rehab project has been completed and four others are in the rehab work specs stage. Only about \$50K are available in the program. CHW was approved for \$470K in HOME funding by the City Council on July 20, 2015 and they are preparing to acquire the Northwest Manors properties next month and commence rehabilitation in November.

KEY TERMS OF AMENDMENT AGREEMENTS

The key terms of the respective amendment agreements are as follows:

HOME Sub-Recipient Agreement with Neighborhood Housing Services of Los Angeles County

- City shall increase its commitment of HOME funding under this agreement by \$60,000
- Scope of Work shall be increased to additional three homes to be rehabilitated
- Schedule of Performance shall be extended through June 30, 2016

CHDO/HOME Loan Agreement with Community HousingWorks

- City shall increase its commitment of HOME funding under this agreement by \$82,605
- Scope of Work shall include the installation of solar water heater systems at both sites (700 E. Mountains Street and 965 N. Raymond Avenue)

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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 Objectives.

ENVIRONMENTAL FINDINGS:

The City Council previously made the following California Environmental Quality Act (CEQA) findings with respect to the subject projects:

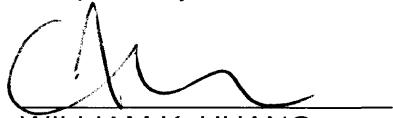
Northwest Manors II Rehabilitation: On July 20 2015, a finding that the project does not have a significant impact on the environment and has been determined to be categorically exempt under Class 1 (Existing Facilities) of the State CEQA under Section 15301 of CEQA Guidelines.

Single-Family Home Rehabilitation Loan Program: On July 16 2012, a finding that the project does not have a significant impact on the environment and has been determined to be categorically exempt under Class 1 (Existing Facilities) of the State CEQA under Section 15301 of CEQA Guidelines.

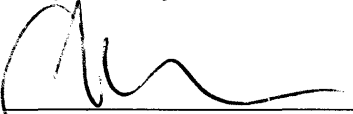
FISCAL IMPACT:

The proposed action will increase the FY 2016 operating budget of the Housing and Career Services Department by the amount of \$142,605 from the allocation of non-committed federal HOME funds to two existing projects -- the Single-Family Home Rehabilitation Loan Program (\$60,000) and the Northwest Manors II Rehabilitation Project (\$82,605). This action will have no impact on the City General Fund.

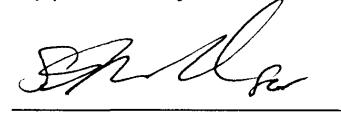
Respectfully submitted,


for WILLIAM K. HUANG
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MICHAEL J. BECK
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