

CITY OF SANTA ROSA
HOUSING AUTHORITY

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

SUBJECT: AUTHORIZATION TO SUBMIT AN APPLICATION TO THE
CALIFORNIA STATE DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT FOR FUNDING OF \$1.2 MILLION
UNDER THE CALHOME DISASTER ASSISTANCE PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution: authorize submittal of an application to the State of California Department of Housing & Community Development (HCD) for Notice of Funding Availability Round 1, CalHome Program Disaster Assistance, in the amount of \$1.2 million; authorize the Executive Director, or designee, to execute the HCD Standard Agreement, if selected for such funding, any amendments to the Standard Agreement, and any other related documents necessary to participate in the CalHome Disaster Assistance program; authorize the use of such funding, if awarded, within the City of Santa Rosa for eligible activities under the CalHome Program Requirements which may include rehabilitation or reconstruction loans that do not exceed the amount of the funding gap between insurance proceeds, Small Business Assistance (SBA) loans, or Federal Emergency Management Agency (FEMA) funding and the actual cost of said activities; and authorize the Executive Director to submit renewal funding applications in subsequent funding cycles for continued operation of the CalHome Disaster Assistance Program.

EXECUTIVE SUMMARY

On April 11, 2018, the State of California Department of Housing & Community Development (HCD) issued a Notice of Funding Availability (NOFA) to announce the availability of approximately \$6 million in CalHome Program funds for Disaster Rehabilitation Assistance. The funds, which can be used for rehabilitation or reconstruction, are available to jurisdictions impacted by the October 2017 wildfires. Jurisdictions must also be eligible to receive Federal Emergency Management Agency (FEMA) Individual Assistance for housing pursuant to Federal Disaster Declaration DR-

4344. Applications are due to HCD on June 6, 2018. If authorized to do so by the Housing Authority, staff will apply for \$1.2 million for silent-second gap funding loans to qualified low-income owner-occupants. Awards will be announced in August 2018.

BACKGROUND

1. HCD issued a NOFA on April 11, 2018, announcing approximately \$6 million in CalHome Program funds for Disaster Rehabilitation Assistance, including reconstruction, to Northern California jurisdictions affected by the October 2017 wildfires. Eligible counties are Butte, Lake, Mendocino, Napa, Nevada, Sonoma, and Yuba, all of which are eligible to receive FEMA Individual Assistance pursuant to Federal Disaster Declaration DR-4344.
2. Funding allocations per county were determined based on the percentage of the 6,470 total homes destroyed in the seven eligible counties in the fires. With 5,098 of the homes destroyed, Sonoma County jurisdictions are eligible for an approximate allocation of \$2 million, or 78.79% of the total. The jurisdictions in Sonoma County affected by the wildfires are the City of Santa Rosa and unincorporated areas of Sonoma County.
3. Eligible uses of funds include loans and conditional grants to eligible households, defined as households at or below 80% of the Area Median Income (AMI) at the time of application. Loans for single-family homes must be in the form of deferred payment loans, payable upon the sale or transfer of the home, when the home ceases to be owner-occupied, or upon the loan maturity date, whichever occurs first. Loans may be made for up to 30 years at no more than 3% simple interest.

PRIOR HOUSING AUTHORITY REVIEW

Not applicable.

ANALYSIS

1. Of the 5,098 homes lost during the fires in Sonoma County, approximately 3,000 were in Santa Rosa. Based on this ratio, staff recommends applying for 59% of the \$2 million available to Sonoma County, or \$1.2 million. The County of Sonoma Community Development Commission is applying for \$1 million in funds to be used as second mortgages in the unincorporated areas of the county. If the fund is oversubscribed, HCD will determine the funding amounts for successful applicants.
2. For this NOFA, the minimum loan allowed by CalHome is \$1,000, and the maximum amount is \$100,000. The minimum and maximum loan amounts include the Activity Delivery Fee (ADF), which is intended to pay for program administration. All loans must be for gap financing and can only be applied after insurance, FEMA, and SBA funding has been committed. Construction may not have begun on the unit, and

CalHome funds cannot be awarded in excess of the homeowner's demonstrated funding need. Additionally, the reconstruction must meet CEQA Section 15302 (Replacement or Reconstruction), which requires locating the new structure on the same site as the structure replaced with the same purpose and capacity as the replaced structure.

3. In addition to earning no more than 80% of AMI, adjusted for family size, borrowers must meet a variety of requirements and may need to provide proof of registration with FEMA and the SBA. Staff will conduct the income-certification process and verify registration with FEMA and the SBA as needed.
4. To apply for these CalHome funds, the Housing Authority must meet specific conditions to be eligible for the program. Proof must be submitted with the application to HCD. The conditions include:
 - a. Sufficient organizational stability and capacity to administer the local rehabilitation program, demonstrated through organizational charts, resumes and statements of qualification; and
 - b. Financial stability demonstrated to HCD's satisfaction through audited financial statements.
5. The Housing Authority's application must also meet the following eligibility and threshold criteria:
 - a. Meet geographic restrictions under Disaster Declaration DR-4344 and CalHome Regulations;
 - b. Be in an eligible local jurisdiction;
 - c. Propose an eligible activity;
 - d. Propose an eligible use of funds;
 - e. Meet eligibility requirements for Owner-Occupied Rehabilitation under CalHome Regulations;
 - f. Submit the application in proper hard-copy and electronic format to HCD to later than 5PM on June 6, 2018 via US Mail or other delivery service;
 - g. Provide a complete application under CalHome Regulations;
 - h. Provide an application that has not been modified or altered except to accommodate computer software (the application is a PDF);
 - i. Provide signature on the application by the party authorized in the Housing Authority Resolution approving the application;
 - j. Does not have any unresolved audit findings for prior HCD or other federally-funded housing or community development projects or programs; and
 - k. Does not have pending lawsuits that would impede the implementation of the program.
6. Based on an analysis of the Santa Rosa census tracts affected by the wildfires compared with the 2016 median family income for each census tract, it is likely that

enough applicants will income-qualify to expend funds awarded to the Housing Authority.

7. Based on the likelihood of qualifying sufficient applicants within the burn areas located in Santa Rosa, staff recommends utilizing the funds, if awarded, for “silent second” type loans for the reconstruction of single-family homes.
8. Under CalHome Regulations, the Housing Authority must establish a separate Re-Use Account that follows the same Regulations as those governing the initial use of the funds if awarded.

FISCAL IMPACT

The minimum and maximum loan amounts include the Activity Delivery Fee (ADF), which is intended to pay for program administration. Approval of this action is likely to have an impact on Housing Authority resources because of HCD’s limit of 10% of a loan amount on ADF charges; the cost of administering the program, if funds are awarded, is the same for a \$1,000 loan as for a \$100,000 loan. Existing Housing Authority administration funds will need to augment the cost of delivering program activities.

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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