Agenda Item # 13.2
For Housing Authority Meeting of: July 27, 2026

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR
SUBJECT: APPROVING AN EXTENSION FOR THE MATURING LOAN AND REGULATORY AGREEMENT FOR COMMUNITY SUPPORT NETWORK'S DUTTON HOMES – 1548, 1550, AND 1552 DUTTON AVENUE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Housing and Community Services Department recommends that the Housing Authority, by resolution: (1) extend the maturity date of the loan to Community Support Network for Dutton Homes, located at 1548, 1550, and 1552 Dutton Avenue, in the outstanding principal amount of $128,000, by thirty (30) years, from November 26, 2026, to November 26, 2056; and (2) extend the term of the Regulatory Agreement through November 26, 2056, to align with the extended loan term.

EXECUTIVE SUMMARY

Community Support Network's (CSN) Dutton Homes consists of a single-family dwelling and a duplex providing a total of eight beds at 1548, 1550, and 1552 Dutton Avenue ("Project"). The Housing Authority has a loan secured by the property with an outstanding balance of $243,315.73, including $128,000 in principal, that matures on November 26, 2026. A Regulatory Agreement currently preserves the affordability of the Project through the same date.

CSN is unable to repay the loan at maturity and has requested a 30-year extension through November 26, 2056, to continue operating the Project. As a condition of the loan extension, the Regulatory Agreement would also be extended through November 26, 2056.

BACKGROUND

CSN, a local nonprofit incorporated in 1982, provides supportive services including case management, behavioral health services, social rehabilitation, residential treatment, substance use treatment, supportive housing, and community job-skills training for adults throughout Sonoma County.

In September 1996, the Housing Authority provided a $100,000 acquisition loan for the Project and converted $28,000 in previously awarded grant funds into a loan, resulting in a combined loan amount of $128,000. The loan bears three percent (3%) simple interest and was deferred for thirty (30) years. In connection with the loan, CSN and the Housing Authority entered into a Regulatory Agreement restricting occupancy to households at or below 80% of Area Median Income (AMI).

The balance of the Housing Authority loan at maturity on November 26, 2026, is $243,315.73 ($128,000 principal and $115,315.73 in accrued interest).

PRIOR HOUSING AUTHORITY REVIEW

On January 24, 1994, the Housing Authority, by Resolution No. 738, approved an appropriation of grant funds to CSN in the amount of $28,000 for the operation of the Project.

On September 23, 1996, the Housing Authority, by Resolution No. 905, approved a $100,000 acquisition loan for the Project and converted the previously awarded $28,000 grant into a loan, resulting in a total loan amount of $128,000, bearing three percent (3%) simple interest and deferred for thirty (30) years.

ANALYSIS

CSN has remained in good standing and has consistently complied with quarterly reporting requirements pursuant to the Regulatory Agreement. Staff conducted an on-site inspection and found the property to be in good condition with normal wear and tear consistent with the age and use of the property.

The Project is currently encumbered by two loans with a combined outstanding balance of $351,552.73. This amount consists of a WaFd Bank first mortgage balance of approximately $108,237 and the Housing Authority loan balance of $243,315.73, including principal and accrued interest. The WaFd Bank loan is amortized over 30 years, bears a variable interest rate currently set at 7.6% and capped at 10.6%, and matures on November 1, 2034. Based on an estimated property value of $750,000, the first mortgage represents approximately 14% of the property's value, and the combined outstanding debt represents approximately 47%.

CSN is unable to repay the Housing Authority loan when it matures on November 26, 2026, and has requested a 30-year extension through November 26, 2056. As a condition of the extension, the Regulatory Agreement would also be extended through November 26, 2056. Approval of the requested extensions would preserve the affordability of the Project and support the continued provision of housing and services for adults with behavioral health and other support needs.

FISCAL IMPACT

Approval of this action will not require additional appropriation or expenditure from the Housing Authority's budget. The action will defer repayment of the outstanding loan balance of $243,315.73 from November 26, 2026, to November 26, 2056.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines section 15378, the proposed action is not a "project" subject to the California Environmental Quality Act because it does not have the potential to result in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

CSN has been notified of the meeting.

ATTACHMENTS

- Resolution
- Letter from Community Support Network, April 22, 2026

PRESENTER

Angela Morgan, Program Specialist