



City Council Agenda Item

City Council Meeting Date: May 7, 2019

TO: Jim Throop, City Manager

FROM: Chanel Ovalle, Community Development Program Manager
c_ovalle@ci.lompoc.ca.us

SUBJECT: Adoption of Resolution No. 6254(19) Approving Allocation of 2019-20 City HOME Consortium Funds for a Tenant Based Rental Assistance Program to be Administered by the Housing Authority of the County Santa Barbara

Recommendation:

Staff recommends the City Council adopt Resolution No. 6254(19) (attached) and allocate the City's share of the 2019-20 HOME Consortium funds in the amount of \$114,801 to a City of Lompoc Tenant Based Rental Assistance Program (TBRA) administered by the County of Santa Barbara through the Housing Authority of the County of Santa Barbara.

Background:

The City has participated in the Santa Barbara County HOME Consortium since 1997 and recently renewed its consortium agreement for fiscal years (FYs) 2019-21 by Resolution No. 6192(18) dated June 19, 2018.

The City's share of the FY 2019-20 HOME Consortium Fund is \$114,801.

The City does not receive any HOME funds for the administrative costs associated with operating the HOME Program, those funds are paid to the County who is the "lead" agency of the Consortium and ultimately the responsible party to the HOME Program's guidelines and requirements.

HOME Investment Partnership funds are very limited in allowable activities. HOME funds can be used for homeowner rehabilitation, acquisition, construction, homebuyer programs and the Tenant Based Rental Assistance Program (TBRA) that provides financial assistance for rent security deposits and utility deposits. These types of programs have numerous regulatory requirements which make implementation of such programs difficult and costly to manage.

Due to the funding most affordable housing projects require in order to acquire, construct or rehabilitate homes, and the HOME regulations regarding timeliness, expenditure and

completion of projects, utilizing the City's one year share of allocation of \$114,801 is not sufficient to assist these types of projects and meet the regulatory requirements.

Discussion:

The City successfully administered a TBRA program in FY 2017-18. The City's TBRA program consisted of three staff members who addressed many inquiries from the community and local landlords, met with participants (on several occasions per assisted household), documented and verified income and asset sources, calculated the maximum allowable rent and utility security deposits, inspected and re-inspected units, reviewed rental leases and processed checks for the deposits. The program kept staff heavily occupied at the customer service counter, in private meeting rooms and in the field.

Although staff is receiving numerous inquiries and requests from Lompoc low income residents for a TBRA program, it is no longer feasible for the division to administer the program based on the division's experience of the program demands and funding requirements with a current staff of two members. (The division, when fully staffed, is five members not including the vacant Community Development Department Director position).

In order for the City's share of funds to benefit Lompoc, staff connected with the County to explore options and obtained a list of projects the City could allocate its portion to. There were three projects as follows:

1. Rehabilitation to an existing low income apartment complex in Isla Vista;
2. New construction of low income housing in Buellton; or
3. TBRA program administered by the Housing Authority of the County Santa Barbara.

The TBRA Program is the only qualifying activity the City can allocate its share of funds to that will solely benefit Lompoc and greatly impact a need in the community. It would provide direct financial assistance to approximately 60 low income-qualified families with security deposits to obtain safe, decent and habitable housing in Lompoc.

Fiscal Impact:

Approval of this request will not have a financial impact to the City's budget or the General Fund.

Denial of this request could result in the City's share of funding being used elsewhere in the County and not directly benefitting the City's citizens.

If approved, the TBRA program will be administered by the County through the Housing Authority. The County will amend their contract with the Housing Authority to include the City's FY 2019-20 Home Consortium portion with a stipulation the funds are ONLY to be used for Lompoc. There are no documents or agreements for the City to sign other than a resolution of the allocation approval. The County will include the program in their 2019-

20 Action Plan, and be responsible for the review of the activity, tracking, payments to the Housing Authority along with all governmental reporting and compliance.

The City will receive quarterly reports of the TBRA program's progress, households assisted and expenditures for its records.

Please know that income certifications and unit inspections are the only allowable and qualified costs of the HOME TBRA program and are estimated to be \$91.11 per household assisted. The City estimates that approximately 60 low income households can be assisted with its share of funding with security deposit assistance estimated at \$1,000 -\$2,000 based on the current rental listings in Lompoc.

An estimated breakdown of how the City's portion will be spent is as follows:

\$109,334.29 Total of Security Deposits
\$ 5,466.71 Total of Allowable Costs
\$114,801.00 Total of City's share of Home Consortium

Conclusion:

Approval of the Lompoc TBRA Program, administered by the Housing Authority, does not only assist low-income families with obtaining rental housing, but also addresses other economic factors that many low-income families face on a regular basis. This assistance will allow low-income families the ability to maintain a savings and not have to exhaust all savings to move into housing. Furthermore, utilizing HOME Consortium funds for a TBRA program administered by the Housing Authority will allow the City to keep its portion of the funding in Lompoc and benefit its low income citizens.

If the City does not allocate their portion of the HOME Consortium allocation, the County must utilize those funds to meet HUD's timeliness requirements and the funds are not guaranteed to stay in the City and benefit its community.

Respectfully submitted,

Chanel Ovalle, Community Development Program Manager

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

Attachment: Resolution No. 6254(19)