

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II  
HOUSING & COMMUNITY SERVICES DEPARTMENT  
SUBJECT: EXTENSION REQUEST TO THE CALIFORNIA DEPARTMENT OF  
HOUSING & COMMUNITY DEVELOPMENT FOR THE CALHOME  
OWNER-OCCUPIED MOBILEHOME REHABILITATION  
PROGRAM  
AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, authorize the Executive Director to submit a one-year Grant Agreement extension request to the California Department of Housing and Community Development (HCD) for the CalHome Owner-Occupied Mobilehome Rehabilitation Loan Program.

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EXECUTIVE SUMMARY

The Housing Authority received a CalHome Program Grant of \$782,000 to operate an Owner-Occupied Rehabilitation Loan Program (Program) and, via Resolution No. 1590, adopted guidelines targeting the Program to low-income owner/occupants of mobilehomes in Santa Rosa. The terms of the Grant Agreement (Agreement) with HCD require all funds to be expended no later than September 26, 2017. Because of the extraordinary rainfall in the winter of 2016/2017 and a shortage of qualified mobilehome rehabilitation contractors, the work on rehabilitation projects has been and continues to be delayed. This delay necessitates submitting an extension request to HCD so the Housing Authority can expend the full \$782,000 in grant funds.

BACKGROUND

1. The Housing Authority applied for and was awarded a grant of \$782,000 from HCD for CalHome funds in late 2014, and the Housing Authority approved use of the grant funds for rehabilitation of mobilehomes owned and occupied by low-income residents via Resolution No. 1590 in January 2015.
2. The Agreement with HCD required the Housing Authority to create and submit a Loan Servicing Plan, Program Guidelines, a Reuse Account Plan, proposed loan

documents, and an agreement with its third-party contractor, the Sonoma County Community Development Commission (CDC), for program operation to HCD for approval. Staff submitted the required documents, Plans, Guidelines, and its agreement with CDC to HCD in January 2016, and received approval in May 2016.

3. Once HCD approved the program documents, the Housing Authority requested and received an initial draw for 25% of the grant funds, or \$195,500, as allowed by program regulations.
4. The CDC began accepting loan applications on June 1, 2016 and application review began shortly thereafter. Application review includes income certification, credit evaluation, documentation of timely loan and mobilehome registration payments by the homeowner, and agreement by park ownership or management to cooperate with the Housing Authority during execution of the work as well as in the event of default on the loan by the homeowner.
5. Once an application is reviewed and approved, the CDC then inspects the mobilehome to determine the scope of work and make a loan amount recommendation. The approved Program Guidelines set a limit of \$24,000 per loan, but also allow approval of a larger loan if health and safety hazards are deemed an imminent threat to the borrower's physical well-being.

#### PRIOR HOUSING AUTHORITY REVIEW

- Resolution No. 1580, approved June 17, 2014, authorized the Executive Director to (1) apply to HCD for CalHome funds to provide rehabilitation loans to the residents of Santa Rosa to be facilitated by the Sonoma County Community Development Commission (CDC); (2) execute a standard agreement and any amendments thereto and any related documents necessary to participate in the Program; (3) execute a funding agreement with the CDC for the joint administration of the Program; (4) submit renewal funding applications in subsequent funding cycles for CalHome funds for the continued operation of the Program; and (5) execute a standard agreement, any amendments thereto, and any related documents necessary to participate in the Program in subsequent years.
- Resolution No. 1590, approved January 26, 2015, accepted the CalHome Grant Award and adopted guidelines for the CalHome Owner-Occupied Rehabilitation Program.

#### ANALYSIS

1. The Executive Director began approving loan applications based on CDC and staff recommendations in November, 2016, and work on the first projects was scheduled to begin shortly thereafter but at the time work was to have begun there were only two qualified contractors performing mobilehome rehabilitation work in Santa Rosa

and, because of prior commitments, their availability was limited initially. Once the contractors were available to start work, the winter rainy season had begun.

2. The extraordinarily rainy winter of 2016/2017 created additional delays in starting rehabilitation work. While some of the approved rehabilitation work was interior, many of the first-priority projects included roof and siding replacement that couldn't be started during extended periods of rain.
3. As of July 2017, six rehabilitation projects are complete and 10 more are in the queue awaiting contractor availability to start. The CDC brought a third qualified contractor on board to help expedite work completion, however, one of the previously qualified contractors has not performed adequately and is no longer being used, therefore there are still only two qualified contractors.
4. Ten additional loan applications, representing commitment of the remainder of the available loan funds, are in the review and approval process. It is unlikely that work will be completed on these projects, or those in the queue, prior to the September 26, 2017, Standard Agreement expiration date.
5. HCD requires all grant funds to be *expended* by September 26, 2017, or the funds will be unencumbered by HCD. Because funds are committed but the CDC doesn't get paid for projects until they are complete, the initial funds drawn from HCD (\$195,500) have not yet been expended. Staff anticipates expending the initial draw in the next few weeks and submitting a second draw request to HCD for another 25% of the grant funds.
6. 100% of the grant funds will be committed but not expended by September 26, 2017, therefore a request to HCD for contract extension is necessary. HCD will consider granting the Housing Authority a one-year contract extension. Contract extension approval is performance based and there are no assurances of renewal.
7. To be considered for a contract extension, the Housing Authority must submit:
  - a. A formal letter requesting an extension;
  - b. A copy of the resolution authorizing the extension;
  - c. A copy of the document showing the person authorized to sign the Standard Agreement extension by name and title; and
  - d. A detailed plan stating how the contractor will complete the fulfillment of the contract in the remaining 12 months if an extension is granted.

HCD requires submission of the contract extension request from the Housing Authority 60 days prior to the September 26 contract expiration date. The request is due on July 28, 2017.

8. The attached resolution provides authorization for the extension request and, as

required by HCD, authority for the Executive Director, by name, to sign the Standard Agreement extension. In addition, a detailed plan showing how the contract will be fulfilled in the coming year is attached and will be submitted to HCD as required.

### FISCAL IMPACT

Because funds were appropriated in the 2015/2016 budget for this Program, approval of this action does not have any additional fiscal impact on budgeted Housing Authority funds. As per HCD CalHome regulations, the Housing Authority was advanced 25% of its contract, or \$195,500. Currently approved loans total \$409,500, however, should unforeseen circumstances cause the Housing Authority not to expend the advanced funds, HCD requires return of the advanced funds with accrued interest.

### 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 – CDC Plan for Contract Fulfillment
- Attachment 2 – Housing Authority Resolution No. 1580
- Attachment 3 – Housing Authority Resolution No. 1590
- Resolution

### CONTACT

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