

City of Hesperia STAFF REPORT



DATE: October 20, 2020

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Rod Yahnke, Economic Development Manager

SUBJECT: City of Hesperia Community Development Block Grant (CDBG) funded Commercial Façade Rehabilitation Program - Program Guidelines

RECOMMENDED ACTION

It is recommended that the City Council, after reviewing the Program Guidelines for the City's Community Development Block Grant (CDBG) funded Commercial Façade Rehabilitation Program ("CFRP") and after hearing the staff presentation:

- (1) Adopt Resolution No. 2020-67 approving the Program Guidelines for the CDBG funded CFRP, and
- (2) Authorize the City Manager and/or Economic Development Manager or their designee to implement the CDBG funded CFRP and make any necessary revisions to all forms and documents related to the CDBG funded CFRP.

BACKGROUND

Each year the City receives an allocation of funds from the U.S. Department of Housing and Urban Development (HUD) under the CDBG Program. The primary objective of the CDBG program is the development of viable urban communities by providing decent housing and suitable living environments and through expanding economic opportunities.

Under the CDBG regulations, improvements on publicly or privately owned commercial or industrial buildings are an eligible rehabilitation or preservation activity. The rehabilitation of buildings owned by a private for-profit business, is limited to improvements to the exterior of the building, correction of accessibility (ADA) code deficiencies, and the correction of building code violations. The City has allocated approximately \$634,120 in CDBG funds for the implementation of the CFRP.

To ensure that CDBG funds are expended in accordance with all CDBG and crosscutting regulations, the City is required to prepare program guidelines that provide information as to the applicant and property eligibility requirements; the type and level of assistance that will be provided to each applicant or property; the steps that will be undertaken by staff as part of the eligibility determination and program implementation process; and how the level of assistance will be determined.

In addition, the program guidelines assign responsibilities for program administration and implementation, addresses application requirements, applicant eligibility review and approval, and the process for amending the Program Guidelines.

The proposed design of the program was based on the following factors:

- Facilitate commercial revitalization, stimulate private investment, preserve and beautify the commercial corridors and improve the physical appearance of the target area;
- Provide financial assistance, in the form of a grant, to eligible property owners within the target area, to improve their façade;
- Eligible properties must be commercially zoned, be fully developed, and be located within the designated target area; and
- The façade improvements must address eligible listed improvements and correct code violations identified by the City, with the purpose of revitalizing the City's commercial building stock.

ISSUES/ANALYSIS

The purpose of the CFRP is to provide financial assistance, in the form of a grant, to eligible commercial property owners located within the City of Hesperia CFRP target areas ("Target Areas") for the renovation of the exterior façade of their commercial building. To create the framework under which the CFRP operates, HUD requires that the City prepare and adopt program guidelines that establish the applicant and property eligibility requirements, how the program will be implemented, and the criteria for determining the level of assistance.

More specifically, the program guidelines should include a description of the program design, detailed applicant and property eligibility requirements; eligible and non-eligible improvements including priority repairs; the process that will be undertaken in the rehabilitation process, from application intake to the Notice of Completion; and how the City will ensure compliance with the CDBG program requirements, inclusive of all federal crosscutting requirements.

The major CFRP design elements are as follows:

MAJOR CFRP ELEMENTS	
Criteria	CFRP Requirements
Basis for applicant eligibility	<ol style="list-style-type: none">1. The applicant must be the current property owner(s), person(s) or legal entity that holds title to the commercial property that is to be rehabilitated.2. Applicants will be required to make all site improvements deemed by the City to be necessary to bring the property into compliance with all applicable Municipal Code standards including, but not limited to, parking lot, landscaping areas, and signage.
Property Eligibility	<ol style="list-style-type: none">1. The property to be rehabilitated must be located within the City limits and the designated "Target Area."2. Buildings or structures must be located in a commercially zoned parcel and developed for uses

	<p>permitted under the City of Hesperia Municipal Code.</p> <ol style="list-style-type: none"> 3. Non-conforming commercial buildings and uses may be assisted if the City finds that such assistance will be in the public's interest and consistent with local regulations and ordinances. 4. The property must continue to be utilized for commercial purposes as provided by the City's latest adopted Land Use Element and Zoning Ordinance.
Form of Assistance	<ol style="list-style-type: none"> 1. Financial assistance will be provided to eligible applicants in the form of a grant. 2. Grants shall be provided in the amount of up to \$1,000 per lineal foot of building façade that faces onto the primary public right-of-way, or building façades that do not face a primary public right-of-way but is considered the primary façade of the structure and contains the main entrance to the building. 3. Other building façade that are indirectly visible, such as the side of the building on a corner lot, may be eligible for a grant of up to \$350 per lineal foot of building façade.
Rehabilitation Priority Repair	<ol style="list-style-type: none"> 1. The funding for this program has specific restrictions that limit the funds spent for rehabilitation of the exterior of commercial buildings. Exterior improvements may include, but are not limited to, exterior wall finish, new signage attached to the building and building façade reconfiguration. 2. At the discretion of the City, program assistance may be used to address Building Code Violations, seismic upgrades, and American with Disabilities Act (ADA) compliance requirements. 3. All improvements must be on the exterior of the building, be physically attached to the property and be permanent in nature.

While no program can serve all potential applicants, the CFRP, with its designated Target Area, will provide funding that will go towards assisting commercial property owners in the revitalization of the City's downtown area.

If approved, staff will commence in the preparation of the CFRP Policies and Procedures which include a detailed description of the various procedural steps required for the implementation of the program, as well as the development of the program forms to comply with the CDBG, federal crosscutting, City of Hesperia, and other program requirements. In addition, program

advertising tools will be developed for the initiation of program marketing efforts. Due to the COVID-19 pandemic, it is anticipated that the program will be launched in December 2020.

The proposed activity is consistent with goals set forth in the City's adopted 2020-2024 Consolidated Plan.

FISCAL IMPACT

The CFRP funding is derived exclusively from federal CDBG funding resources, and no General Fund impacts are anticipated during the 2020-2021 program year.

ALTERNATIVE(S)

Provide alternative direction to staff.

ATTACHMENT(S)

1. Resolution No. 2020-67
2. CDBG funded Commercial Façade Rehabilitation Program – Program Guidelines