

**Subject:** San Joaquin County Community Development Block Grant Application for the Mourfield Rental Community

**Background Information:**

On March 31, 1995, the Housing Authority purchased a four-unit rental housing development known as Mosswood Park Development, located at 3569/3579/3589/3599 Mourfield Avenue in Stockton, CA, for \$252,527.94. The funding to purchase the development was from San Joaquin County's Community Development Division Housing Investment Partnership (HOME) Grant Program. The property has a 30-year Note, with an interest rate of 1% per annum.

Since the acquisition, the property has had routine maintenance performed as needed. In May 2008, a Capital Needs Assessment (CNA) was conducted by Nelrod, Inc. The CNA recommended the following capital improvement projects:

1. Exterior Improvements
  - a. Dumpster containment
  - b. Fencing
  - c. Parking area concrete
2. Building Structure
  - a. Exterior painting
  - b. Soffit/Fascia Board Painting
  - c. Caulking and sealant
  - d. Replace Water Heaters (4)
  - e. Replace HVAC (Central) (4)
  - f. Painting interior of units (4)
  - g. Replace kitchen countertops in units (4)
  - h. Replace Grease Shield in kitchens (4)
  - i. Replace Laboratory in bathroom (4)
  - j. Replace Bathroom accessories (faucets, etc.) (4)
  - k. Install programmable thermostat (4)
  - l. Install new smoke detectors (16)
  - m. Rehabilitate one unit for Disabled Access
3. Dwelling Equipment
  - a. Replace range in units (4)

January 7, 2010, the Board of Commissioners adopted Resolution No. 10-01A authorizing the Executive Director to apply for Community Development Block Grants (CDBG). On January 15, 2010, a CDBG Application was submitted to San Joaquin County in the amount of \$64,332 to perform the capital improvements itemized above. January 28, 2010, staff was notified by San Joaquin County that there was a possibility

the grant application would be denied, but that the County had an alternative opportunity.

The County holds the Note on the Mourfield property, which currently has a loan balance of \$137,146.50, with a monthly loan payment of \$812.23 and 15 years left on the Note. The County is willing to defer loan payments for 5 years for a total amount deferred of \$48,733.80.

Currently, the Mourfield property operates at a breakeven before payments of principal. If the Authority decides to accept the County's offer to defer payments, the interest rate changes from 1% to 2%. During the 60 months of payment deferral, principal will not be paid down and will remain at \$137,146.50. If payments were continued, the principal outstanding after 60 months would have been decreased to \$94,223.79. The impact on interest during that same period is an increase from \$5,846.82 to \$13,714.65.

**Recommended Action:** Staff recommends the Housing Authority decline the County of San Joaquin's offer to defer payments of existing loan.

**Alternate Option:** The Housing Authority can accept the County's offer to defer payment on the HOME Loan for a period of 60 months and an increase in interest rate from 1% to 2%.

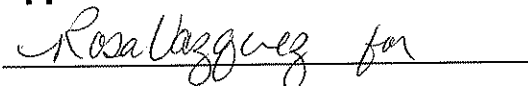
**Fiscal Impact:** None.

**Attachments:** Mourfield Operating Budget for Fiscal Year 2009/2010

Resolution No. 10-01A Authorizing and Directing the Executive Director to Apply for Community Development Block Grant (CDBG) Funds.

**Prepared by:** Kristi Rhea, Asset Manager

**Approval:**



Barbara S. Kauss, Executive Director

# Mourfield Budget

Fiscal Year 09/10

	<b>Total</b>
<b>INCOME</b>	
<b>RENTAL INCOME:</b>	
Dwelling Rent Income	23,496.00
<b>TOTAL RENTAL INCOME</b>	<u>23,496.00</u>
<b>TOTAL TENANT INCOME</b>	<u>23,496.00</u>
<b>TOTAL INCOME</b>	<u>23,496.00</u>
<b>EXPENSES</b>	
<b>ADMINISTRATIVE EXPENSES:</b>	
Salaries-Admin	1,356.00
Property Management Fees	515.00
Legal Expense	59.00
Staff Training	11.00
Travel	72.00
Telephone Expense	70.00
Internet/Modems	64.00
Copier Maintenance & Supplies	54.00
Office Supplies	58.00
Other Expenses	48.00
Management Fee Expense	964.00
<b>TOTAL ADMINISTRATIVE EXP.</b>	<u>3,271.00</u>
<b>UTILITIES:</b>	
Water	1,206.00
Electricity	2,678.00
Sewer	605.00
<b>TOTAL UTILITY EXPENSES</b>	<u>4,489.00</u>
<b>MAINTENANCE-WAGES/BENEFITS:</b>	
Maintenance Labor	1,617.00
<b>TOTAL MAINT.-WAGES</b>	<u>1,617.00</u>
<b>MAINTENANCE EXPENSE-MATERIALS:</b>	
Building Materials	778.00
<b>TOTAL MAINT. EXP.-MATERIALS</b>	<u>778.00</u>
<b>MAINTENANCE EXPENSE-LABOR:</b>	
Garbage and Trash Removal	1,702.00
Labor-Electrical Repairs	2,863.00
Labor-Exterminator Service	1,130.00
<b>TOTAL MAINTENANCE EXPENSE-LABOR</b>	<u>5,695.00</u>
<b>TOTAL MAINTENANCE EXPENSES</b>	<u>8,090.00</u>
<b>GENERAL EXPENSE:</b>	
Insurance	480.00
Workers Comp Ins/First Aid	297.00
Benefits	703.00
Benefits-Maintenance	927.00
Taxes & Assessments	9.00
Collection Loss	587.00
Interest Expense	1,329.00
<b>TOTAL GENERAL EXPENSE</b>	<u>4,332.00</u>

# Mourfield Budget

Fiscal Year 09/10

	<b>Total</b>
<b>TOTAL EXPENSES</b>	<b>20,182.00</b>
<b>NET INCOME</b>	<b>3,314.00</b>
<b>PRINCIPAL PAYMENTS</b>	<b>8,385.80</b>
<b>CASH FLOW</b>	<b>-5,071.80</b>

RESOLUTION NO. 10-01A

RESOLUTION AUTHORIZING AND DIRECTING  
THE EXECUTIVE DIRECTOR TO APPLY FOR  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS

**WHEREAS**, the County of San Joaquin and the City of Stockton anticipate receiving 2010-11 federal funds from the U.S. Department of Housing and Urban Development (HUD) to assist low and moderate income persons, provide decent housing, a suitable living environment and/or expand economic Opportunities; and

**WHEREAS**, applications for Community Development Block Grant (CDBG) program funds are being accepted by the City of Stockton and the County of San Joaquin; and

**WHEREAS**, it is in the best interests of the Housing Authority of the County of San Joaquin to apply for any and all Community Development Block Grant (CDBG) program funds available;

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Commissioners of the Housing Authority of the County of San Joaquin meeting in a Regular Meeting this 7<sup>th</sup> day of January 2010, that the Executive Director be, and she hereby is authorized and directed to apply for CDBG program funds from the County of San Joaquin and the City of Stockton, and to execute any and all documents necessary for application and implementation of said CDBG funds.

**RESOLUTION AUTHORIZING  
EXECUTIVE DIRECTOR TO DECLINE  
COUNTY OF SAN JOAQUIN'S OFFER TO DEFER  
EXISTING LOAN PAYMENTS OF MOURFIELD PROPERTY**

**RESOLVED AND ORDERED** by the Commissioners of the Housing Authority of the County of San Joaquin meeting in a Regular Meeting this 18<sup>th</sup> day of February, 2010, that the Executive Director be, and she hereby is authorized and directed to decline offer from the County of San Joaquin to defer existing loan payments of Mourfield Property.