

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

Dylan Feik, City Manager

- 1 **ISSUE:** Consideration of an agreement with the Housing Authority of the City of Napa
- 2 (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
- 10 meet federal, state and local building codes.
- 11 The City also has \$184,158 of funding from previous CDBG loan repayments (“existing
- 12 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
- 14 housing services to the City. (In fact, HACN provided valuable assistance in preparing
- 15 the CDBG funding application as part of this agreement.) HACN also administers the
- 16 City’s current HOME residential rehabilitation program.

17 **DISCUSSION:** The proposed agreement would be a separate arrangement with HACN
18 to act as the “Program Operator” for the CDBG rehabilitation program and would cover
19 the following services:

- 20 • Process applications and select program participants
- 21 • Verify household income
- 22 • Inspect and document dwelling conditions
- 23 • Develop bid specifications
- 24 • Conduct bid walks and pre-construction conferences
- 25 • Prepare Minor Rehabilitation Residential Environmental Reviews
- 26 • Prepare contracts and loan documents
- 27 • Monitor construction activities
- 28 • Prepare payment requests and lien waivers
- 29 • Prepare and recommending approval of change orders
- 30 • Inspect completed work
- 31 • Prepare and record Notices of Completion
- 32 • Prepare project closing documents and draw requests to the State
- 33 • Conduct program outreach and marketing
- 34 • Monitor annual occupancy of homes with loans
- 35 • Prepare reports required by the CDBG Program, including the semi-annual
36 Program Income Reports, annual Performance Reports, and any applicable
37 labor reports

38 It should be noted that the City would have ultimate approval of applicant eligibility,
39 scope of work, amount of loans, change orders, etc., based upon HACN’s
40 recommendations.

41 HACN has successfully administered the current HOME rehabilitation program with City
42 staff. An experienced rehabilitation specialist will be hired by HACN to handle the
43 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:

47 *Goal 7: Address the community’s housing needs.*

48 Objective

49 1. *Maintain the existing housing stock in good condition.*

50 **FISCAL IMPACT:** Under the terms of the State’s Standard Agreement, \$41,860 of the
51 \$600,000 grant is designated for general program administration. HACN is proposing to
52 use two-thirds of this amount to cover its administrative costs; the remaining one-third

53 would be available to the City for these purposes. A similar arrangement is proposed to
 54 administer the CDBG funds that the City currently has on hand.

55 Also per the Standard Agreement, \$89,115 of the \$600,000 grant can be used for
 56 HACN’s activity delivery costs. HACN is also eligible to use up to 19 percent of the
 57 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

58 The following budget adjustments are recommended for general program administration
 59 and activity delivery:

- 60 • \$117,025 from the unappropriated CDBG fund balance under account 44-4615-
 61 4402
- 62 • \$141,620 from the unappropriated CDBG loan repayment fund balance under
 63 account 39-4700-4799 to account 44-3299 (CDBG Fund).
- 64 • \$24,595 from the unappropriated CDBG loan repayment fund balance under
 65 account 39-4700-4799 to account 01-3299 (General Fund – City staff
 66 administration).

67 **ENVIRONMENTAL REVIEW:** The proposed contract is not a project and is therefore
 68 not subject to environmental review.

69 **ALTERNATIVES:** All of the tasks listed above that are necessary to implement the
 70 CDBG rehabilitation program are well beyond the capacity of City staff resources and it
 71 was assumed at the time of the CDBG application that HACN would provide these
 72 services. Therefore, it is not feasible for City staff to act as Program Operator for this
 73 grant.

ATTACHMENT

1. Draft Resolution