

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS

FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II
HOUSING & COMMUNITY SERVICES

SUBJECT: HOUSING AUTHORITY LOAN PROGRAM GUIDELINES UPDATE

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by motion, approve the updated Affordable Housing Program Guidelines.

EXECUTIVE SUMMARY

To evaluate loan applications, the Housing Authority currently relies on the Low-Income Housing Production Subsidy Policy that was approved in 2000. To modernize the guiding principles of the Housing Authority, staff is recommending that the Housing Authority approve updated, streamlined guidelines to assist with the review and ultimate decision-making on loan applications.

BACKGROUND

1. The Housing Authority's current Low-Income Housing Production Subsidy Policy was approved by the Housing Authority on September 25, 2000. The Policy was updated at that time to address projects that had been exceeding the Maximum Cost Schedule.
2. The Housing Authority has continued to use the Low-Income Housing Production Subsidy Policy and associated loan schedule for over 18 years. The maximums provided have been updated periodically based on the Consumer Price Index.
3. Most Housing Authority funding requests for the past 18 years have included a waiver of the maximum cost schedule; this waiver has typically been approved by the Housing Authority.

4. To create administrative efficiencies and modernize outdated policies, staff has reviewed the funding policies and guidelines of several entities including the County of Sonoma, the City of Berkeley, the City of San Jose, and the City of Santa Monica to utilize as guidance to develop new criteria that will provide applicants with more consistency and allows for coordination with other funding sources that are being used in affordable housing projects.

PRIOR HOUSING AUTHORITY REVIEW

- On September 26, 2000, the Housing Authority, via Resolution No. 1116, approved an increase to the Maximum Cost Schedule for the Low-Income Housing Production Subsidy Program Policy.

ANALYSIS

1. Affordability restrictions in the proposed Guidelines range from very low-income to moderate income to reflect the housing needs of the community, the current market conditions, and the level of assistance that is allowed by funding sources. Including moderate income in the Guidelines also allows the Housing Authority to take a more active role in pursuing the City's goal of providing housing for all.
2. The current Policy includes a Fund Allocation Section and identifies the statements as goals. To provide clarity to the Authority, Borrowers, and staff, goals should be removed from the Guidelines.
3. Housing Authority loans have been at 3% simple interest, except in a few instances where applicants have included a higher interest rate in their funding application. Staff is recommending that the rate remain at 3% simple interest for consistency with other funding sources and the Housing Authority's loan portfolio.
4. The addition of the condition under "Eligible Activities" that requires eligible projects to provide at least 50% of the units to households at or below 60% of AMI meets the minimum unit mix requirement under a variety of funding sources including the federal Community Development Block Grant (CDBG) program.
5. The updated Guidelines do not include the Maximum Loan Schedule that is part of the current policy. Removing this element eliminates the annual update of the Maximum Loan Schedule and the need for a waiver by the Housing Authority of the Maximum Cost Schedule in each funding approval. Some funding sources, such as HOME, have statutory funding limits that must be followed.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on any Housing Authority funds.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 Affordable Housing Loan Program Guidelines “Redline”
- Attachment 2 Affordable Housing Loan Program Guidelines “Clean”

CONTACT

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