



City Council Agenda Item

City Council Meeting Date: July 20, 2021

TO: Jim Throop, City Manager

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

SUBJECT: Annual Compliance Report (7/1/2020 – 06/30/2021) of Agencies and Activities Receiving CDBG Funds, and Multi-Family, Single-Family and Commercial Properties Receiving Funding Assistance

Recommendation:

Staff recommends the City Council receive the Annual Compliance Report For Fiscal Year (FY) 2020-21 with Audit & Compliance Finding Report; and Sub-recipient Compliance Status Report for FY 2020-21.

Background:

On April 15, 2014, City Council adopted the Sub-Recipient Financial, Programmatic, and Monitoring Reporting Requirement Policy.

The policy requires an annual compliance report to be presented to the City Council at a public meeting at least annually by Community Development Department staff at the second meeting in July each year or soon thereafter.

Discussion:

Audit & Compliance Findings Report

City's Management Services Department's Compliance Committee did not convene due to COVID-19. An Audit Compliance and Findings Report will be provided to the Community Development Department and be reported in the semi year in January 2022.

Sub-recipient Compliance Status Report (1/1/2018 – 6/30/2018)

The annual monitoring includes the following components:

- Sub-recipient Agency & Activity Monitoring for those agencies and activities that were funded with City of Lompoc Community Development Block Grant Program Income and Human Services Funds;

- Multi-Family Affordable Housing Monitoring;
- Single-Family Affordable Housing Monitoring; and
- Commercial Property Monitoring.

Each item listed above has various compliance requirements described in their corresponding regulatory agreements.

Sub-recipient Agency & Activity Monitoring due to the COVID Pandemic consisted of a drive by site visit and desk audit. The drive by was conducted to the location of the activity during program hours to verify operation in place. The desk audit had two components, one is the agency's fiscal management, and the second is the program compliance with the Federal, State and local requirements as described in the Funding Agreement. There were no findings made during the monitoring review. The monitoring was conducted throughout the year and mostly between the months of April and May 2021. The agencies monitored were as follows:

Agency Name /Activity
Catholic Charities / Merg-Erg Program
CommUnify / Senior Nutrition
City of Lompoc Recreation Center / Community Programs
Good Samaritan Shelter / Homeless Shelter
Legal Aid Foundation of Santa Barbara County / Fair Housing
North County Rape Crisis & Child Protection
Transitions Mental Health Association

Multi-Family Affordable Housing Monitoring due to the COVID-19 Pandemic consisted of exterior inspections of buildings and grounds. Inspections were completed mostly in the beginning of June 2021. Eighteen multi-family properties were included in the review. The review included verification of no obstructions to pathways and doorways, obvious signs for maintenance to buildings and grounds to include litter and graffiti abatement.

A Notice was sent to one Property Management Company for trash, broken furniture and graffiti outside the complex and on the building, in addition to exposed electrical breakers. Recommendation was made for Building Number to Street Address on building in back side at alley. Corrective action plans have been sent to the property owners and managers in regards to the findings. Property owners and managers are allowed a 60-day deadline to submit proof of corrective action. Such outcomes will be reported in the Sub-recipient Compliance Status Report in January 2022.

Properties monitored were as follows:

Project Name:	Property Address:
T Street Park Apartments	501-513 N. S St. & 508 N. T St.
K Street Cottages boarded up for renovations	120 & 120 1/2 S. K St.
Chestnut Apartments	401-405 W. Chestnut St.
West College Apartments	521-537 N. T St.
Casa Con Tres	434-438 N. L St.
Courtyard South Apartments	717-721 N. E St.
Cypress Court Apartments	125 S. 7th St.
Santa Rita Village	912-926 W. Apricot Ave.
Portabello Apartments	305-309 N. K St.
North B Street Apartments	503, 507 & 507 1/2 N. B St.
Southern Court Apartments	709-713 N. E St.
K Street Apartments	328-330 N. K St.
College Park Apartments	608-698 N. G St.
Courtyard Apartments	725, 729 & 733 N. E St.
Voelker Apartments	500-504 N. T St.
Homebase on G Apartments	513 N. G St.
Marks House	203 N. N St.
Recovery Way Home	604 W. Ocean Ave.
Arbor Square	800 N. G St.
Altavilla	521-523 W. Ocean Ave.
Hope House	115 S. L St.

During the FY 2020-21 Affordable Housing Monitoring, Community Development Division staff completed exterior inspections of 21 complexes with multiple buildings under regulatory agreements. All complexes inspected are in compliance with the following exceptions of two properties.

Project Name:	Property Address:	Owner:
Casa Con Tres	434-438 North L St.	805 Property Management Co.
West College Apartments	521-537 N. T St.	805 Property Management Co.

Single-Family Affordable Housing Monitoring consists of annual confirmation and verification of the owner-occupancy requirements described in the regulatory agreements recorded against Single Family homes either through Inclusionary policy requirements, Redevelopment Agency, Community Development Block Grant, HOME Investment Partnership or Lompoc Affordable Housing Trust Fund assistance provided to the developer or homeowner. This includes those homes that receive assistance under the Single Family Rehabilitation Loan Program.

Eighty-four homes were monitored during the FY 2020-21 Affordable Housing Compliance Monitoring. The Single-Family Properties Monitored are as follows:

#	Company	Project Name	Property Address
1	RDA	Walnut Village	221 Quail Circle
2	RDA	Walnut Village	257 Quail Circle
3	RDA	Walnut Village	313 Dove Lane
4	RDA	Walnut Village	300 Dove Lane
5	RDA	Walnut Village	313 Quail Circle
6	RDA	Walnut Village	300 Quail Circle
7	RDA	Laurel Ave	518 West Laurel Avenue
8	RDA	Laurel Ave	520 West Laurel Avenue
9	RDA	Laurel Crossing	1303 Crown Circle
10	RDA	Laurel Crossing	1359 Crown Circle
11	RDA	Laurel Crossing	1433 Crown Circle
12	RDA	Laurel Crossing	1328 Crown Circle
13	RDA	Laurel Crossing	1301 Plum Avenue
14	RDA	Laurel Crossing	1339 Crown Circle
15	RDA	Laurel Crossing	1403 Plum Avenue
16	RDA	Laurel Crossing	1312 Plum Avenue
17	RDA	Laurel Crossing	1422 Plum Avenue
18	RDA	Laurel Crossing	1405 Crown Circle
19	RDA	Laurel Crossing	1323 Crown Circle
20	CDBG	Single Family Rehabilitation	520 North B Street
21	CDBG	Single Family Rehabilitation	908 West Barton Avenue
22	CDBG	Single Family Rehabilitation	816 West Maple Avenue
23	CDBG	Single Family Rehabilitation	301 East Cherry Avenue
24	CDBG	Single Family Rehabilitation	407 North K Street
25	CDBG	Single Family Rehabilitation	1311 West Cypress Ave #B7
26	CDBG	Single Family Rehabilitation	1513 East Pine Avenue
27	CDBG	Single Family Rehabilitation	109 North Y Street
28	CDBG	Single Family Rehabilitation	711 North 3rd Street
29	CDBG	Single Family Rehabilitation	1001 West Maple Avenue
30	CDBG	Single Family Rehabilitation	1401 North Orchid Street
31	CDBG	Single Family Rehabilitation	1212-C East Walnut
32	CDBG	Single Family Rehabilitation	424 North Daisy Street
33	CDBG	Single Family Rehabilitation	201 North X Street
34	CDBG	Single Family Rehabilitation	215 South H Street

#	Company	Project Name	Property Address
35	CDBG	Single Family Rehabilitation	320 West Locust Avenue
36	CDBG	Single Family Rehabilitation	226 South B Street
37	CDBG	Single Family Rehabilitation	309 South 2nd Street
38	CDBG	Single Family Rehabilitation	413 North 6th Street
39	CDBG	First Time Homebuyer	1300 East Pine Avenue
40	CDBG	First Time Homebuyer	1113 West College Avenue
41	CDBG	First Time Homebuyer	421 North Second Street
42	HTF	Housing Trust Fund	228 North "N" Street
43	HTF	Housing Trust Fund	513 North 2nd Street
44	HTF	Housing Trust Fund	2018 Malibu Way
45	HTF	Housing Trust Fund	1101 West Pine Avenue
46	HTF	Housing Trust Fund	1309 West College
47	HTF	Housing Trust Fund	612 North 10th Street
48	HTF	Housing Trust Fund	921 North L Street
49	HTF	Housing Trust Fund	1517 West Cherry Ave
50	HTF	Housing Trust Fund	1520 West Pine Ave
51	HTF	Housing Trust Fund	516 North O Street
52	HTF	Housing Trust Fund	912 Oleander Street
53	HTF	Housing Trust Fund	809 East Barton Avenue
54	HTF	Housing Trust Fund	529 North First Street
55	HTF	Housing Trust Fund	1301 North Orchid
56	HTF	Housing Trust Fund	1105 W Cypress Ave #F
57	HTF	Housing Trust Fund	1337 Westbrook Drive
58	HTF	Housing Trust Fund	240 Amherst Place
59	HTF	Housing Trust Fund	905 Aster Lane
60	HTF	Housing Trust Fund	515 North C Street
61	HTF	Housing Trust Fund	221 Village Circle Drive
62	HTF	Housing Trust Fund	413 East Cherry Ave
63	HTF	Housing Trust Fund	1320 West Olive Avenue
64	HTF	Housing Trust Fund	524 Northbrook Drive
65	HTF	Housing Trust Fund	504 North W Street
66	HTF	Housing Trust Fund	803 North L Street
67	HTF	Housing Trust Fund	1217 North 3rd Street
68	HTF	Housing Trust Fund	900 West Nectarine Ave
69	HTF	Housing Trust Fund	529 North 7th Street
70	HTF	Housing Trust Fund	801 North L Street
71	HTF	Housing Trust Fund	1105 West Cypress #H

#	Company	Project Name	Property Address
72	HTF	Housing Trust Fund	1112 West Oak Avenue
73	HTF	Housing Trust Fund	60 Village Circle Drive
74	HTF	Housing Trust Fund	421 South A Street
75	HTF	Housing Trust Fund	1132 Bellflower Lane
76	HTF	Housing Trust Fund	1009 North Daisy Street
77	HTF	Housing Trust Fund	1333 Glen Ellen Court
78	HTF	Housing Trust Fund	614 North First St.
79	HTF	Housing Trust Fund	1121 Bell Avenue
80	HTF	Housing Trust Fund	1317 West Apricot Ave.
81	HTF	Housing Trust Fund	2111 Hermosa Circle
82	HTF	Housing Trust Fund	1009 East Oak Ave
83	HTF	Housing Trust Fund	2253 Meridian Way
84	HTF	Housing Trust Fund	332 North Y Street

Eighty-four out of 84 properties were verified to be owner occupied and the City has received 75 of 84 verifications of insurance.

Commercial Loan Monitoring regulatory agreements have maintenance requirements. Typically, the regulatory agreement requires the borrower “Maintain the Property in a manner reasonably satisfactory to Agency.”

For the one property, located at 801-813 West Laurel Avenue, currently under regulatory agreement, a drive-by inspection was conducted to verify the property is in good physical appearance.

The second regulatory requirement with regards to a commercial loan is “job-creation”. Solvang Brewing Company was required to create six full-time equivalent jobs per the funding source. Due to the COVID-19 Pandemic, the business was closed and remains closed today.

Fiscal Impact:

While there is no direct fiscal impact apparent through accepting this report, there is a fiscal component related to the cost of staff time to conduct such monitoring. This process is ongoing throughout the year with the various components. In the past, with full in unit and business inspection, it has been a 538-hour-long process with a total staff cost of \$49,862. Due to the COVID-19 Pandemic, this year’s monitoring report and preparation required the following man hours for each component:

Activity	Community Development Division Staff Hours	Total Costs
Single Family Owner Occupancy Certification	84 hours	\$4,440
Single Family Insurance Verification	84 hours	\$4,440
Multi-Family HQS Inspections & Findings Reports with Corrective Action Plans	40 hours	\$5,090
Multi-Family Corrective Action Plan Follow-Up	6 hours	\$764
Sub-recipient Monitoring & Compilation of Findings Reports	36 hours x 2 staff persons = 72 hours	\$3,805
Total Costs		\$18,539

Conclusion:

A final comprehensive report of the completed monitoring compliance requirements as described in the Sub-recipient Financial, Programmatic and Monitoring Report Requirement Policy, Section B, Number 6 will be provided to the City Council in January 2022 as required.

Respectfully submitted,

Chanel Ovalle, Community Development Program Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Christie Alarcon, Community Development Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager