



Agency list
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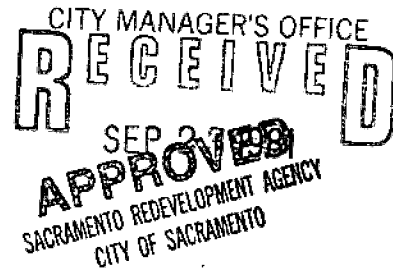
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

September 10, 1981

Redevelopment Agency of the
City of Sacramento
Sacramento, CA

Honorable Members in Session:

SUBJECT: Moratorium on Applications for
Rehabilitation Loan Programs



SEP 2 9 1981

SUMMARY

The attached resolution authorizes the Interim Executive Director to place a moratorium on the acceptance of new applications for City rehabilitation loan programs.

BACKGROUND

1980-81 Loan Allocation: The City SNAP program was allocated \$700,000 in CDBG funds for the 1980-81 fiscal year which ended June 30, 1981. By May 27, 1981, the Agency committed the balance of funds available from this allocation and, therefore, funded subsequent loans from the SNAP Revolving Loan Fund. During the period from June 1 through July 7, 1981, the Agency utilized \$99,100 of the approximate \$139,000 from the Revolving Fund leaving a balance of approximately \$40,000.

1981-82 Loan Allocation: The City Council approved an allocation of \$800,000 for the SNAP program for the 1981-82 fiscal year. Approximately 20% or \$160,000 of this \$800,000 SNAP allocation will be utilized for Agency program operating expenses. This will leave \$640,000 with which to fund SNAP loans. The Agency has to date approved 10 loans totalling \$159,950 from the available \$640,000. This leaves a balance of \$480,050 in SNAP funds for the remainder of the fiscal year. The only additional source of loan funds available to the Agency at this time is \$75,000 of the State's Deferred Payment (SB 966) loan funds. The combination of the State and SNAP program funds, total \$560,050. At the current average cost of \$15,950 per loan the available \$560,050 would be sufficient to fund 35 additional rehabilitation loans.

As of August 12, 1981, the Agency has 91 unfunded applications on file for rehabilitation loan assistance. The estimated total rehabilitation cost to fund these 91 applications would exceed

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All Districts

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 10, 1981
Page Two

1.4 million dollars. Taking into consideration the average loan amount of \$15,950 as applied against the 91 unfunded applications and the available \$560,000, there will be at years end, a shortage of approximately \$900,000. This would also mean that there would be 56 unfunded applications on file at the end of this same fiscal year. In the absence of additional loan funds this year, and assuming the SNAP program is allocated \$800,000 in 1982-83, the backlog of an estimated 56 applications at the end of this year would utilize the entire 1982-83 allocation.

Staff is currently researching alternate methods of leveraging CDBG funds to increase the amount of funds available for property rehabilitation and will be recommending the approval of a loan leveraging program in the near future.

ADDITIONAL FUNDING DIFFICULTIES

Our current situation has been exasperated by the moratorium placed on the Federal Section 312 Rehabilitation Loan program and to a much lesser extent the unavailability of California Housing Finance Agency HOHI loan funds. Although the Agency was allocated \$479,000 in 1980-81 Section 312 loan funds on February 2, 1981, the funds were unexpectedly frozen on March 4, 1981. During that one month period, the Agency approved loans totalling \$78,150. In addition, another four loans totalling \$64,350 were approved in July when HUD announced that limited funds were available. This brings our total approved 312 loan volume to \$142,500, considerably less than our original allocation.

Problems with limited HOHI loan funds started in January 1981, when the California Housing Finance Agency announced that only \$100,000 per month would be available for lending throughout Northern California. This restricted level of funding continued until July 1, 1981 when CHFA announced that pending a new bond sale, the HOHI program was indefinitely suspended.

REHABILITATION POLICY CHANGES

The recommended policy revisions which have been approved by the City Council will change some grant program guidelines, eliminate other programs and institute new programs in some instances. These proposed changes will necessitate the reallocation of existing grant program funds to new programs. There are currently 95 unfunded applications for existing grant programs on file and the acceptance of additional applications at this time will likely make the transition period more difficult.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 10, 1981
Page Three

FINANCIAL DATA

The approval of the attached resolution will not require the allocation of additional funds.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of September 21, 1981, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Coleman, Fisher, Knepprath, Luevano, A. Miller,
Teramoto, B. Miller


NOES: None

ABSENT: Serna, Walton

RECOMMENDATION

The staff recommends adoption of the attached resolution authorizing the Interim Executive Director to place a moratorium on the acceptance of applications for rehabilitation loan programs until January 1, 1982.

Respectfully submitted,


WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:


WALTER J. SLIPE
City Manager

Contact Person: Michael Hanamura

RESOLUTION NO. 81-078

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

September 29, 1981

AUTHORIZING A MORATORIUM ON APPLICATIONS FOR
PROPERTY REHABILITATION PROGRAMS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO:

Section 1. The Interim Executive Director is hereby authorized to institute a moratorium on the acceptance of applications for Sacramento Neighborhood Assistance Program (SNAP) rehabilitation loan program.

Section 2. The moratorium shall be effective as of the date of this resolution and continue until January 1, 1982 or such earlier date as the Interim Executive Director shall deem appropriate.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

SEP 29 1981