



STAFF REPORT

Meeting Date: June 8, 2015
To: Honorable Mayor & City Council
From: James R. Latta, Human Services Administrator
Subject: Community Development Block Grant (CDBG) Option To Include Zero/Low Interest Loans for FY 2015-16
Attachments: 1. 2015 Income Guidelines for CDBG

INTRODUCTION

On February 3, 2015, City Council approved the Los Angeles County Development Commission's (LACDC) application to identify the general categories of eligible activities the grant is to fund, and the proposed service providers. Along with that consideration staff presented an option of zero to low interest loans to single family owners and multi-family landlords, as an alternative to grants. The City Council, directed staff to further research this option and bring back for reconsideration.

DISCUSSION

Federal funding for the Community Development Block Grant (CDBG) has decreased nearly 28% since 2007. Yet, for qualifying low to moderate income Beverly Hills residents, the need for housing rehabilitation services remains in high demand. The current CDBG program provides limited grants for minor home repairs, mobility, and security improvements to low and moderate income Beverly Hills residents. This program delivers a valuable service for low to moderate income residents living in both single and multi-family dwellings. The program is part of a continuum of care that provides a social service safety-net for vulnerable members of the community. Presently, funding is limited and allocated on a first come first-served basis for qualifying residents (see attachment 1). The FY 2015-16 budget allows for up to seven single family (\$105,000) and eleven multi-family grants (\$113,359).

The development of a revolving loan program is a viable option used by other cities to sustain the CDBG program. The following cities provide such a program at this time: Calabasas, La Habra, and Temple City. A loan program would allow additional qualified seniors to "age in place". Many seniors prefer to stay in their own homes, but can't afford costly maintenance required by the City to correct building and health code violations to ensure safe and sanitary housing. A loan program would also serve tenants who often are afraid to report unsafe living conditions to their landlord in fear of having their rent raised, or being evicted. In this scenario, the landlord would receive the zero

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interest loan to make repairs and not have to repay the loan until the tenant leaves the unit.

If there is City Council interest in a CDBG loan program, staff recommends the formation of a Screening Committee comprised of the appropriate City staff. The Screening Committee would review all grants and loans and monitor loans according to established procedures. For example, on an annual basis, loan recipients would have to provide proof of occupancy in the form of a current utility bill, provide a statement of the unit's continued use as a residence and a declaration listing other title holders that do not reside at the premises.

In order to obtain a loan, applicants must meet all property and eligibility guidelines in effect at the time the application is considered. Once qualified for a loan or grant, there may be occasions when a loan is preferred instead of a grant. For example, recently a resident with a broken mainline sewer was referred to Human Services for financial assistance. The home owner had no means of paying for the repair, yet the broken mainline was a hazard to the community. Instead of waiting for special approval by LACDC for the grant, staff could have internally approved a loan and expedited the repair.

The goal of the proposed residential loan program is to continue providing the same Housing and Rehabilitation Services with the option of allowing, to qualified applicants deferred loans at zero percent interest up to a maximum of \$10,000 with a minimum loan amount of \$5,000 per household. The program's objective is to assist eligible low and moderate-income residential, owner occupants and multi-family landlords in maintaining the City's existing housing stock by making the residential rehabilitation process more readily available.

The source of these funds is LACDC, which acts as an agent for and is the recipient of the Federal Government's Department of Housing and Urban Development (HUD) CDBG funds.

FISCAL IMPACT

Costs associated with the grant programs will be reimbursed to the City at the end of the fiscal year using CDBG funds. The City will be the recipient of loan payments or recapture funds, and maintain a financial record-keeping system to record payments and file statements on payment status. The City will accept loan payments in full upon sale or transfer of the property, from borrowers making payments in full upon sale or transfer of the property, and from owners of tenant occupied units.

RECOMMENDATION

Staff recommends that Council approve the development of a revolving CDBG loan program. A loan program will safeguard the future of this vital program and the important service it provides to qualified members of the community.

Steve Zoet, CS Director

Approved By



Attachment 1



LOS ANGELES COUNTY



GMU BULLETIN

COMMUNITY DEVELOPMENT COMMISSION • 700 W. Main Street • Alhambra • California 91801

NUMBER: 15-0006	SUBJECT: REVISED 2015 INCOME GUIDELINES
DATE: April 2, 2015	EFFECTIVE DATE: IMMEDIATELY
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**TO: PARTICIPATING CITIES
COMMUNITY-BASED ORGANIZATIONS
OTHER PUBLIC AGENCIES
COUNTY DEPARTMENTS
CDC DIVISIONS**

The 2015 income guidelines (effective March 6, 2015) for use in the Community Development Block Grant (CDBG), First Five LA (F5) Programs, and Homeless and Housing Program Fund (HHPF) are listed below. These guidelines should be used to determine compliance with each program's objective of providing benefit to eligible persons. They are also used in determining eligibility for the Public Housing and Section 8 Programs, and are effective until a new schedule is issued.

The CDBG Program defines annual income according to the Section 8 Housing Assistance Payments Program, thus we are subject to the definition of "Extremely Low-Income," per the 2014 Consolidated Appropriations Act. Since the 30% Average Median Income (AMI) limits are not the same as the "Extremely Low-Income" limits, the CDBG Program must use the income guidelines, as outlined below.

INCOME LIMITS

Number of Persons	Extremely Low-Income	Low-Income	Moderate-Income
1	\$17,450	\$29,050	\$46,500
2	\$19,950	\$33,200	\$53,150
3	\$22,450	\$37,350	\$59,800
4	\$24,900	\$41,500	\$66,400
5	\$28,410	\$44,850	\$71,750
6	\$32,570	\$48,150	\$77,050
7	\$36,730	\$51,500	\$82,350
8	\$40,890	\$54,800	\$87,650

Please note that the 2015 median family income for Los Angeles County is \$63,000.

These guidelines refer to the terms in determining income levels for the above-mentioned programs. In order to clarify any misunderstanding from the differences in terms between the Public Housing, Section 8, CDBG, F5, and HHPF Programs, the following is provided for your information:

COMPARISON OF TERMS IN DETERMINING INCOME LEVELS				
HHPF	F5	CDBG	SECTION 8	% OF MEDIAN
Extremely Low-Income	Extremely Low-Income	Extremely Low-Income	Extremely Low-Income	Equal to or less than 30%
Not Eligible	Not Eligible	Low-Income	Very Low-Income	31% to 50%
Not Eligible	Not Eligible	Moderate-Income	Low-Income	51% to 80%

Community Development Division—Grants Management Unit (CDD-GMU)
Putting Dollars Into Action

Participating Agencies

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For all agencies utilizing CDBG-approved *Public Service Self-Certification Forms*, please be sure to incorporate these revised income guidelines into your forms immediately (the *Public Service Self-Certification Form* does not apply to the F5 and HHPF Programs).

Should you have any questions, please contact your Program Manager.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Stevenson", with a long horizontal flourish extending to the right.

SCOTT STEVENSON, Director
Community Development Division

SS:AM:BT:KYH:RG:vu

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