

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR
SUBJECT: APPROVING AN EXTENSION FOR THE MATURING LOAN AND
REGULATORY AGREEMENT FOR COMMUNITY SUPPORT
NETWORK'S OPPORTUNITY HOUSE – 634 PRESSLEY STREET

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve an extension for the maturing loan, in the principal amount of \$109,900, and Regulatory Agreement for Community Support Network's Opportunity House located at 634 Pressley Street to extend the term by fifteen (15) years from July 31, 2025 to July 31, 2040.

EXECUTIVE SUMMARY

Community Support Network (Borrower) obtained two loans from the Housing Authority (Authority), in the principal amounts of \$70,800 and \$38,200 totaling \$109,000, for rehabilitation and acquisition-related costs for the Opportunity House (Project). The initial terms of the loans were three percent (3%) interest, deferred for twenty (20) years. The Authority has extended the terms on two occasions in 2006 and 2010 with the current term expiring on July 31, 2025. The Authority also has a Regulatory Agreement restricting the Project to households at or below 80% of area median income (AMI) expiring on July 31, 2025. The Borrower has expressed the inability to repay the maturing loan coming due and is requesting to extend the term by fifteen (15) years from July 31, 2025 to July 31, 2040, and continue operating the facility.

BACKGROUND

The Project is an existing 9-bedroom, 15-bed temporary shelter for men and women with serious behavioral health and who are either homeless or at-risk of homelessness. In August 1986, the Borrower acquired the property, and the Project received a loan from the Authority in the amount of \$70,800, three percent (3%) interest, deferred for twenty (20) years, initially due on July 31, 2006 and later extended by the Authority to July 31, 2010.

APPROVING AN EXTENSION FOR THE MATURING LOAN AND REGULATORY
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In June 1990, the Authority made a subsequent loan in the amount of \$38,200, three percent (3%) interest, deferred for twenty (20) years, initially due on July 31, 2010.

In June 2010, the Authority extended the \$70,800 and \$38,200 loans by fifteen (15) years to July 31, 2025, deferred three percent (3%) interest. As part of the extension, the Housing Authority entered into a new Loan Agreement consolidating the two loans into one (1) loan in the principal amount of \$109,000; and a Regulatory Agreement restricting ten (10) of the fifteen (15) beds to households at or below 80% of area median income (AMI) expiring on July 31, 2025. The balance due on July 31, 2025 is \$232,032.45 (\$109,000 principal plus \$123,032.45 interest).

PRIOR HOUSING AUTHORITY REVIEW

On May 28, 1986, the Authority, by Resolution Number 423, approved a loan in the amount of \$70,800 to the Project, three percent (3%) interest, deferred for twenty (20) years, and due on July 31, 2006.

On June 25, 1990, the Authority, by Resolution Number 567, approved a loan in the amount of \$38,200 to the Project, three percent (3%) interest, deferred for twenty (20) years, due on July 31, 2010.

On September 25, 2006, the Authority, by Resolution Number 1366, extended the \$70,800 loan to July 31, 2010.

On June 14, 2010, the Authority, by Resolution Number 1487, extended the terms of the \$70,800 and \$38,200 loans by fifteen (15) years to July 31, 2025, deferred three percent (3%) interest; and required a Regulatory Agreement securing affordability restrictions for households at or below 80% of area median income (AMI) for the same term.

ANALYSIS

The Borrower has expressed the inability to repay the maturing loan coming due and is requesting to extend the term by fifteen (15) years from July 31, 2025 to July 31, 2040 and continue operating the facility. As a condition of extending the loan, the Regulatory Agreement will also be extended for fifteen (15) years, ensuring affordability of the Project and the continuity of services to a vulnerable population of individuals who need access to shelter, case management, and other supportive services.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the Authority's budget.

ENVIRONMENTAL IMPACT

The Authority finds that pursuant to CEQA Guidelines Section 15378, the proposed action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable.

NOTIFICATION

Community Support Network was notified of this meeting.

ATTACHMENTS

- Attachment 1 – Community Support Network Request Letter
- Resolution

PRESENTER

Angela Morgan, Program Specialist