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**Title:** CONSIDERATION OF ADOPTION OF UPDATED PROGRAM GUIDELINES FOR THE CITY'S NEIGHBORHOOD PRIDE PROGRAM (CITY COUNCIL)

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**Attachments:** 1. EXHIBIT NO.1- Income Limits, 2. EXHIBIT NO.2-Draft NPP guidelines for council approval final draft -3-29-22-FINAL PDF

Date	Ver.	Action By	Action	Result
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## Report to Mayor and City Council

Tuesday, April 05, 2022

Consent

### SUBJECT:

### CONSIDERATION OF ADOPTION OF UPDATED PROGRAM GUIDELINES FOR THE CITY'S NEIGHBORHOOD PRIDE PROGRAM (CITY COUNCIL)

#### I. SUMMARY

The current Neighborhood Pride Program (NPP) guidelines was adopted by the City Council on November 7, 2016. The proposed guidelines are modified to maintain high quality improvements by increasing the limits of the program for each residence to keep up with increased construction costs. Staff believes these modifications will result in providing a better service for the program users and enhance the City's residential communities including mobile homes parks. This enhancement increases the property values in the neighborhood. Income-qualified single-family homeowners have the option of applying for either grants or loans while mobile home residents only have the option of applying for grants. All loan payments received under this program are deposited into the CDBG Revolving Loan Fund for the funding of future eligible NPP activities.

The proposed maximum program grant or loan amount is \$20,000 for single-family detached units. For mobile homes the proposed limit for grants is \$15,000. The current limits are \$15,000 and \$10,000, respectively.

The proposed guidelines authorize the Director of Community Development to increase the loan or grant amount by 25% for single family homes and increase the grant amount by 25% for mobile homes. This authority can only be exercised when the Community Development Director determines that substantial repairs unforeseen at the time of the initial inspection make the expenditures necessary (e.g. additional necessary repairs are discovered during construction). The current guidelines allow a 25% increase as well. If the estimate to make the repairs exceeds the said limits, other non-health and safety repairs must be eliminated. If this elimination is determined to be not possible, the City Manager is authorized to increase the limit by a maximum of \$2,500. Repairs over this amount will be required to be paid by the homeowners.

For single-family units, if the initial property inspection indicates the property requires substantial health and safety repairs in excess of the basic program limits, the proposed guidelines allow the City Manager, on a case-by-case basis, to approve a loan amount up to \$50,000. In this scenario, a grant is not available to the homeowner. The current guidelines do not include such provision.

## **II. RECOMMENDATION**

1. **APPROVE** the modified Neighborhood Pride Program guidelines.
2. **AUTHORIZE** the Community Development Director to approve loans or grants for single family homes up to \$20,000 and grants for mobile homes up to \$15,000.
3. **AUTHORIZE** the Community Development Director to approve increases in the loan or grant amounts by 25% for single family homes and increase in the grant amount by 25% for mobile homes for unforeseen substantial repairs at the time of inspection for change orders and **AUTHORIZE** the City Manager to approve an additional \$2,500 if deem necessary.
4. **AUTHORIZE** City Manager to approve deferred loan amounts for single family detached units up to \$50,000 on a case-by-case basis.

## **III. ALTERNATIVES**

Take another action the City Council deems appropriate.

## **IV. BACKGROUND**

Neighborhood Pride Program projects are funded from the City's annual allocation of Community Development Block Grant (CDBG) funds. The City receives CDBG funds from HUD as authorized under the Title I of the Housing Community Act of 1974, Public Law 93-383, as amended; 42 U.S.C. 5301 et seq. Funds for the NPP are allocated to different programs by the City Council each fiscal year as part of the City's Annual Action Plan process in conjunction with the City's annual budgeting process.

Through the NPP, the City offers grants and loans to qualified low-income residents for home improvements and/or repairs. Currently the program provides grants and loans to eligible households where incomes do not exceed the 80% of HUD Area Median Income adjusted for household size, Exhibit No. 1. Currently, a grant may not exceed \$15,000 for single family detached residential properties and \$10,000 for mobile homes. However, as construction and labor costs have increased, staff has had difficulties providing the same level of improvements as before to the residents applying through this program. Therefore, staff is requesting to raise the limit for single-family grants and loans from \$15,000 to \$20,000 and for mobile home grants from \$10,000 to \$15,000. Any grant amounts over these limits and any loans over the \$25,000 will be subject to specific criteria as described in the Neighborhood Pride Program Guidelines, Exhibit No. 2 (section II Program Description) and as discussed in the Summary section of the staff report.

In the past two years the program housing inspector has inspected homes where there is extensive deferred maintenance that exceeds the current program funding amounts. Such items include deteriorated roofs, plumbing, mold in bathrooms, and more frequently asbestos abatement along with health and safety substandard repairs.

Staff is also requesting City Council to consider authorizing the City Manager to approve loan amounts up to \$50,000 based on staff inspections as it relates to the projects that require substantial repairs determined at the time of initial inspection on a case-by-case basis. All loans funded with CDBG funding will produce program income upon repayment.

Additionally, if homeowners desire non-health and safety repairs over the grant maximum amount will be required to contribute the additional amount to the City in order to complete the Rehabilitation project.

Due to popularity of the program, an interest list registration requirement has been implemented to maintain accurate and efficient records of program resident interest. All applicants must register through the city's website. The registration opportunity is twice a year based on funding availability. Only 75 names will be placed on the interest list at each opening.

Staff believes these proposed modifications to the Neighborhood Pride Program guidelines will increase its proficiency in serving its Carson residents in a timely manner.

#### Loan Conditions, Rates and Terms

The NPP loans are deferred, and will accrue interest of 3% per year, and do not require monthly payments. NPP loans are immediately payable inclusive of the unpaid principal balance and any other amounts due under the Note upon the earlier of:

- a. The sale, conveyance, transfer, cash-out refinance, hypothecation of the security, or any part thereof, or any interest therein, or divestment of title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the City being first had and obtained; or

#### Eligible Improvements

Program loans and grants may be expended for:

- structural repairs

- roofs
- insulation
- rodent and pest extermination
- cabinets
- counters
- plumbing repairs
- electrical repairs
- installation or repair of heating and air conditioning systems
- windows/window frames
- door/door frames
- flooring
- fencing
- hardscape
- asbestos abatement and lead base paint removal
- painting (interior and exterior)
- energy efficiency improvements
- Americans with Disabilities Act (ADA) improvements

#### Life Threatening or Safety Repairs

This standard is used to define the most urgent health and safety repairs such as unsafe plumbing or electrical wiring. All immediate life-threatening hazards, all health and safety hazards, and, to the extent feasible, all building code violations shall be corrected. Such hazards include, but are not limited to:

- Sagging structural parts of a house (e.g., porch, roof, floors, stairways), which are likely to collapse in the immediate future if not supported;
- Electrical conditions which are likely to result in a fire or threaten human life in the immediate future, including overloaded circuits, hazardous fixtures, switches, outlets or wiring;
- Plumbing repairs, which involve exposed sewage, leaking supply or waste lines, and inoperable water heaters;
- Mechanical system failures such as the leakage of gas or fumes from appliances that can lead to fire and cause serious injury; and
- Other conditions which pose life-threatening danger to the occupants of the dwelling.

#### Health and Safety Hazards

Health and safety hazards are deteriorated or inadequate features of the structure. Such inadequacies include, but are not limited to:

- Defects in electrical and plumbing fixtures;
- Unsafe entrance and exit facilities;
- Lack of smoke alarms, carbon monoxide alarms or similar devices;
- Deteriorating or inadequate structural conditions, including crumbling foundations, dry

rot, and termite damage; and

- Other code deficiencies.

## **V. FISCAL IMPACT**

## **NoneVI. EXHIBITS**

1. Exhibit No. 1: Income Guidelines (pg. 6 )
2. Exhibit No. 2: Program Guidelines (pgs.7-40 )

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