

STAFF REPORT

Lancaster Redevelopment Agency

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06/12/07
RSL

Date: June 12, 2007

To: Chairman Hearn and Agency Board Members

From: Elizabeth Brubaker, Housing & Neighborhood Revitalization Director

Subject: **Approve Policies and Procedures for the Rental Improvement Programs**

Recommendation:

Approve the Policies and Procedures for the Rental Improvement Programs and direct staff to implement and administer these programs.

Financial Impact:

Funding of the Rental Improvement Programs will come from the Lancaster Redevelopment Agency's Low-and Moderate-Income Housing Fund. Appropriations for each of the programs will be presented for adoption with the proposed fiscal year 2007/08 budget.

Background:

The Agency is required to deposit not less than 20% of its tax increment revenues in Low-and Moderate-Income Housing Fund and to expend the monies in the Housing Fund only for the purpose of increasing, improving or preserving the supply of low-and moderate-income housing in the City. Redevelopment housing funds may be used in a variety of ways to support and assist the development, improvement and preservation of affordable housing. However, the Redevelopment Agency must distribute housing funds among low, low- and moderate-income households in proportion to the housing needs of these groups identified in the City's housing element of the General Plan. Failure to spend monies in the Housing Fund in a timely manner could result in penalties against the Agency. These penalties could prevent the Agency from undertaking economic development activities and requires the expenditure of non-housing money for housing purposes.

The Agency did a Housing Needs Assessment to collect and analyze data in the seven redevelopment project areas to assist in identifying areas in need of housing and other revitalization services, as well as those neighborhoods and/or areas with the most potential for improvement. Analysis of the data resulted in the identification of several primary and secondary focus neighborhoods, as well as neighborhoods of interest for further study. As a result of the Housing Needs Assessments, it is apparent that there are a considerable number of senior citizens with very low income that reside in the primary and secondary neighborhoods, neighborhoods of interest and concern and other neighborhoods throughout the seven redevelopment project areas.

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On September 26, 2006, the Agency Board directed staff to commence with the redevelopment processes necessary and a budget to implement the Housing Division's strategy. The strategies of the Housing Division are as follows: 1. To reverse the pattern of deterioration and recapture the sense of place that once existed; increase the livability and vitality of the neighborhoods; and rekindle a sense of pride among residents unique to Lancaster; 2. To prevent further blight by encouraging and fostering housing and economic revitalization by protecting and promoting the sound development and redevelopment of the community; reinvest in the older and often overlooked neighborhoods, commercial districts and downtowns, and encourage new development at the edges, and; 3. To participate in the Strong Neighborhoods Initiative.

Housing programs have been created pursuant to the Housing Needs Assessment and the Housing Division's strategy and goals. The Housing Programs have been divided into five categories, Senior Citizen Home Improvement Programs, Homeowner Improvement Programs, Rental Improvement Programs, Maintenance Programs and Acquisition Programs. The Agency Board approved the Senior Citizen Housing Programs on May 8, 2007, and the Home Improvement Programs on May 22, 2007. Following are the Rental Improvement Programs being presented tonight for approval by the Agency Board. The other housing programs will be presented to the Agency Board for approval at future City Council meetings.

Rental Home Improvement Programs are as follows:

- One-to-Four Rental Housing Rehabilitation Program.
- Multi-family Housing Rehabilitation Program.

Eligibility requirements are as follows:

- Property must be located in the Primary or Secondary Neighborhoods, or Neighborhoods of Concern or Interest pursuant to the Housing Needs Assessment and participation is once every ten years.
- Rehabilitation work is to bring property into compliance with the Lancaster Municipal Codes, Uniform Building codes or Housing Quality standards established by the United States Department of Housing and Urban Development (HUD).
- One-to-Four Rental Housing Rehabilitation Program all units must be occupied by tenants with a gross household income at or below 80% of Los Angeles County median income adjusted for family size.
- Multifamily Rehabilitation Program must be rented to tenants whose income does not exceed 50% for 25% of the units, 80% for 16% of the units, 120% for 17% of the units and 43% above moderate income of Los Angeles County median income adjusted for family size.
- Total debt on property will not exceed 90% of the property's value after rehabilitation.

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The terms of the program loans are as follows:

- The maximum amount of assistance for the one-to-four rental housing rehabilitation is \$40,000.
- The maximum amount of assistance for the multi-family housing rehabilitation program is \$200,000.
- Interest rate is at three (3) points below Prime Rate (minimum 4% interest rate) amortized over a 20 year period.
- Program loan is due upon transfer or sale of the borrowers interest or 20 years which ever comes first.

The Rental Improvement Programs are designed to assist owners of rental properties in good condition with financial assistance to meet the requirements of the Rental Housing Inspection Program. In addition, the Rental Improvement Program will assist in providing safe, sanitary and healthy living conditions for the workforce of Lancaster. Furthermore, the Rental Improvement Programs are neighborhood revitalization programs that eliminate, deter and prevent blight in the primary and secondary neighborhoods and neighborhoods of interest and concern throughout the City of Lancaster, a goal approved by the Agency Board.

Agency staff believes that approving the policies and procedures for the “Rental Improvement Programs” meets the strategies and goals of the Housing Division, and meets the goals of the City Council to stabilize neighborhoods physically, and make older neighborhoods as safe and desirable as new ones and therefore, recommends approving the subject programs.