



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: May 6, 2008

ITEM NUMBER:

**SUBJECT: VETERANS PREFERENCES FOR HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS**

**DATE: APRIL 14, 2008**

**FROM: CITY MANAGER'S OFFICE / HOUSING AND COMMUNITY DEVELOPMENT**

**PRESENTATION BY: MIKE LINARES CDBG/HOME COORDINATOR**

**FOR FURTHER INFORMATION CONTACT: MIKE LINARES AT (714) 754-5678**

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## **RECOMMENDATION:**

1. Direct Staff to modify Housing and Community Development programs policies and procedures to provide preferences to U.S. Veterans and their families.

## **BACKGROUND:**

The City was recently notified by the U.S. Department of Housing and Urban Development (HUD) that it will receive Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds for the 2008-2009 Fiscal Year. In the notification letter, HUD indicated there were three subject matters it wanted grant recipients such as the City to consider:

1. Continue to implement performance measurements by reporting outcome indicators.
2. Examine the use of HUD funds to reinforce activities that help stabilize homeownership in light of problems in the subprime mortgage market.
3. **“Consider the needs of our returning veterans and their families in the design and administration of [HUD] formula grants.”**

With respect to the latter, Mayor Pro Tem Mansoor requested that staff evaluate current program efforts offered by HCD to determine how preference for Veterans could be provided. To this end, HCD staff evaluated the three primary program areas where consideration could be provided to veterans and their families:

- Housing rehabilitation loans and grants
- CDBG public services
- Redevelopment Agency-funded first time homebuyer assistance

Staff reviewed current program guidelines and policies and developed a recommendation for its programs. These recommendations were presented to the City's Redevelopment and Residential Rehabilitation (3R) Committee at its March 25, 2008 meeting. The Committee voted to recommend that the Council direct Staff to modify program policies and guidelines to in order to provide a preference for Veterans and their families as it relates to HCD programs.

## ANALYSIS:

In its 2008 notice of grant funding to the City, HUD encouraged the City to “consider the needs of ... veterans and their families in the design and administration” of HUD grants. At Mayor Pro Tem Mansoor’s request, Staff has determined that modifications to three of the program areas administered by HCD may be feasible in order to provide some form of preference for Veterans.

- **Housing rehabilitation loans and grants:** Presently a preference in wait list status is provided to homeowners whose homes require urgent health and safety improvements. Veteran homeowners could be provided the same preference status thus moving their name up the waitlist for assistance, especially if property improvements are needed to accommodate a disability.
- **CDBG public services:** The City Council has established rating criteria for public services. It is possible to modify the existing criteria in a way that encourages agencies to provide services to Veterans.
- **Redevelopment Agency-funded first time homebuyer assistance:** The Agency’s legal counsel has provided some direction regarding steps the City’s Redevelopment Agency would need to undertake to provide a preference for veterans. Agency staff will address this issue before the Redevelopment Agency at a future meeting date.

All aforementioned program areas are subject to Council/Agency approved policies and procedures; therefore any changes to the programs (i.e., providing preferences) would require modification of existing policy documents. Staff is suggesting the following modifications to existing program policies and procedures:

- **Housing rehabilitation loans and grants:** Modify program policies and procedures to provide veterans with preference waitlist status, specifically upon qualification (i.e., income qualified, verified as title holder, etc.) assistance would be immediately provided for eligible property improvements.
- **CDBG public services:** Modify existing public service grant application rating criteria to provide up to 10 extra points for programs that can document they provide services to veterans. One extra point will be awarded for every 10<sup>th</sup> of total program participants that are veterans. For example, if 20% of program clients are veterans, then 2 extra rating points will be awarded; if 70% of program clients are veterans, then 7 extra rating points will be awarded.
- **Redevelopment Agency-funded first time homebuyer assistance:** As indicated above, the Agency’s legal counsel has provided Agency staff an opinion on the matter of providing veterans preference for its homebuyer assistance program. Agency staff will outline issues and provide a recommended action at a future Agency meeting.

At its March 25, 2008 meeting, the 3R Committee voted unanimously to recommend that the City Council direct staff to modify current policies and procedures to provide veterans and their families with preferences as listed above. Additionally, the 3R Committee recommended that the City ensure veterans benefiting from these preferences have not been dishonorably discharged from services. Furthermore, the members of the 3R Committee suggested that the City make every effort to notify

veterans and their families of the programs and services presently provided by the City and its community partners.

**ALTERNATIVES CONSIDERED:**

Two alternatives are presented for City Council consideration with respect to funding recommendations:

1. The City Council is not obligated to provide preferences to veterans therefore it is not necessary to modify program policies and procedures.
2. The City Council could choose not to modify all programs as recommended by staff but select specific programs for veterans' preferences.

**FISCAL REVIEW:**

There is no fiscal impact to the City's general fund.

**LEGAL REVIEW:**

Modifications to CDBG- and HOME-funded program guidelines to provide veterans with program preferences will not preclude the participation of other individuals from qualifying and receiving HUD-funded assistance.

**CONCLUSION:**

It is recommended that the City Council:

Modify existing program policies and procedures for HOME-funded housing rehabilitation and CDBG-funded public services in order to provide honorably discharged veterans and their families with a preference as follows:

- **Housing rehabilitation loans and grants:** Provide veterans with preference waitlist status, ensuring that upon qualification, veteran households will be moved to the top of the wait list and upon qualification, home improvement assistance will be provided for eligible property improvements.
- **CDBG public services:** Modify existing public service grant application rating criteria to provide up to 10 extra points for programs that can document they provide services to veterans. One extra point will be awarded for every 10<sup>th</sup> of total program participants that are veterans.

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