City of Calistoga Staff Report

TO: Honorable Mayor and City Council

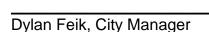
FROM: Lynn Goldberg, Planning & Building Director

DATE: February 7, 2017

SUBJECT: Intergovernmental Agreement for Administration of CDBG

Residential Rehabilitation Program

APPROVED FOR FORWARDING



- ISSUE: Consideration of an agreement with the Housing Authority of the City of Napa
 (HACN) to administer the CDBG residential rehabilitation program
- 3 **RECOMMENDATION:** Adopt a resolution authorizing the City Manager to execute the
- 4 intergovernmental agreement between the City and HACN to administer the CDBG
- 5 residential rehabilitation program.
- 6 **BACKGROUND**: The City has been awarded \$600,000 in funding under the federal
- 7 Community Development Block Grant (CDBG) Program for an owner-occupied
- 8 residential rehabilitation program, which will assist low-income homeowners whose
- 9 primary residence is in need of repairs, improvements or reconstruction necessary to
- meet federal, state and local building codes.
- The City also has \$184,158 of funding from previous CDBG loan repayments ("existing
- program income") that needs to be spent prior to using any of the \$600,000 funding.
- 13 The City currently has an agreement with HACN to provide a range of affordable
- housing services to the City. (In fact, HACN provided valuable assistance in preparing
- the CDBG funding application as part of this agreement.) HACN also administers the
- 16 City's current HOME residential rehabilitation program.

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- DISCUSSION: The proposed agreement would be a separate arrangement with HACN to act as the "Program Operator" for the CDBG rehabilitation program and would cover the following services:
 - Process applications and select program participants
 - Verify household income
 - Inspect and document dwelling conditions
 - Develop bid specifications

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- Conduct bid walks and pre-construction conferences
 - Prepare Minor Rehabilitation Residential Environmental Reviews
- Prepare contracts and loan documents
 - Monitor construction activities
 - Prepare payment requests and lien waivers
 - Prepare and recommending approval of change orders
 - Inspect completed work
 - Prepare and record Notices of Completion
 - Prepare project closing documents and draw requests to the State
 - Conduct program outreach and marketing
 - Monitor annual occupancy of homes with loans
 - Prepare reports required by the CDBG Program, including the semi-annual Program Income Reports, annual Performance Reports, and any applicable labor reports
- It should be noted that the City would have ultimate approval of applicant eligibility, scope of work, amount of loans, change orders, etc., based upon HACN's recommendations.
- HACN has successfully administered the current HOME rehabilitation program with City staff. An experienced rehabilitation specialist will be hired by HACN to handle the evaluation and construction aspects of each project.
- 44 CONSISTENCY WITH CITY COUNCIL GOALS AND OBJECTIVES: Providing for the
 45 administration of the residential rehabilitation grant is consistent with the following goal
 46 and objective adopted by the City Council for FY 16-17:
 - Goal 7: Address the community's housing needs.
- 48 <u>Objective</u>
 - 1. Maintain the existing housing stock in good condition.
 - **FISCAL IMPACT**: Under the terms of the State's Standard Agreement, \$41,860 of the \$600,000 grant is designated for general program administration. HACN is proposing to use two-thirds of this amount to cover its administrative costs; the remaining one-third

- would be available to the City for these purposes. A similar arrangement is proposed to administer the CDBG funds that the City currently has on hand.
- Also per the Standard Agreement, \$89,115 of the \$600,000 grant can be used for HACN's activity delivery costs. HACN is also eligible to use up to 19 percent of the existing program income (net of administration costs) for activity delivery.

	Housing Authority of the City of Napa		City
General Program Administration			
2016 CDBG Grant	\$27,910	2/3 of \$41,860 stipulated by grant	\$13,950
Existing Program Income	\$20,662	2/3 of 17% of \$184,158	\$10,645
Activity Delivery – Rehabilitation			
2016 CDBG Grant	\$89,115	100% of amount stipulated by grant	\$0
Existing Program Income	\$29,041	19% of \$152,851 (\$184,158 – admin. cost)	\$0
Totals	\$166,728		\$24,595

- The following budget adjustments are recommended for general program administration and activity delivery:
 - \$117,025 from the unappropriated CDBG fund balance under account 44-4615-4402
 - \$141,620 from the unappropriated CDBG loan repayment fund balance under account 39-4700-4799 to account 44-3299 (CDBG Fund).
 - \$24,595 from the unappropriated CDBG loan repayment fund balance under account 39-4700-4799 to account 01-3299 (General Fund City staff administration).
 - **ENVIRONMENTAL REVIEW**: The proposed contract is not a project and is therefore not subject to environmental review.
 - **ALTERNATIVES**: All of the tasks listed above that are necessary to implement the CDBG rehabilitation program are well beyond the capacity of City staff resources and it was assumed at the time of the CDBG application that HACN would provide these services. Therefore, it is not feasible for City staff to act as Program Operator for this grant.

ATTACHMENT

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1. Draft Resolution