Agenda Item: F.1

DRC Meeting Date: December 15, 2010

CITY OF MERCED Development Services

TO: Design Review Commission

FROM: Kim Nutt, Planning Technician II

DATE: December 15, 2010

SUBJECT: Recommendation regarding DRC's future role in Residential Façade

Improvement Grant Program (RFIGP)

RECOMMENDATION:

Provide a recommendation to City Council to direct Planning staff to oversee review of all future Residential Façade Improvement Grant Program projects under the Staff Approval review process already in place.

POSSIBLE COMMISSION ACTIONS:

- 1. Adopt the staff recommendation;
- 2. Modify the recommendation;
- 3. Refer back to staff for other action; or,
- 4. Deny the proposal.

BACKGROUND

At the Commission's last meeting on November 10, 2010, Commissioner Hofmann suggested that staff process, review, and determine approval of all future Residential Façade Improvement Grant Program (RFIGP) applications, in an effort to save staff time in writing reports and preparing agendas, as well as to keep the Design Review Commission (DRC) focused on its role in commercial and historic property reviews and related projects, as was originally intended.

Currently, as part of the required process under the RFIGP's Program Guidelines (Attachment A), the DRC's role is to recommend any additional architectural improvements to the proposal in order to achieve a more complete renovation and ultimately approve the project.

To date, the DRC has reviewed and approved eight RFIGP projects, all in 2010, and in most, have needed to provide very little additional architectural and site planning recommendations to its approval of each application.

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PROPOSAL:

Following up on Commissioner Hofmann's suggestion from the last meeting, Planning staff communicated with Redevelopment Agency (RDA) staff regarding the matter.

RDA staff explained that the City Council approved the RFIGP process as it currently exists now. Therefore, to alter the procedure to direct Planning staff to approve projects as suggested by Commissioner Hofmann, the DRC would need to approve a recommendation to the City Council granting Planning staff the ability to review and approve the projects in lieu of a formal review. RDA staff would then take the matter back to the City Council, with the DRC's recommendation, to request a change in the grant program process (Attachment B).

ANALYSIS:

Planning staff is supportive of the idea. In fact, the DRC's functions in the Merced Municipal Code, under Section 20.86.040, specifically states that the DRC does not review single-family detached homes. As each report does take valuable staff time and department resources to research, write, edit, copy, and distribute to the Commission and public, the procedure change would assist in keeping staff time focused on the approval itself instead of the preparation of reports. As such, approvals would conceivably be returned to RDA staff faster, and subsequently, the project is approved by the Redevelopment Advisory Committee (RDAC) sooner, as well.

In addition, as additionally suggested by Commissioner Hofmann, staff can consult with the current Chairperson, or his/her designee, in the event the Chairperson is not available, if additional input and direction to the project is needed by staff.

To keep the DRC as a whole involved, as it was noted that members would still be interested in knowing what was approved, a report of what residential grant program projects were approved, including addresses and the scope of work involved, can be distributed to members on a yearly or semi-annual frequency.

RECOMMENDATION:

Staff recommends that the Commission recommend to the City Council that Planning staff process all future RFIGP applications using the Staff Approval procedure currently being used for lower-level projects and sign approvals and consult with the DRC Chairperson, or his/her designee, for further input and direction, as needed.

Attachments:

- A. RFIGP Program Guidelines (excerpts from application packet)
- **B. RFIGP Grant Process**

MERCED REDEVELOPMENT AGENCY



FAÇADE IMPROVEMENT GRANT PROGRAM

INTRODUCTION:

The Facade Improvement Grant Program was created in order to eliminate blight and increase affordable housing of historic and architecturally significant residential properties. The intent of the program is to stimulate improvements and restoration of residential properties located within the boundaries of Redevelopment Project Area 2 and the Gateways Redevelopment Project Area.

REIMBURSABLE IMPROVEMENTS:

Eligible improvements to the residential structure include painting, plastering or stucco work, siding, wood or brick treatment, awnings or canopies, window repair or replacement, shutters and trim, doors or entrances, visible roof areas, gutters and downspouts, fencing and gates, and lighting.

Landscaping and irrigation shall also be included in the reimbursable improvements including pavers, walkways, trees and shrubs, and landscape lighting.

The Façade Improvement Grant is a one-time reimbursement of the actual improvement expenses of up to \$18,000 per property. The applicant shall be responsible for 100% of all costs of improvements in excess of the maximum grant of this program.

WHO CAN APPLY:

The Redevelopment Agency's Façade Improvement Grant Program is available to all owners of residential properties located within Redevelopment Project Area 2 and the Gateways Redevelopment Project Area boundaries. The Program is a one-time grant, which is not intended to cover routine property maintenance.



PROGRAM GUIDELINES:

Applications will be looked upon more favorably if a complete and inclusive façade improvement project is presented. Prior to approving an application, Agency staff, the Design Review Commission (DRC) and the Redevelopment Advisory Committee (RDAC) may recommend additional improvements in order to achieve a more complete renovation of the property.

Any proposed façade improvements must create a physical improvement to the property. They are to be visible to the general public from the street, sidewalk or alleyway. Grant monies are not to be used for interior improvements unless the exterior improvements necessitate the enhancements.

Funds shall be allocated on a first come, first serve basis. Only one grant shall be awarded per residential parcel. Where practical, all building facades shall be restored to their original period design. If rehabilitation to an original period design is deemed not practical by the Redevelopment Agency, then a similar architectural design shall be used. All horizontal and vertical features (lintels and piers) shall be retained. All color schemes shall accent the structure as well as complement other surrounding properties. If applicable, colors shall be period specific.

All work funded by a grant must occur after the grant application has been approved and must be completed within six months of the approval of the application. Work performed prior to the approval of an application will not be eligible for consideration under the grant program. Grant funds will be disbursed directly to the property owner's licensed contractor after the project is completed and after all grant requirements have been met. The property owner or their designated contractor will be responsible for obtaining any permits required to do the project. The contractor may pay for the building permits and provide receipts from the City of Merced Building Department which can be reimbursed upon completion of the project. The applicant also has the option to request that the Redevelopment Agency pay for the building permits with reasonable notice of expected issuance of the building permits. Receipts must be furnished to the Redevelopment Agency for either payment option. The cost of the building permits will be deducted from the total allowable grant of \$18,000.00.

The approval of the application and any necessary building permits must be secured prior to any work begins on the property.

GENERAL REQUIREMENTS FOR THE GRANT PROGRAM:

- 1. The residence must be structurally sound.
- 2. The applicant must provide evidence of being the property owner. Properties with multiple owners must provide similar evidence.
- 3. The applicant will be required to disclose all tenant and income information.
- 4. The applicant must comply with the "Easements and Agreements" Section of this program.
- 5. The applicant must use a State of California licensed contractor for improvements to the property.
- 6. The applicant must provide three estimates from three licensed contractors.
- 7. The property owner must sign an agreement with the selected licensed contractor to perform the work.
- 8. The work must be completed within 6 months of the RDAC approval.

EASEMENTS AND AGREEMENTS:

Low and Moderate Income Affordability Covenants:

To receive grant funds as part of the Residential Façade Improvement Grant Program applicants will be required to sign affordability covenants for their properties. These covenants are agreements between the property owner and the Redevelopment Agency to ensure that if the property were to be sold or rented that it will provided to persons who make less than a moderate income, or 120% of the area median income (AMI) for Merced County. For sale properties are required to be sold to individuals and families not exceeding the moderate-income level for a period of 45 years. Rental properties are required to be rented to persons making a moderate income for at least 55 years. The affordability covenants will be signed and recorded prior to any work starting on the property. The Redevelopment Agency staff can provide more information upon request. Copies of the affordability covenants are attached for review.

Exterior Façade Easements:

Additional façade easements will also be recorded for the completed work. A façade easement ensures the Agency's investment in the property is protected in case of ownership change or when the Agency paid improvements become neglected.

Easements will require the property owner to maintain the façade improvements to the building for the life of the Redevelopment Project Area. Project Area 2 expires in August 2017 and the Gateways Project Area expires in 2029. A copy of the easement agreement is attached for review.

REDEVELOPMENT AGENCY VERIFICATION PROCEDURES:

Agency staff will need to verify the following information through some form of homeowner certification. The use or disclosure of information obtained from an applicant or applicant's family member or from another source shall be limited to purposes directly connected with administration of the Residential Façade Improvement Grant Program.

Verification or certification of income will be required to determine eligibility in the program. The following documents will be required for all applicants:

Owner Occupied Properties:

- 1. A copy of a recorded deed, title certificate, for the property.
- 2. Driver's License or picture identification.
- 3. Last year's income tax return for homeowner (1040 form with W2's for all homeowner/tenants).

Rental Properties:

- 1. A copy of a recoded deed, title certificate, for the property.
- 2. Driver's License or picture identification.
- 3. List of all tenants residing on the property.
- 4. List of rents received for a period of one year.
- 5. Last year's income tax return for all tenants (1040 form with W2's for all homeowner/tenants members).
- 6. Exterior Home Improvement Grant Landlord(s) and Tenant(s) Application.

The Façade Improvement Grant Program Process:

- The applicant will fill out the pre-qualification application and return the application, improvement budget, color photographs and preliminary sketches of the property of any proposed improvements to the Redevelopment Agency office.
- 2. Redevelopment Agency staff will review the pre-qualification application and notify the applicant of their eligibility for the grant. An inspection of the exterior of the property will be required.
- 3. Applicants must then complete the grant application and return it to the Redevelopment Agency along with all the necessary documents.
- Applications will be reviewed by the Redevelopment Agency for compliance. A
 minimum of three (3) estimates for the proposed improvements from a State of
 California licensed contractors must be submitted. The estimates will be
 reviewed for reasonableness and consistency.
- 5. The applicant will submit improvement plans to the Redevelopment Agency and the DRC. Redevelopment Agency staff will assist in processing the DRC application. DRC fees will be paid by the Redevelopment Agency.
- 6. The applicant will gain approval for the improvements from the DRC. The applicant may be required to submit revised improvement plans if the DRC conditions any changes.
 - Once the final improvement plans have been supplied, Redevelopment Agency staff will recommend the project for approval to the Redevelopment Advisory Committee (RDAC).
 - Once the project is approved, the applicant will be required to sign the
 affordability covenants. The Redevelopment Agency will record the covenants
 prior to any work being performed.
 - 9. The applicant or their chosen contractor will need to obtain the necessary building permits from the City of Merced Building Department.
 - 10. The Redevelopment Agency will pay the contractor directly once the all requirements of the Façade Improvement Program have been completed, improvements finished and any building permits signed off.
 - 11. The Agency will record the façade easement with Merced County.