

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: MARJORIE JACKSON, PROGRAM SPECIALIST II  
HOUSING AND COMMUNITY SERVICES DEPARTMENT  
SUBJECT: REQUEST FROM COMMUNITY SUPPORT NETWORK TO  
EXTEND THE TERM OF ITS HOUSING AUTHORITY LOAN IN  
THE PRINCIPAL AMOUNT OF \$105,106 FOR E STREET  
PROGRAM - 201 SOUTH E STREET

AGENDA ACTION: RESOLUTION

---

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve an extension of the term of its loan to Community Support Network in the principal amount of \$105,106 from April 1, 2017, to May 1, 2027, deferred at 3% simple interest per annum from December 9, 1994, and an extension of the associated Regulatory Agreement from December 16, 2024, to May 1, 2027, for E Street Program, located at 201 South E Street.

---

EXECUTIVE SUMMARY

Community Support Network (CSN) is requesting an extension of the term of its loan from the Housing Authority in the principal amount of \$105,106 for CSN's E Street Program located at 201 South E Street, a five-bedroom house in the Burbank Gardens neighborhood. E Street Program opened for operation in 1993 as a ten-bed, transitional housing facility serving mentally ill adults referred by the public mental health system. The Housing Authority approved funding for the loan in July 1994, to assist with acquisition of the property. Terms of the Housing Authority loan were three percent (3%) simple interest deferred for a 15-year term expiring in December 2009. In October 2009, the Housing Authority approved an extension of the loan term to April 2017. The property acquisition was also funded by a senior mortgage loan from Northern California Community Loan Fund (NCCLF) loan in the amount of \$147,000, which was paid down and recently refinanced in the amount of \$64,400 fully amortized with a maturity date of May 1, 2027. The E Street Program operates through a long-standing annual funding contract with the Sonoma County Behavioral Health Division, and rental income only.

## BACKGROUND

1. In July 1994, the Housing Authority approved funding for a loan to CSN in the principal amount of \$105,106 to assist in the acquisition of the property located at 201 South E Street. In September 1994, the Housing Authority and CSN entered into a HOME Funds Contract which provided for a Regulatory Agreement restricting use of the property for housing residents at or below 80% of Area Median Income for a 30-year term which expires in December 2024.
2. Terms of the loan were three percent (3%) simple interest per annum from December 9, 1994, deferred for a 15-year term expiring in December 2009. In October 2009, the Housing Authority approved an extension of the loan term to April 2017.
3. The property acquisition was also initially funded by a senior mortgage from Northern California Community Loan Fund (NCCLF) in the amount of \$147,000. That loan was paid down and later refinanced by NCCLF in April 2000, in the amount of \$84,015. In April 2002, the NCCLF loan was paid off, along with some rehabilitation costs, with an Exchange Bank loan in the amount of \$105,000, 7% interest, monthly payments of \$741, and a final estimated payment of \$64,571 due April 2017. The Exchange Bank loan was refinanced in April 2017, in the amount of \$64,400 fully amortized for ten (10) years, 5.8% interest, monthly payments of \$712, due May 1, 2027.
4. CSN's E Street Program provides services in a residential setting for mentally ill adults referred by the Sonoma County Behavioral Health Division (SCBH). It is licensed by the State of California Department of Social Services, Community Care Licensing Division (CCLD), as a Social Rehabilitation Facility, which is defined by the CCLD as a facility that provides 24-hour-a-day non-medical care and supervision in a group setting to adults recovering from mental illnesses who temporarily need assistance, guidance, or counseling.
5. The E Street Program operates through a long-standing annual funding contract with SCBH, and rental income only, as confirmed by financial statements for E Street and CSN. Therefore, CSN is not currently in a position to repay the Housing Authority loan and is requesting an extension of the loan term from April 1, 2017 to May 1, 2027, to coincide with the due date of the Exchange Bank loan, along with an extension of the term of the Regulatory Agreement from December 16, 2024, to May 1, 2027.

## PRIOR HOUSING AUTHORITY REVIEW

1. On July 25, 1994, the Housing Authority, by Resolution No. 776, approved a loan to CSN in the principal amount of \$105,106 of HOME funds for acquisition of 201 South E Street, for transitional housing units for mentally ill homeless adults.

2. On October 26, 2009, the Housing Authority, by Resolution No.1463, approved an extension of the term of the loan from December 9, 2009, to April 1, 2017.

### ANALYSIS

1. CSN's Mission is to help individuals with behavioral health challenges realize their potential by providing hope, wellness, and high quality supportive housing. For over 40 years, CSN has provided a wide range of rehabilitative services to mentally ill and homeless adults by working with families, community agencies, support groups, health care resources, and service providers. In addition to the E Street Program, CSN owns and operates several special needs housing facilities funded by the Housing Authority, including Brown Street House, Bridges (De Turk Avenue), Hope House (Dutton Homes), Grand Avenue, Opportunity House, and Stony Point Commons.
2. The current balance of the Housing Authority loan for the E Street Program, including principal (\$105,106.00) and accrued interest from December 9, 1994, to date (\$71,270.51), is \$176,376.51. With the Exchange Bank loan principal amount recently refinanced at \$64,400.00, the total outstanding debt is approximately \$240,776. Based on an estimated market value of \$647,000, the loan-to-value is approximately 37%.
3. After finalizing the refinance of the Exchange Bank loan, CSN requested extension of the Housing Authority loan consistent with the new Exchange Bank 10-year term.
4. Since the Exchange Bank loan is fully amortized for payoff on May 1, 2027, more options for payoff of the Housing Authority loan would be possible at that time. Given that the E Street Program provides a valuable service to mentally ill adults in our community, and that CSN is not currently in a position to repay the Housing Authority loan, staff finds that the request to extend the loan term is reasonable, as it will allow CSN to continue to operate the facility. Extending the term of the Regulatory Agreement to match the term of the loan assures continued affordability restrictions on the property.

### FISCAL IMPACT

HOME funds were approved and expended for the Housing Authority loan in December 1994. Approval of this current action does not have a fiscal impact on any Housing Authority funds.

### ENVIRONMENTAL IMPACT

Due to the use of federal HOME funds, a National Environmental Protection Agency (NEPA) Statutory Worksheet was completed April 13, 1994, confirming Exempt status per Section 58.34(a)(10).

### COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

### NOTIFICATION

Notification by e-mail.

### ATTACHMENTS

- Resolution
- Letter dated May 8, 2017 from Tom Bieri, Executive Director, Community Support Network
- Affordable Housing Loan Application

### CONTACT

Marjorie Jackson, Program Specialist, Housing and Community Services  
[mjackson@srcity.org](mailto:mjackson@srcity.org)  
707-543-3311