

## City of Calistoga

### Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Lynn Goldberg, Planning & Building Director  
**DATE:** March 20, 2018  
**SUBJECT:** Revisions to Residential Rehabilitation Program Guidelines

APPROVED FOR FORWARDING




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Dylan Feik, City Manager

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- 1 **ISSUE:** Consider revising the Program Guidelines for the Residential Rehabilitation  
2 Program to 1) increase the maximum loan amount for manufactured homes 2) allow  
3 multiple active loans per homeowner and 3) delete the program's grant provisions
- 4 **RECOMMENDATION:** Adopt the attached resolution approving the recommendation  
5 revisions to the Program Guidelines
- 6 **BACKGROUND:** The City Council adopted the following amendments to the Program  
7 Guidelines for the Residential Rehabilitation Program on February 20, 2018 (see  
8 Attachment 2):
- 9 • Increased the maximum loan for a manufactured home from \$20,000 to \$25,000
  - 10 • Limited the number of active loans that a homeowner may hold to one
- 11 **PROPOSED REVISIONS TO GUIDELINES:** After further consultation with the City of  
12 Napa Housing Authority (HACN), which administers the Program on behalf of the City,  
13 and their ongoing experience with bids for rehabilitation projects, additional  
14 amendments are recommended.
- 15 1. Increase the maximum loan for a manufactured home to \$30,000 Recent project  
16 bids are routinely approaching \$30,000, attributed, in part, to the limited number of  
17 local licensed contractors with experience working on mobile homes, which  
18 represent the preponderance of rehabilitation projects. Bids from out-of-area

19 contractors include higher fuel costs and greater travel times. Additionally, materials  
20 costs have increased. Therefore, staff recommends revising Section 4.1 of the  
21 Guidelines to increase the maximum loan for a manufactured home to \$30,000. (The  
22 City Manager would continue to have the authority to approve an increase of up to  
23 \$10,000 above the maximum loan amount if they determine that such funding is  
24 necessary to mitigate health and safety issues.)

25 2. Allow multiple active loans per homeowner There have been some recent cases  
26 where additional rehabilitation is needed for a home whose owner received a loan  
27 several years ago, such as for the replacement of a heating/air conditioning system  
28 or roof. It is therefore recommended that the guidelines be revised to allow a  
29 homeowner to hold more than one active loan if the loan cap would not be exceeded  
30 after adding the new loan amount to the original loan. For example, a homeowner  
31 could receive a second loan for up to \$15,000 if the original loan did not exceed  
32 \$15,000. The homeowner would have to complete the standard loan application  
33 process, however.

34 3. Delete the program's grant provisions Section 4.4 of the Guidelines allows the  
35 awarding of grants of up to \$7,500. HACN recommended the inclusion of this  
36 provision in the updated 2017 Program Guidelines to cover emergency situations  
37 that threaten health and safety and require an immediate response. However, the  
38 State subsequently advised HACN that the same loan application process would  
39 have to be followed in order to award a grant, precluding emergency repairs.  
40 Furthermore, the City should retain as much of its federal funding as possible in the  
41 community for future rehabilitation efforts, since additional grants may not be  
42 forthcoming.

43 **FISCAL IMPACTS:** The CDBG grant terms require the expenditure of all current  
44 program income as well as the primary grant amount by October 25, 2019. Program  
45 income from loan repayments for previous CDBG and HOME grants amounted to  
46 \$258,463 at the end of 2017, and was only recently exhausted by loan commitments.  
47 To date, only two loans totaling \$60,000 are committed that apply towards the \$469,025  
48 CDBG 2017 program award.

49 While the expenditure deadline is approximately 18 months away, it takes many months  
50 to complete each project, including processing the application, bidding and performing  
51 the work (often by multiple contractors) and submitting paperwork to the State.  
52 Therefore, it is imperative to expend the grant funding as expeditiously as possible,  
53 especially since program income will continue to flow into the fund from loan  
54 repayments.

55 Since manufactured home loans average \$25,000-\$30,000, HACN recently mailed  
56 flyers publicizing the rehabilitation program to nearly 500 owners of conventionally-  
57 constructed homes, who can obtain loans of up to \$60,000. The flyers also highlighted,  
58 for the first time, the potential use of loan funding for the installation of solar panel  
59 systems.

## **ATTACHMENTS**

1. Draft resolution
2. Resolution 2018-010 adopted February 20, 2018

## RESOLUTION NO. 2018-XXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA REVISING THE PROGRAM GUIDELINES FOR THE CITY OF CALISTOGA OWNER-OCCUPIED HOUSING REHABILITATION ASSISTANCE PROGRAMS**

1           **WHEREAS**, on June 27, 2014 and December 14, 2016, the City of Calistoga  
2 entered into agreements with the California Department of Housing and Community  
3 Development to conduct an Owner-Occupied Rehabilitation Program funded by HOME  
4 Investment Partnerships Program and CDBG Community Development Block Grant  
5 funds, and

6           **WHEREAS**, on July 19, 2016, the City Council approved Program Guidelines in  
7 part to set loan terms and these Guidelines were subsequently approved by HCD on  
8 June 12, 2017; and

9           **WHEREAS**, recent evaluations of mobile homes owned by potential Program  
10 participants have determined that the current \$25,000 maximum loan amount is  
11 insufficient to correct most health and safety issues, and increasing the maximum loan  
12 amount to \$30,000 is warranted in order to promote the homeowners' health and safety;  
13 and

14           **WHEREAS**, the City desires to allow a homeowner to hold multiple loans if the  
15 loan cap is not exceeded in order to allow additional rehabilitation work; and

16           **WHEREAS**, the grant provision of the Guidelines is not feasible because it does  
17 not readily provide for emergency funding, and the City wishes to retain as much of its  
18 federal funding as possible in the community for future rehabilitation efforts.

19           **NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby rescinds  
20 Resolution No. 2018-010, adopted February 20, 2018.

21           **NOW, THEREFORE, BE IT FURTHER RESOLVED** that the City Council hereby  
22 revises Section 4.1 of the City of Calistoga Owner-Occupied Housing Rehabilitation  
23 Assistance Program Guidelines as follows, where additions are noted by underlining  
24 and deletions are noted by ~~strikethroughs~~:

25           4.1.    *MAXIMUM AMOUNT OF PROGRAM ASSISTANCE*

26                   *The maximum loan amount available under the program is:*

- 27                   •    \$60,000 for a stick-built single family home; or
- 28                   •    ~~\$20,000~~\$30,000 for a manufactured home

29                   *An eligible homeowner may hold more than one program loan if the*  
30                   *combined loan amount does not exceed the maximum loan amount*  
31                   *provided above.*

32           **NOW, THEREFORE, BE IT FURTHER RESOLVED** that the City Council hereby  
33 deletes Subsection 4.4(A) of the Program Guidelines and rennumbers subsections 4.4(B)  
34 and (C), to 4.4(A) and (B), respectively.

**PASSED AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this **20th** day of **March 2018**, by the following vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

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**CHRIS CANNING, Mayor**

**ATTEST:**

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**KATHY FLAMSON, City Clerk**

## RESOLUTION NO. 2018-010

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA REVISING THE PROGRAM GUIDELINES FOR THE CITY OF CALISTOGA OWNER-OCCUPIED HOUSING REHABILITATION ASSISTANCE PROGRAMS**

**WHEREAS**, on June 27, 2014 and December 14, 2016, the City of Calistoga entered into agreements with the California Department of Housing and Community Development to conduct an Owner-Occupied Rehabilitation Program funded by HOME Investment Partnerships Program and CDBG Community Development Block Grant funds, and

**WHEREAS**, on July 19, 2016, the City Council approved Program Guidelines in part to set loan terms and these Guidelines were subsequently approved by HCD on June 12, 2017; and

**WHEREAS**, recent evaluations of mobile homes owned by potential Program participants have determined that the current \$20,000 maximum loan amount is insufficient to correct most mobile home health and safety issues, and increasing the maximum loan amount to \$25,000 is warranted in order to promote the homeowners' health and safety; and

**WHEREAS**, the Guidelines are silent on how many loans can be held by a single homeowner and the City desires to maximize the number of households assisted through its rehabilitation programs.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby revises Section 4.1 of the City of Calistoga Owner-Occupied Housing Rehabilitation Assistance Program Guidelines as follows, where additions are noted by underlining and deletions are noted by ~~strikethroughs~~:

**4.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE**

The maximum number of program loans that may be held by an eligible homeowner is one.

*The maximum loan amount available under the program is:*

- \$60,000 for a stick-built single family home; or
- ~~\$20,000~~\$25,000 for a manufactured home

**PASSED AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this **20th** day of **February, 2018**, by the following vote:

<b>AYES:</b>	<b>Councilmember Barnes, Vice Mayor Dunsford, Councilmembers Lopez-Ortega and Kraus, Mayor Canning</b>
<b>NOES:</b>	<b>None</b>
<b>ABSTAIN:</b>	<b>None</b>
<b>ABSENT:</b>	<b>None</b>



**CHRIS CANNING, Mayor**

**ATTEST:**

  
**KATHY FLAMSON, City Clerk**