

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II
HOUSING & COMMUNITY SERVICES
SUBJECT: TRANSFER OF HOUSING AUTHORITY FUNDS TO REPAY
THREE REHABILITATION LOANS MADE TO JOURNEY'S END
MOBILEHOME PARK RESIDENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, transfer Housing Authority funds to repay loans totaling \$48,386 for three low-income (80% of Area Median Income [AMI] or less) rehabilitation borrowers who resided in Journey's End Mobilehome Park; two of whose homes were destroyed and one whose home was damaged by the October 2017 wildfires, the source of funds being Fund No. 2130 – Housing Authority Operating Reserve Fund and Fund 2282 – Housing Grant.

EXECUTIVE SUMMARY

On October 9, 2017, the City of Santa Rosa (City) experienced a devastating wildfire that destroyed or substantially damaged the majority of mobilehomes at Journey's End Mobilehome Park, including two homes with rehabilitation loans funded by the CalHome Owner-Occupied Mobilehome Rehabilitation Program in 2017, and one funded by Community Development Block Grant (CDBG) dollars in 1992. Because the borrowers are low-income (80% AMI or less) senior citizens, and because the insurance settlements these borrowers will receive will not provide adequate resources to replace their homes if they are required to pay back the Housing Authority's loans, staff recommends transferring funds from the Housing Authority Reserves (Fund 2130) and Housing Grant (Fund 2282) into the Housing Authority funds which were the original source of the rehabilitation loans for each borrower as repayment of all three loans to reduce hardship on the borrowers.

BACKGROUND

1. On October 9, 2017, wind-driven wildfires destroyed the majority of the mobilehomes at Journey's End Mobilehome Park and left a few of the mobilehomes standing with

varying degrees of damage. As of November 7, 2017, the Park's owners have indicated that the future of the park remains uncertain.

2. Two owners of mobilehomes destroyed by the fire at Journey's End were borrowers under the CalHome Owner-Occupied Mobilehome Rehabilitation Program (Program). Work on rehabilitation of the mobilehome owned by the first borrower (Loan #7021-2661-16) was completed on June 30, 2017. Work on rehabilitation of the mobilehome owned by the second borrower (Loan #7021-2721-17) was in progress but only partially complete. Principal and interest accrued on these two loans through November 27, 2017 is \$35,265.50. Attachment No. 1 to this staff report shows a breakdown of these loans.
3. The home owned by the third borrower (Loan #7004-1071-92) was rehabilitated in 1992 using funds from the Community Development Block Grant (CDBG) allocation received by the City. Principal and interest on this loan as of November 27, 2017 is \$13,120.09. While this home was minimally damaged, the age (1971 model) and condition of the mobilehome make repairs or further rehabilitation infeasible.

PRIOR HOUSING AUTHORITY REVIEW

- Resolution No. 1580 approved application to HCD for CalHome funds and authorized the Executive Director to submit the application to HCD and execute any documents necessary to participate in the CalHome program;
- Resolution No. 1590 accepted the CalHome funds and adopted guidelines for the CalHome Owner-Occupied Program; and
- Resolution No. 1637 approved submission of a grant agreement extension request to HCD for the CalHome Owner-Occupied Mobilehome Rehabilitation Program.

ANALYSIS

1. The Department of Housing and Community Development (HCD) of the State of California does not allow loan forgiveness under any circumstances, however, HCD does allow program recipients like the Housing Authority to provide repayment of the principal and interest on approved loans into the Re-Use Account established by the Housing Authority as required by the CalHome Program. The purpose of the Re-Use Account is to fund future mobilehome rehabilitation loans under the Program, allowing additional low-income mobilehome owners to benefit from the Program.
2. CDBG Regulations allow grants to low-income residents, however, Housing Authority policy does not provide for grants, instead only allowing amortized loans to be made for Housing Authority-funded rehabilitation projects. Transferring the balance of \$13,120.09 back into the CDBG Fund will allow re-use of the funds for any activity that meets a CDBG National Objective. National Objectives are the activities that can be paid for with CDBG funds and usually require that the activity benefit low- or moderate-income residents.

3. While the source of funds for the three loans is different and the loans were made over a period of years, both loan programs required borrowers to be low-income (80% of AMI or less) and all three borrowers are senior citizens (age 55+). The income levels for the three borrowers are 31%, 63% and 45%, respectively.
4. The terms of all three loans were 3% interest with payment deferred until 90 days after the borrower vacates his or her mobilehome.

FISCAL IMPACT

Approval of this action will transfer \$48,386 from Funds 2130 (Housing Authority Operating Reserve) and 2282 (Housing Grant) to Funds 2297 (CalHome Reuse Account) and 2280 (Santa Rosa Block Grant).

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

None.

NOTIFICATION

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ATTACHMENTS

- Attachment 1 – Journey's End Mobilehome Park Rehabilitation Units Affected by October 2017 Fires
- Resolution

CONTACT

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