



**AGENDA**  
**February 8, 2018**  
**8:00 am**

**Committee Members**

Council Member Teresa O'Neill, Chair  
Carmen Pascual  
Bianca Wilczoch  
Michael Louis Ferrito

**Staff**

Housing & Community Services Division Manager, Jonathan Veach  
Staff Analyst, Kathy Flood (Staff Liaison)  
Office Specialist, Jennifer Carvalho

1. Call to Order
2. Public Presentations  
*This portion of the meeting is reserved for persons to address the Housing Rehabilitation Loan Committee on any matter not on the agenda. The law does not permit Housing Rehabilitation Loan Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. Commissioners or the staff liaison may briefly respond to statements made or questions posed and may request staff to report back at a subsequent meeting. Please limit your remarks to 3 minutes.*
3. Review of Minutes from December 21, 2017
4. Items for Discussion:
  - A. Review Budget Status Reports
  - B. Program Status
    - i. Staffing Update
    - ii. Completed Projects
5. Items For Action:
  - A. Projects Pending Review and Action
  - B. Review of Approved Urgent Loan
  - C. NCIP Program Manual Revision
    - i. Final update discussion and approval
6. Other Business
  - A. Informational Joint Dinner Meeting with City Council - **May 8, 2018 at 5:00 pm**
7. Adjournment - Next meeting: **May 10, 2018 at 8:00 am**



**MINUTES OF THE HOUSING REHABILITATION  
LOAN COMMITTEE**

City Manager's Staff Conference Room  
1500 Warburton Ave, Santa Clara, CA, 95050

**MEETING MINUTES  
December 21, 2017, 8:00 A.M.**

**Committee Members Present:**

Teresa O'Neill – Council Member/Chair  
Carmen Pascual  
Bianca Wilczoch  
Michael Louis Ferrito

**Staff:**

Jonathan Veach, Housing Division Manager  
Kathy Flood, Staff Analyst  
Jennifer Carvalho, Office Specialist

**Guests:**

Steven Sachs, Cloudburst Consulting Group

**Matters for Council Action: None**

**1. Call to Order/Roll Call**

Meeting was called to order by Council Member/Chair O'Neill at 8:10 A.M.

**2. Public Presentations**

None

**3. Review of Approved Minutes from August 10, 2017**

**4. Items on Agenda**

**ITEMS FOR DISCUSSION**

**A. Review of Budget Status Reports**

Current budget reports were reviewed showing that FY1718 is projected to come in under budget as three projects, totaling over \$300,000 are still in their planning phases and will have many of their expenditures in FY1819.

**B. Program Status**

**i. Staffing Update**

- a. Housing inspector: After two rounds of unsuccessful recruitments for an as-needed Housing Inspector (HI), the Division was approved to recruit for a full time HI, which brought in 35 candidates. Testing and interviews begin in January with hopes to successfully hire a new Housing Inspector by mid-February; during this time our previous Housing Inspector Kelvin has been assigned to work in our Division 1 day per week to assist with open projects.

- b. Housing Development Officer: Interviews are completed and an offer has been extended; waiting for confirmation and plan for mid/late January start date.
- ii. File Reconciliation Update
 

Office Specialist Carvalho updated the Committee on the ongoing NCIP file reconciliation project. Recent successful reconciliation of the 50 highest CDBG loans resulted in only 5 needing CAO review for various document issues.

An annual Self-Certification process (letter) was implemented and sent out to all program borrowers in early December. The borrower is to certify that properties are still owner occupied and if such property is in a Trust. Response so far has been over 50% from the 100+ sent out. The letter has generated a couple of payoffs which increases available funds for new clients.
- iii. Project Manuals 1&2 Update
 

These in-house manuals used by the Housing Inspector are being currently being reviewed and updated with the assistance of the CAO.

## **ITEMS FOR POSSIBLE ACTION**

### **A. NCIP Program Manual Revision Updates and Recommendations**

#### **i. Grants vs. Loans**

The Division has been working in collaboration with Cloudburst Consulting and invited Steve Sachs (former HUD director of San Francisco office and current Cloudburst consultant) to provide a brief overview of the program manual update. Discussion was had on Steve's recommendation to restructure the way in which grants and loans are provided. He suggests discontinuing the combination grant & loan projects, explaining that the program would be more efficient and align with current best practices if all grant costs were rolled into the loans. There is a lost opportunity for program income generation with the current policy. Clients still have the advantage of a deferred simple 3% interest loan and the technical support of City staff throughout the process.

To provide background, Staff Analyst Flood gave an overview of existing policies on grants; typical items paid by grant, soft vs. hard costs. Example was given of a \$100,000 project actually totaling closer to \$150,000 when finished once salaries, grants, and indirect costs are all added in.

To compliment the restructure, Division Manager Veach spoke of implementing a separate, non HUD funded, grant program to assist clients with small emergency grants up to \$5,000. This new program would benefit those clients who have immediate needs and whose work cannot wait due to code, health and safety issues. In addition, the use of non HUD funds would ease the restrictions and regulations thus expediting the process for projects to get started. Councilmember O'Neill agreed that such a program would benefit our community and that perhaps funds could be augmented by additional donations and funding through other local agencies.

Due to the length of the discussion and the need to wrap up the meeting, no action or direction was taken on these items. Discussion will be continued at the next meeting.

## **OTHER BUSINESS**

None

5. **Adjournment** – Next meeting scheduled for **February 8, 2018 at 8:00 A.M.**

Meeting adjourned at 9:42 A.M.

## NCIP FY2017-18 Budget Status Report

### Budget Summary as of 12/31/2017

HUD Grant	CDBG	HOME	TOTAL
FY2017-18 Total HUD Grant	\$ 903,714.00	\$ 299,356.00	\$ 1,203,070.00

Source of NCIP Funds	CDBG	HOME	TOTAL
FY2016-17 Carryover	\$ -	\$ -	\$ -
FY2016-17 Unallocated CDBG funds from Public Services	\$ 16,847.98	\$ -	\$ 16,847.98
FY2017-18 Program Allocation	\$ 463,802.00	\$ -	\$ 463,802.00
FY2017-18 Program Income-Loan Payments (PI) (over budgeted \$366K)	\$ -	\$ -	\$ -
FY2018-19 Estimated Program Allocation	\$ 786,164.00	\$ -	\$ 786,164.00
<b>Total NCIP Source of Funds</b>	<b>\$ 1,266,813.98</b>	<b>\$ -</b>	<b>\$ 1,266,813.98</b>
Set aside from current FY PI for FY2017-18 admin (20% CDBG) over \$366K	\$ -	\$ -	\$ -
15% set aside from current FY PI for FY2018-19 Public Services over \$366K	\$ -	\$ -	\$ -
<b>Total NCIP Available Source Funds</b>	<b>\$ 1,266,813.98</b>	<b>\$ -</b>	<b>\$ 1,266,813.98</b>

Use of Funds	CDBG	HOME	TOTAL
FY2017-18 Loan Expenditures	\$ 25,646.34	\$ -	\$ 25,646.34
FY2017-18 Grant Expenditures (AP, Direct Charges & Burden)	\$ 13,858.91	\$ -	\$ 13,858.91
<b>Total Use of Funds</b>	<b>\$ 39,505.25</b>	<b>\$ -</b>	<b>\$ 39,505.25</b>

<b>Available Source Minus Use Balance</b>	<b>\$ 1,227,308.73</b>	<b>\$ -</b>	<b>\$ 1,227,308.73</b>
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Current NCIP Activity	CDBG	HOME	TOTAL
Balance remaining on projects in progress - Executed loans w/contingency	\$ 358,333.46	\$ -	\$ 358,333.46
Estimated remaining soft cost expenditures of executed loans	\$ 82,222.94	\$ -	\$ 82,222.94
<b>Subtotal</b>	<b>\$ 440,556.40</b>	<b>\$ -</b>	<b>\$ 440,556.40</b>
Total of recommended loans w/contingency	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 440,556.40</b>	<b>\$ -</b>	<b>\$ 440,556.40</b>

NCIP Approved Activity - Pending	CDBG	HOME	TOTAL
Approved loans not yet executed	\$ 262,500.00	\$ -	\$ 262,500.00
Estimated soft cost expenditures of approved loans	\$ 65,625.00	\$ -	\$ 65,625.00
<b>Total</b>	<b>\$ 328,125.00</b>	<b>\$ -</b>	<b>\$ 328,125.00</b>

source data:

CSC Account Activity Detail Query

**NCIP FY2017-18 Financial Status**  
**Program Income as of 12/31/2017**

<u>Client/Source</u>	<u>CDBG</u>	<u>HOME</u>	<u>Total</u>
00366	\$ 12,359.01	\$ 35,350.79	\$ 47,709.80
00758	\$ 79,449.48	\$ 46,100.72	\$ 125,550.20
10031	\$ 2,110.75	\$ -	\$ 2,110.75
10061	\$ -	\$ 400.00	\$ 400.00
10381	\$ 17,581.42	\$ -	\$ 17,581.42
10489	\$ 25,353.40	\$ -	\$ 25,353.40
10532	\$ 4,072.84	\$ -	\$ 4,072.84
10536	\$ 320.65	\$ -	\$ 320.65
FY16/17 Interest	\$ -	\$ 8,896.17	\$ 8,896.17
<b>Program Income to Date</b>	<b>\$ 141,247.55</b>	<b>\$ 90,747.68</b>	<b>\$ 231,995.23</b>

<u>Fiscal Year</u>	<u>CDBG/HOME</u>
2012/13	\$ 427,989.00
2013/14	\$ 748,935.00
2014/15	\$ 544,733.00
2015/16	\$ 581,303.00
2016/17	\$ 594,999.72
2017/18 To Date	\$ 231,995.23
<b>Total</b>	<b>\$ 3,129,954.95</b>

**NCIP FY2017-18 Financial Status**  
**Loan Approvals and Expenditures as of 12/31/17**

Client Number	Prior Loan Amount	Loan Amount FY2016-17	Prior Year CDBG Expenditures	Current Year CDBG Expenditures	Remaining Loan Balance	Remaining Estimated Grant Costs
00320	\$ 22,000.00			\$ -	\$ 22,000.00	\$ 5,500.00
00338		\$ 21,250.00	\$ -	\$ -	\$ 21,250.00	\$ 5,312.50
10502	\$ 18,204.43	\$ 88,000.00	\$ 75,566.43	\$ -	\$ 30,638.00	\$ 10,620.44
10520		\$ 40,400.00	\$ 14,648.20	\$ -	\$ 25,751.80	\$ 4,040.00
10538		\$ 125,000.00	\$ 10,660.00	\$ -	\$ 114,340.00	\$ 18,750.00
10542		\$ 125,000.00	\$ -	\$ -	\$ 125,000.00	\$ 31,250.00
10544		\$ 45,000.00		\$ 25,646.34	\$ 19,353.66	\$ 6,750.00
<b>Total of executed loans</b>		<b>\$ 484,854.43</b>	<b>\$ 100,874.63</b>	<b>\$ 25,646.34</b>	<b>\$ 358,333.46</b>	<b>\$ 82,222.94</b>
10539		\$ 50,000.00		\$ -		\$ 12,500.00
10541		\$ 87,500.00		\$ -		\$ 21,875.00
10543		\$ 125,000.00		\$ -		\$ 31,250.00
<b>Total of approved* loans</b>		<b>\$ 262,500.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,625.00</b>
<b>Totals</b>		<b>\$ 747,354.43</b>	<b>\$ 100,874.63</b>	<b>\$ 25,646.34</b>	<b>\$ 358,333.46</b>	<b>\$ 147,847.94</b>

Loan reductions/withdrawls since August 10, 2017 meeting

10532	Withdrew	\$ 110,000.00
10533	Withdrew	\$ 30,800.00
10539	Reduced loan amount	\$ 50,000.00
10540	Project no longer eligible	\$ 31,250.00
10544	Reduced loan amount	\$ 11,250.00
<b>Total cost reduction since August 10, 2017 meeting</b>		<b>\$ 233,300.00</b>

<b>Recommended Loan</b>	<b>CDBG</b>
10036	\$ 18,000.00
<b>Total</b>	<b>\$ 18,000.00</b>
25% contingency	\$ 4,500.00
<b>Maximum loan amount</b>	<b>\$ 22,500.00</b>

\*Approved only, loan documents not yet signed

Loans with 50% (or more) of expenditures that will be spent in FY2018/19.

These loans total \$512,500.00

**NCIP FY2017-18 Financial Status**  
**Grant Expenditures as of 12/31/17**

Borrower/Indirect Labor	CDBG Grant	CDBG Direct Charges	TOTAL
00320	\$ 28.00	\$ 541.88	\$ 569.88
00338	\$ -	\$ 329.17	\$ 329.17
00399*	\$ 3,555.20	\$ -	\$ 3,555.20
10462	\$ 28.00	\$ -	\$ 28.00
10494	\$ 3,095.00	\$ -	\$ 3,095.00
10502	\$ -	\$ 112.42	\$ 112.42
10505	\$ 33.00	\$ -	\$ 33.00
10520	\$ -	\$ 132.43	\$ 132.43
10524	\$ -	\$ 112.42	\$ 112.42
10533	\$ 2,265.00	\$ 208.67	\$ 2,473.67
10538	\$ -	\$ 212.71	\$ 212.71
10539	\$ -	\$ 52.17	\$ 52.17
10541	\$ -	\$ 513.78	\$ 513.78
10542	\$ -	\$ 1,350.69	\$ 1,350.69
10543	\$ -	\$ 104.33	\$ 104.33
15044	\$ -	\$ 834.86	\$ 834.86
10546	\$ -	\$ 349.18	\$ 349.18
Expenditures to date	<u>\$ 9,004.20</u>	<u>\$ 4,854.71</u>	<u>\$ 13,858.91</u>

\*Burden - employee benefits based on direct labor hours



## NCIP FY2016-17 Project Status Report

### Project Status as of January 5, 2018

Activity	Status
<b><i>Completed since last Committee Meeting - August 10, 2017</i></b>	
10544	100% complete
10546	Grant client
<b><i>Construction/Scheduling in Progress</i></b>	
00320	Scheduling
00338	Scheduling
10502	Scheduling
10520	50% complete/completion target 2/15/18
10542	Pre-Planning phase
<b><i>Planning &amp; Bidding</i></b>	
10538	20% complete (Urgent) Planning for remainder
10541	Pre-Planning phase
10543	Pre-Planning phase
<b><i>Pending Projects</i></b>	
10539	Scope reduced by 50% (\$50,000)

**Projects Pending Review and Action  
New Work Requested**

**1. Client #10036**

1171 Santa Clara Ave

Eligibility	<30% of County Median Income
Household Number	1
Estimated Value	\$877,500
Secured Indebtedness	\$44,135
Requested Work	Replace knob and tube wiring; kitchen wall/ceiling repair and paint
Staff Estimate	\$18,000
Staff Recommendation	Approve an amount of <b>\$18,000</b> for identified work, plus a 25% contingency loan, 3% interest and twenty year deferred payment. Loan is subject to availability of program funds. Not to exceed maximum \$22,500.

## Review of Approved Urgent Loan

**Client #10547**2706 Benton St

Eligibility

&lt;30% of County Median Income

Household Number

1

Estimated Value

\$1,150,000.00

Secured Indebtedness

\$125,000.00

Requested Work

Urgent \$15,000 Loan approved by Division Manager to initiate repair of Code Violation issues.