Lompoc City Council
Lompoc Redevelopment Agency
Agenda Item

Meeting Date: October 7, 2008

TO: Gary P. Keefe, City Administrator/ Executive Director

FROM: Dinah Lockhart, Associate Planner
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Linda R. Wertman, Redevelopment Agency Program Coordinator
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SUBJECT: Revisions to the Affordable Housing Trust Fund Program Implementation Plan and Approval of the Use of Community Development Block Grant (CDBG), Redevelopment Agency (RDA), and Lompoc Affordable Housing Trust Funds to Acquire Loan Software

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RECOMMENDATION:

That City Council / Redevelopment Agency approve:

1) A revision to the Lompoc Affordable Housing Trust Fund (LAHTF) Program Implementation Plan to allow use of LAHTF funding for reasonable administrative costs, not to exceed $10,000 annually and to allow loan processing cost to be included in the loan amount or collected with the application;

2) A revision to the LAHTF Program Implementation Plan to require the execution of Council approved loans within a 180-day period, with allowance for administrative approval of one (1) extension of an additional 180-day period, before Council approval expires, and funds are de-obligated and returned to LAHTF fund balance;

3) The use of funds from the following sources for the acquisition of The Mortgage Office loan servicing software program and twelve (12) months of software maintenance service for a total cost not to exceed of $37,000: $15,000 in Community Development Block Grant (CDBG) funds; $15,000 in Redevelopment Agency (RDA) funds; and $7,000 in LAHTF funds; and

4)   Authorize the City Administrator or his designee to sign the sales contract and any other purchase orders, or agreements necessary to effect this acquisition.

DISCUSSION:

Changes to the Affordable Housing Trust Fund Program Implementation Plan

Council approved the LAHTF Program Implementation Plan in April of 2005. Since that time, three issues have surfaced which suggest changes to the Implementation Plan to improve program effectiveness.   When the LAHTF was created, there was no administrative allowance provided in the implementation of the Program. Staff believes an administrative allowance not to exceed $10,000 annually will help to defray certain costs, such as legal document preparation expenses, and now, a loan software purchase. Additionally, staff would like to institute a reasonable timeframe of 180-days, with an additional 180-day extension, a total of twelve (12) months, from the day a developer obtains Council approval of an LAHTF loan, to when the loan is executed. This provides motivation to obtain project financing in a timely manner, and preserves the City's ability to move funds from inactive projects to projects that can utilize the funds to create affordable housing in a timely manner. Staff also recommends that the Implementation Plan be revised to allow loan processing cost to be included in the loan amount or collected with the application.

Acquisition of Loan Software Program for City Loan Programs

Staff is recommending the acquisition of The Mortgage Office loan software program to service loans made by the CDBG, RDA, and LAHTF Fund programs (Attachment #1). The current software program that has been used for the past 12 years has over time exhibited a variety of problems, which have diminished staff's confidence in its continued reliability. By apportioning the cost of the software to the affected programs, the cost burden is reduced on any one fund. Staff has conducted research to identify other providers of this type of software, and this product provides best set of tools and options for these programs. Staff has also contacted jurisdictions that are currently using The Mortgage Office program, including El Cajon, Fresno, Victorville, Beverly Hills, and Placer County, and they have generally experienced good results and good customer service support. The acquisition of software is an eligible expense in CDBG under Code of Federal Regulations 570.206(a)(4).

A new server will be supplied by the City Information System Division and will be shared with another City Division. The new software will be installed on the new hardware.

SUMMARY

Staff is asking for approval of these recommendations to make improvements in the LAHTF Fund program and the loan servicing operations of the CDBG and RDA programs. These recommended actions will ensure that these programs maintain the highest level of accuracy and accountability of the City's affordable housing, commercial, and economic development loan portfolio.

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Dinah Lockhart, Associate Planner

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Linda Wertman, Redevelopment Agency Program Coordinator

APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:

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Arleen T. Pelster, AICP, Community Development Director

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John Walk, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

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Gary P. Keefe, City Administrator

Attachment:

1)   The Mortgage Office Software Description