



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Milpitas Assistance Program, Residential Building Incentive Program
Category:	Community Services and Sustainable Infrastructure
Meeting Date:	8/20/2019
Staff Contact:	Renee Lorentzen, 408-586-3409, Sharon Goei, 408-586-3260
Recommendation:	Adopt Two Resolutions Approving the Establishment of the Milpitas Assistance Program and the Establishment of the Residential Building Incentive Program, as proposed

Background:

At its May 15, 2019 Special Meeting, City Council received a brief presentation on a new City Assistance Program and a new Residential Building Incentive Program. Both programs as presented offered discounts on existing City service fees. The City Council directed staff to bring back a resolution on those recommended programs.

The State, County, and several cities throughout the region offer assistance programs to give low income residents discounts on fees for essential City services. Recreation fee assistance programs are very common in the region, with most cities offering need-based scholarship programs for youth to participate in recreation programs. Some cities, including Milpitas, extend this program to low income seniors and adults wishing to participate in recreation programs.

Milpitas has offered its Recreation Assistance Program (RAP) since 2003. Although it was originally funded with Community Development Block Grant (CDBG) monies, this program is now funded by the General Fund and has an allocation of \$27,000 for the FY 2019-20; the program also receives donations. RAP currently provides 50% subsidies up to \$250 per individual or \$500 per household.

This is the first time Milpitas has considered water and sewer bill assistance and residential permit fee waivers and incentives. Utility fee assistance programs are still not commonplace among Bay Area cities, but they are increasingly prevalent in other parts of California. Building permit fee waivers are very uncommon.

As it is difficult to predict the exact number of income-qualified Milpitas residents who might apply for a program offering discounts on fees for City services in the program's first year, Staff proposed an assistance program budget based on resident enrollment in the PG&E Cares Program and enrollment in the previous RAP model. By providing subsidies, we are ensuring the City's most vulnerable population has access to childcare and health and wellness services, and the required utilities for basic human living and ensuring the Milpitas residents will not become homeless and/or a burden on the community at large.

A budget for City assistance and incentive programs was approved by City Council for FY2019-20 at the June 11, 2019 City Council meeting for \$366,426.

Analysis:

Under the proposed Milpitas Assistance Program (MAP), income-qualified customers would be approved at **Tier 1, 2 or 3** and could apply annually, through a single application process, for discounts on three types of

City services: recreation programs; water and sewer bills; and certain residential building permit fees. Eligibility Tiers are based on the California Housing and Community Development Income Levels.

Eligibility Tiers

Tier 1 customers would be very low-income households already participating in the PG&E Care Program or a Federal or State assistance such as: Medicaid or Medi-Cal; Healthy Families A & B; Women, Infants and Children (WIC); Supplemental Security Income (SSI); Low Income Home Energy Assistance Program (LIHEAP); CalFresh/SNAP (food stamps); CalWorks (TANF) or Tribal TANF; National School Lunch Program; Bureau of Indian Affairs General Assistance. Tier 1 applicants would be required to provide proof of their participation in a qualified program, through a voucher, recent award letter or letter of participation. Income-qualified Tier 1 customers would be eligible for all three types of discounts. Youth who are in the Foster Care or Juvenile Dependency system would also qualify for recreational program discounts only, regardless of their Foster family household income. Tier 1 customers would be qualified for one year and could re-apply annually. The maximum subsidy that a Tier 1 family could receive in a year is estimated at \$1,942, if they used the full \$1,000 discount for Recreation programs; received the bi-monthly water and sewer discounts for the full year; and 100% off residential building permit fees to replace all three eligible major appliances (water heater and furnace replacement at \$309 permit fee each; and air conditioner replacement at \$257 permit fee).

Tier 2 customers would be those who does not qualify for Federal or State assistance programs, but whose household income does meet the California Housing and Community Development Income Levels. Tier 2 applicants would be required to provide the previous year’s income tax return(s) for all members of the household and documentation for any income not reported on taxes. Tier 2 customers would be qualified for one year for all three types of programs and could re-apply annually. Additionally, Tier 2 customers would have the ability to enroll in a payment plan for youth recreation programs. The maximum subsidy that a Tier 2 family could receive in a year is \$1,473.81, if they used the full \$750 discount for Recreation programs; received the bi-monthly water and sewer discounts for the full year; and 75% off residential building permit fees to replace all three eligible major appliances (water heater and furnace replacement at \$309 permit fee each; and air conditioner replacement at \$257 permit fee).

Tier 3 customers would be those experiencing temporary financial hardship due to circumstances including job loss, loss of the primary wage earner, serious illness or a government shut down in which a wage earner may be working, but not receiving paychecks. Tier 3 customers would be required to provide documentation appropriate to their circumstance and showing that their monthly income was temporarily at or below the monthly income of Tier 2 customers. Tier 3 customers would be eligible for recreation and residential permit fee discounts. Additionally, they would be eligible to enroll in a payment plan for youth recreation programs and water and sewer bill payments; late fees incurred as a result of the approved hardship would be waived. Tier 3 customers would be qualified for 6 months and could reapply once only. If the financial hardship extends beyond one year, the customer would be directed to apply under Tier 1 or 2. The maximum subsidy that a Tier 3 family could receive in a year is \$1,406.25, if they used the full \$750 discount for Recreation programs; and 75% off residential building permit fees to replace all three eligible major appliances (water heater and furnace replacement at \$309 permit fee each; and air conditioner replacement at \$257 permit fee).

Discounts and Estimate Financial Impact

Type of Discount	Funding Source	Tier 1	Tier 2	Tier 3	Estimated Annual Impact by Program
Recreation programs	General Fund allocation and donations	75% off registration costs, \$1,000 household max – estimated	50% off registration to \$750 household max –	75% off to \$750 household max – estimated	\$27,000

		cost \$16,200	estimated \$8,100	\$2,700	
Water and sewer bills	Late fees collected in previous fiscal year	\$5.13 bi-monthly sewer, \$6.13 bi-monthly water – estimated cost \$101,500 sewer, \$121,400 water (estimated 3,300)	\$5.13 bi-monthly sewer, \$6.13 bi-monthly water – estimated cost \$15,400 sewer, \$18,400 water (max 500)	No discount. However, waivers for late fees and payment plans would be considered.	\$256,700
Residential building permit fees	General Fund	100% subsidy for water heater, furnace, A/C replacements – estimated cost \$6,180 (20 permits)	75% subsidy for water heater, furnace, A/C replacements – \$7,000 (30 permits)	75% subsidy for water heater, furnace, A/C replacements – \$2,300 (10 permits)	\$15,480
Estimated Impact by Customer Type		\$245,280	\$48,900	\$5,000	TOTAL \$299,180

Administration

The Recreation and Community Services Department, which currently administers RAP, would administer the new Milpitas Assistance Program (MAP). The application process for MAP is customer service focused, user friendly, and convenient. Residents will have the ability to apply in person, online, or a combination of the two. Recreation and Community Services staff will assist residents through the entire qualifying process from helping residents complete their applications, issuing award letters, and facilitating introductions between residents and staff in the service area where they are going to receive assistance.

MAP would have two (2) Open Enrollment Periods with the first at the beginning of a Fiscal Year, and the second in the following Spring. In its first year, the first enrollment period is anticipated to be in mid Fall. Those residents in Tier 3 facing hardship would be able to apply at any time. All promotional material, award letters, and applications will be translated in Spanish, Vietnamese, and Chinese.

At the June 11, 2019 City Council Budget Hearing, the Milpitas City Council approved the reclassification of a Case Manager to a Program Coordinator (Social Services). This position will be the community's point of contact for this program. At the time of approval, City Council requested that the position have a Masters in Social Work. Because this level of education is above the current classification of Program Coordinator, a classification and compensation Study is being conducted. Staff is anticipating returning to City Council with the results of the Study for approval of the position's classification and compensation in Fall 2019. Until the recruitment is completed, the Community Engagement and Inclusion Administrator will be managing the program, with the support of a part-time Case Manager.

The design of the MAP application process allows for the addition of future assistance programs of interest to the City Council such as the Rental Assistance Program. If the Council were to establish a Rental Assistance Program in the future, residents would be qualified through the MAP application process. The Program Coordinator (Social Services) would work directly with the Housing and Neighborhood Services Manager on those residents qualified for rental assistance. The Program Coordinator (Social Services) will also help facilitate connections between the resident and the Housing and Neighborhood Services Manager, ensuring a seamless process for the resident.

Other Incentives and Subsidies - Residential Building Incentive Program

In addition to the RAP, discounts are available to all residential customers, regardless of income, to promote health, safety, and welfare in the community. These are proposed 50% discounts for all residential customers seeking building permits to replace water heaters, furnaces and air conditioning units, and install solar photovoltaic or thermal systems. These incentives are provided to assist homeowners on essential maintenance activities to maintain habitability of dwelling units and to promote renewable energy. They would be consistent with the City's overall goal of ensuring health, safety, and welfare in the community by encouraging property maintenance, safe and energy-efficient installations, and renewable energy use, to promote energy efficiency and long-term household affordability through reduced energy costs. If approved, the fiscal impact of these subsidies on the General Fund is estimated to be \$67,246.

Discounts and Estimate Financial Impact

Residential Building Fee Type	FY 2019-20 Fee	FY 2018-19 Fee	Proposed FY 2019-20 Modified Fee	Subsidy %	Avg. Permits Per Year	Annual General Fund Subsidy
Water Heater Replacement	\$309	\$141	\$154.50	50%	136	\$21,012
Furnace Replacement	\$309	\$141	\$154.50	50%	51	\$7,879
AC Replacement	\$257	\$141	\$128.50	50%	40	\$5,140
Solar PV, 15kW or less	\$500	\$141	\$250	50%	130	\$32,500
Solar PV, above 15kW, base	\$500	\$141	\$250	50%	1	\$250
Solar PV, above 15kW, per kW	\$15		\$7.50	50%	1	\$7.50
Solar Thermal, 10kWth or less	\$450	\$141	\$225	50%	1	\$225
Solar Thermal, 10kWth or more, base	\$450	\$141	\$225	50%	1	\$225
Solar Thermal, 10kWth or more, per kWth	\$15		\$7.50	50%	1	\$7.50
TOTAL						\$67,246

At its May 15, 2019 Special Meeting, City Council also received information on waivers of pre-application planning review for Accessory Dwelling Units (ADUs) at a value of \$104,320. As staff further evaluated these fees, the amount of money required for ADU application waivers may not be as much as initially estimated. Incentive Programs for ADU's have been discussed as part of the City Council Subcommittee on Housing, and staff will be evaluating those types of programs. At this time, staff is not proposing any incentives, however these will be brought back to the full City Council for report and direction at a future meeting.

Policy Alternatives:

Alternative 1: Do not approve the establishment of the Milpitas Assistance Program and Residential Building Incentive Program

Pros: The City would not have to provide an estimated \$366,426 in subsidies for City services during FY 2019-20. The City could also save the cost difference of the re-classification of the Social Services Coordinator salary of \$17,921, which had been approved as a new position in FY 2019-20.

Cons: Income-qualified Milpitas residents may not have access to key City services or may have to forego or limit other needed household expenditures in order to pay fees owed to the City during FY 2019-20.

Reason not recommended: The services for which discounts and fee waivers being considered are important to the sustainability of 'quality of life' for vulnerable populations.

Fiscal Impact:

The estimated annual fiscal impact of the Milpitas Assistance Program to the City's General Fund in FY 2019-20 is \$299,180, which is included in the FY 2019-20 General Fund budget. The annual fiscal impact of the Resident Building Incentive Program to the City's General Fund in FY 2019-20 is \$67,246, which is included in

the FY 2019-20 General Fund budget. If there is very high community need for all or certain elements of the Milpitas Assistance Program or the Resident Building Incentive Program, and resources are trending towards being expended early in the year, staff would return mid-year to request additional funds.

Next Steps:

If the Milpitas Assistance Program is approved, staff will finish the preparation of online and print marketing materials in multiple languages; publicize the new program through the local media, non-profits serving low-income residents and Milpitas schools; churches, and schedule several pop-up computer lab events, with staff available to assist residents with the application process. A similar process will be used to promote the Residential Building Incentive Program.

Recommendation:

- 1) Adopt Resolution Approving the Establishment of the Milpitas Assistance Program
- 2) Adopt Resolution Approving the Establishment of the Residential Building Incentive Program

Attachments:

1. Resolution of the City Council of the City of Milpitas Approving the Establishment of the Milpitas Assistance Program
2. Resolution of the City Council of the City of Milpitas Approving the Establishment of the Residential Building Incentive Program