



**Sonoma County Community Development Commission**  
**Sonoma County Housing Authority**  
1440 Guerneville Road, Santa Rosa, CA 95403-4107

*Members of the  
Commission*

**James Gore**  
Chair

**Chris Coursey**  
Vice Chair

**Susan Gorin**  
**Lynda Hopkins**  
**David Rabbitt**

**Dave Kiff**  
Interim Executive  
Director

## Memorandum

Date: September 21, 2022

To: Community Development Committee

From: Kathleen Kane, Interim Assistant Executive Director

Subject: Amendments to Program Policies

---

The Sonoma County Community Development Commission (Commission) uses a variety of funding sources to administer four loan and grant programs to assist owners of residential properties to make needed health, safety, and hazard mitigation improvements, and one program to assist commercial property owners to make improvements to help spur revitalization of commercial corridors in Urban Service Areas. The program policy documents are updated as needed periodically to ensure that the policies and procedures necessary for staff to implement the programs effectively continue to comply with the most current requirements and regulations. Below is a list of each policy that is recommended for amendment and a summary of the changes proposed for each.

### Housing Rehabilitation Loan Program (HRLP)

The HRLP provides below-market interest rate loans to low-income homeowners, and to owners of rental properties comprised of up to four units that are predominantly occupied by low-income households.

Staff is recommending several non-substantive revisions to the policies to transition to using gender-neutral language, add a web link to access current income limits, and more clearly explain some of the on-going program requirements. In addition, staff is recommending three substantive policy revisions:

1. Increase loan limits for owner-occupied properties from \$50,000 to \$100,000 for single-family properties, and from \$24,000 to \$50,000 for mobile homes. The loan limits for rental properties would remain unchanged at \$25,000 per unit.



The current loan caps have been in place since April 2005. Since that time, the Consumer Price Index (CPI) for the San Francisco Bay area has increased by 64.2%. As construction costs increased, the loan caps in many cases were insufficient to accommodate all needed health and safety repairs. As a result, the Commission began to approve more hardship exception requests that allow loans over the policy maximums for owner-occupied properties when needed to correct health and safety hazards that are deemed an imminent threat to the occupants' physical well-being. The requirement to hold the exception loan amounts to a minimal level to address only "imminent threats" resulted in reduced scopes of work that could not correct all health and safety needs. Approving an increase in the maximum loan limits will eliminate the need for hardship requests in most cases, allow correction of health and safety conditions as well as "imminent threat" issues, and accommodate future increases in construction costs for the next few years.

2. Allow the Commission's Executive Director to waive flood insurance requirements in certain circumstances while maintaining requirements that will preserve security of loan funds.
3. Allow the Commission's Executive Director to waive appraisal requirements in certain circumstances while maintaining requirements that will preserve security of loan funds.

#### CalHome Housing Rehabilitation Program

CalHome funds were provided to the Commission from the State Department of Housing and Community Development (HCD) and are used to provide loans to low-income owners of residential property. The program operates in the same manner as the HRLP, but uses a separate set of policies to ensure that HCD's specific requirements are met.

Staff is not recommending any substantive changes to the policy but is taking this opportunity to transition to gender-neutral language and insert a web link for access to current income limits.

#### Mobile Home Earthquake Resistant Bracing System Program (ERBS)

The ERBS Program provides grants to mobile homeowners to install earthquake-resistant bracing systems beneath their homes. The ERBS are intended to prevent the home from falling from its piers and rupturing gas lines during an earthquake. This is a hazard mitigation measure that helps to prevent fires which can burn through many units in a mobile home park. The Commission uses a variety of funding sources for the program so that we can assist mobile homeowners of all income levels.

The proposed revisions clarify that the funding source being used for any given mobile home will determine the allowed income level of the assisted household, the maximum grant amount, and the allowed project costs that can be paid with grant funds. The revisions would

also give the Commission's Executive Director the same hardship exception authority as they have for the HRLP, revise list of funding sources being used for the program, and specify the way any required owner matching funds may be disbursed to contractors.

### Flood Elevation Program

The Flood Elevation Program is a hazard mitigation activity funding through the U.S. Department of Homeland Security / Federal Emergency Management Agency (FEMA). Grants are provided to cover 75-100% of the costs of elevating a home to one foot above the base flood elevation level.

Staff is recommending one substantive change that would revise the loan term for "escrow" loans from 20 to 7 years. Escrow loans help owners without their own funds to pay for up-front project costs such as engineering and permit approvals. All loans are forgiven upon the completion of the project and final FEMA reimbursement, which occurs within the proposed 7-year period. If a project does not move forward to completion, the property owner is required to repay the funds over the remaining loan term.

Staff is also recommending several non-substantive revisions in several areas to clarify, or more completely describe, already existing requirements, transition to gender neutral language, and describe the priority order for funding applications if insufficient funds are available.

### Commercial Rehabilitation Loan Program (CRLP)

The CRLP began as a redevelopment program that is now funded with County General Fund revenue, as available. The program is intended to reduce economic and physical blight within the unincorporated areas of Sonoma County by providing financial assistance to business and commercial property owners to rehabilitate, renovate, and revitalize commercial properties, primarily within commercial corridors in Urban Service Areas.

Staff is recommending only non-substantive revisions to the CRLP policies to make some clarifying changes, transition to using gender-neutral language, and correct contact information.

### Request for Recommendation

Staff requests that the Committee review and recommend the Board's approval of the five rehabilitation program policy documents.

1. Proposed CalHome Program Design: <https://share.sonoma-county.org/link/sAdB-dBiUSk/>
2. Proposed CRLP Program Design: <https://share.sonoma-county.org/link/F9sgj7Ik--E/>
3. Proposed ERBS Program Design: <https://share.sonoma-county.org/link/CmXiDQ1-MrU/>
4. Proposed Flood Elevation Program Design: <https://share.sonoma-county.org/link/nDTBFG5S4Yk/>
5. Proposed HRLP Program Design: <https://share.sonoma-county.org/link/xp14QJ3bOrk/>