



City of Rialto

Legislation Text

File #: 17-1006, **Version:** 1

For Rialto Housing Authority Meeting [November 14, 2017]

TO: Honorable Chair and Board Members

APPROVAL: Michael Story, Executive Director

FROM: Robb Steel, Asst. City Administrator/Development Services Director

Request Rialto Housing Authority to Approve a Professional Services Agreement with LDM Associates to manage housing repair projects for a maximum of \$50,000 and Adopt **Budget Resolution No. 7235** to appropriate \$50,000 for consultant services and \$300,000 for the Home Sweet Home Program and the Mortgage Assistance Program.

(ACTION)

BACKGROUND:

Since 2000, the former Redevelopment Agency (RDA) and the Rialto Housing Authority (RHA) have provided a variety of homeowner rehabilitation and homebuyer programs assisting about 330 low-moderate income households and expending about \$7,000,000 as grants or loans. In addition, the former RDA and the RHA collected about \$3,335,000 from about 180 loan payoffs. The original funding sources included the RDA low-moderate income housing funds (LMIHF), the state's CalHome program, and the federal Neighborhood Stabilization Program (NSP).

In 2012, the California Redevelopment Dissolution Act dissolved RDA and the LMIHF monies. To continue the housing programs, RHA utilized CalHome funds for the owner-occupied rehabilitation program (known as "Home Sweet Home") and down payment program (known as the "Mortgage Assistance Program"). In fiscal year 2016, the City Council awarded Community Development Block Grant funds for the Mobile Home Repair Program.

From fiscal year 2012-13 to 2016-17, the RHA completed the following:

- Nineteen (19) Home Sweet Home projects totaling about \$670,000.
- Six (6) Mortgage Assistance Program projects totaling about \$224,000.
- Sixteen (16) Mobile Home Repair projects totaling about \$80,000 (only for fiscal years 2015-16 and 2016-17).

For fiscal year 2017-18, RHA completed the following:

- Four (4) Home Sweet Home projects totaling about \$143,000.
- One (1) Mortgage Assistance project totaling \$60,000.

- Two (2) projects totaling \$55,000 that are in construction.

RHA has expended all the Home Sweet Home funds, but has been unable to expend all of the Mortgage Assistance Program funds. Staff received some interest in the Mortgage Assistance Program, but the continued housing price appreciation and the limited debt capacity for lower income households made it difficult to utilize the Mortgage Assistance Program funds. On April 12, 2016, the RHA Board increased the maximum Mortgage Assistance Program loan from \$27,000 to \$60,000 to help stimulate interest and help qualify homebuyers, but that did not generate significant activity. To obtain interest, staff and Neighborhood Partnership Housing Services (our Program Administrator) held a buyer workshop in 2016 and two workshops in 2017. The workshops produced four (4) Mortgage Assistance Program projects totaling \$178,600 from 2010 CalHome funds and one (1) Mortgage Assistance Program project of \$60,000 from 2014 CalHome funds.

ANALYSIS/DISCUSSION:

Retain LDM to Manage Housing Repair Projects

The loss of LMIHF reduced funding for programs and staff. Since fiscal year 2012-13, staffing in the Housing Division reduced from four (4) full-time staff to two (2) partial staff members (Project Manager and Development Services Specialist). The two staff members also have non-housing duties. In 2012, the RHA Board retained Neighborhood Partnership Housing Services (NPHS) to manage the Mortgage Assistance Program.

In December 2017, one of the Development Services Specialists will retire (Rosalind Joiner) after 17 years of service to the City. In accordance with the FY18 Budget directives, the City Administrator must decide whether to refill, reclassify, or freeze the position. Until the City Administrator decides, the City must determine how best to carry out the ongoing duties of the position.

Two staff members in the Building Division previously worked for the Housing Division, but are now unavailable to manage housing programs due to existing workloads. The Project Manager (John Dutrey) has also undertaken other responsibilities limiting availability for new housing responsibilities. No other staff member has experience managing housing repair programs.

To continue the housing programs, Staff proposes to retain LDM Associates (LDM) for a maximum of \$50,000. LDM currently manages the City's CDBG program. The consultant submitted a proposal (**Exhibit A**) to manage the Home Sweet Home and the Mobile Home Repair programs. LDM's scope includes:

- Marketing the programs to Rialto residents.
- Answering questions pertaining to the programs.
- Receiving and reviewing applications for eligibility.
- Underwriting loan requirements.
- Conducting construction management services.
- Reviewing and submitting construction invoices to the City for payment.

Customer service for housing programs and inquires will continue as follows:

- LDM will assign a staff member at City Hall at least once a week, or more when needed, to service applicants including executing documents.
- LDM staff will visit applicants at their residence to monitor construction.
- City and LDM staff will be available to answer questions from perspective applicants at City Hall, on the phone, or from email.
- Applicants will have the option to mail in or drop of their applications at City Hall.

The Project Manager will oversee LDM's activity and continue to approve applications and invoice payments. He will also service the loan payment demands. NPHS will continue to manage the Mortgage Assistance Program.

Utilize the CalHome Program Income

On November 19, 2014, the Housing and Community Development Department awarded RHA \$332,000 for the Home Sweet Home program and \$332,000 for the Mortgage Assistance Program ("2014 CalHome") expiring on September 24, 2017. In 2017, HCD agreed to extend the agreement subject to the following terms:

- Extension to March 30, 2018.
- The extension will be limited to three on-going Home Sweet Home projects that commence construction by September 24, 2017.
- The City shall release \$274,000 of Mortgage Assistance Program funding back to the State.

On August 22, 2017, the RHA Board approved the extension resolution. Currently, one Home Sweet Project is complete and staff anticipates completing the two remaining projects in December 2017, expending all the Home Sweet Home funds.

RHA requires new funding to continue the Home Sweet Home and Mortgage Assistance programs. In 2018, HCD may release a notice of CalHome funding availability that may continue funding for both programs. In mid-2018, the State may also release a notice for HOME program funding. Both programs are potential fund sources to continue the housing programs, but currently not available.

Currently, RHA holds at least \$900,000 of CalHome program income from loan payoffs. Staff proposes to utilize \$300,000 from CalHome program income funds for fiscal year 2018 to fund both the CalHome and the Mortgage Assistance Program. This will assist six to eight applicants.

ENVIRONMENTAL IMPACT:

The action is exempt from California Environmental Quality Act (CEQA) pursuant to Section 15378(b) (5) of the CEQA Guidelines because the authorization to apply for funds is a governmental administrative activity that will not result in director or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY:

The CalHome Contract extension is consistent with Goal 6-2 of the Housing Element of the Rialto

General Plan:

6-2: Promote and encourage housing development that adequately meets the needs of all socioeconomic segments of the community and region.

LEGAL REVIEW:

The City Attorney reviewed and approved the staff report and resolution.

FINANCIAL IMPACT:

Sufficient fund balance exists in Fund 236 (RHA Fund) to cover the costs for LDM's services of \$50,000. Staff recommends appropriating \$50,000 in Account Number 236-500-1793-2011 to pay LDM.

RHA holds a minimum of \$900,000 in CalHome Program Income funds in Fund 246. Staff recommends appropriating \$300,000 in Account Number 246-500-1751-2011 to pay for the Home Sweet Home Program and the Mortgage Assistance Program from CalHome Program Income.

RECOMMENDATION:

Staff recommends that the Rialto Housing Authority:

1. Approve a Professional Services Agreement (**Exhibit B**) with LDM Associates for a maximum of \$50,000 to provide project management for the Home Sweet Home and the Mobile Home Repair programs.
2. Approve a Budget Resolution (**Exhibit C**) appropriating \$50,000 from Fund 236 to fund the LDM Associates PSA and \$300,000 from Fund 246 (CalHome program income) to fund the Home Sweet Home Program and the Mortgage Assistance Program.