

Agenda Item #10.3  
For Housing Authority Meeting of: December 16, 2019

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: NANCY MANCHESTER  
PROGRAM SPECIALIST II  
HOUSING & COMMUNITY SERVICES

SUBJECT: MODIFICATIONS TO CALHOME DISASTER ASSISTANCE LOAN  
PROGRAM GUIDELINES

AGENDA ACTION: RESOLUTION

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**RECOMMENDATION**

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, approve amendment of the Program Guidelines for the CalHome Disaster Assistance Loan Program (Loan Program) to (1) allow those earning up to 120% of the Area Median Income (AMI) to qualify for the Loan Program as now allowed by the California Department of Housing & Community Development (HCD); and (2) permit loan funds to be used as gap financing for replacement or rehabilitation of manufactured or mobilehomes located in mobilehome parks within the Santa Rosa City Limits.

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**EXECUTIVE SUMMARY**

In May 2019, the Housing Authority (Authority) applied for, and was later awarded, a grant for \$1.2 million in Round 1 CalHome Disaster Assistance funds from the California State Department of Housing & Community Development (HCD). HCD's Notice of Funding Availability (NOFA) for the funds set the income limit for eligible households at 80% of the Area Median Income (AMI) or less and the Authority's application limited the type of housing eligible for the program to single-family homes. Because of the limited number of eligible households at or below 80% of AMI, in November 2019 HCD amended its NOFA for Round 1 funding to increase the income limit to households earning up to 120% of AMI. Staff recommends expanding the type of housing eligible for the program to include manufactured/mobilehomes located in mobilehome parks within the Santa Rosa City Limits. All other program criteria in the HCD-approved Program Guidelines shall remain unchanged.

**BACKGROUND**

1. In October 2017, over 3,000 homes in Santa Rosa were destroyed by the wind-driven Tubbs Fire, resulting in a Presidential Disaster Declaration (DR-4344). Subsequently, the

California Department of Housing & Community Development (HCD) issued the Round 1 Notice of Funding Availability (NOFA) making \$6 million in CalHome funds available in the form of grants to jurisdictions affected by the Tubbs Fire and other natural disasters that took place in 2017. HCD's NOFA set the income limit for program eligibility to those earning 80% of AMI or less, adjusted for household size.

2. In May 2018, the Authority applied for, and was later awarded, a grant of \$1.2 million to create the CalHome Disaster Assistance Loan Program for gap funding to reconstruct or rehabilitate income-qualified owner-occupied single-family homes damaged or destroyed in the Tubbs Fire.
3. In addition to the 80% AMI income limit and the restriction to single-family homes, the following guidelines ("Program Guidelines") apply to potential participants in the program under HCD regulations and the Authority's policies:
  - a. The maximum loan amount per property is \$100,000;
  - b. Loan terms are 30 years, deferred payment, at 3% simple interest;
  - c. Owner-occupancy is required for the term of the loan;
  - d. Reconstruction or rehabilitation may not have begun on the property;
  - e. Assisted homes must have an after-rehabilitation or after-reconstruction value at or below the current local median sales price of a single-family home using the most recent median sales price for Sonoma County published on the California Association of Realtors website (the median for October 2019 was \$660,000); and
  - f. Loan funds may only be used for gap financing.
4. Although the initial focus of the Program was the Coffey Park area, it was expanded in May 2019 to encompass any property within the Santa Rosa City Limits.

#### PRIOR HOUSING AUTHORITY REVIEW

On May 21, 2018, the Authority, via Resolution No. 1649, authorized submittal of an application to HCD for funding under the CalHome program, the execution of an HCD Standard Agreement and any amendments to the Agreement, and execution of any related documents necessary to participate in the CalHome Program.

#### ANALYSIS

1. Although there has been substantial outreach regarding the Program, only three loan applications have been submitted. Only one of the applications has been approved; the other two applications were denied because one applicant was over income and the other intended to complete reconstruction himself, but he did not possess a California State Contractor's License which is required by HCD in such a case.
2. Many residents have inquired about applying for loans, but their incomes exceed the 80% AMI limit. Because many of these residents provided feedback to HCD regarding the

impracticality of the 80% AMI limit, HCD issued a Round 1 NOFA Amendment in November 2019 that increased the maximum qualifying income for the Program to 120% of AMI.

3. There has been interest in reconstruction or replacement loans from residents whose manufactured/mobilehomes were lost in the Fire. Including mobilehome owners whose homes were lost or damaged will allow these owners to access gap financing loans for reconstruction or replacement of their units; both uses are allowed by HCD regulations.
4. To increase the utilization of the \$1.2 million grant by the September 26, 2021 expiration date of the Authority's Standard Agreement with HCD, staff recommends amending the Authority's Program Guidelines to (1) increase the income limit to 120% of AMI as now permitted by HCD; and (2) allow the funds to be used for manufactured/mobilehomes, with all other Program Guidelines remaining the same.

#### 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

- Resolution

#### CONTACT

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