

ED Summary Report- Affiliate Update January 2020
Annual Board Meeting

To: Board of Directors	From: Lorraine Larson
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Mission: *Building decent, affordable homes in partnership with future homeowners.*

Finance:

Finance Cashflow and Actuals: *Cash flow Summaries including ReStore for November 2019 are available to download from the board login site on our webpage.*

Login link and instructions: Link: <https://nchabitat.org/back-office/>
Type the password hab_board in the grey bar and click the submit button to the right.

Summary: November 2019 Actuals

• **ReStore Income and Expenses:**

Income:

- November income \$4400 above projected which is great performance, considering holiday and power shut off days.

Expenses:

- Spot on to projected for the month.

• **Affiliate Income and Expenses**

Income:

- Fundraising and Sustainable income up by \$3000+ due to better than projected Business donations and ReStore. Income on track well for the year.

Expenses:

- Total expenses much lower than projected due to 2 factors: City fees not yet paid for Home #16 and Park Place delays. The city fees will catch up in December.
- Return of Cal-home funds expense will also show in December.

Board Development

- New slate of officers to be voted on in January meeting. Board development committee continues to look for new candidates who can bring needed skillsets and experience in the areas of: Social Services, Fundraising, Real Estate Law, Retail, and Planned Giving.

Homeowner Mortgages (December):

- Mortgages in Arrears: Three Mortgages in arrears
 - Ref #1 - Very close to being caught up!!
 - Ref #30 – Homeowner having problems paying on time, and has further slipped in January 2020. We have entered into a forbearance agreement which is currently being adhered to by homeowner to bring current.

Park Place and Construction Schedule #16:

- #16 complete – homeowner moved in on December 21st.
- Park Place #1 - Address is 118 Kendal Street. City is delaying issuing a permit due to concern over the grading of the lots altering historical water run off flows. After much back and forth between the City and Nevada City Engineering, it has been determined that Habitat has to provide the city with a plan to take reasonable steps to ensure that additional drainage impacts of the project to an already stressed area are accounted for. NC Engineering is coming up with a plan to address which will require further infrastructure work than was originally projected.
- Park Place #2 and #3 – Plans were submitted in time to be able to avoid the new building codes, however these lots are subject to the same issue as above.
- Park Place Lot #4 – Terry and Lorraine met with the city to determine if the new AB 587 ADU law would allow us to build two separately owned dwellings on this one lot. Tom Last did not think the law would allow for separate ownership without splitting the lot, at significant cost. Since we already decided not to split the lot with the limitations some time ago, it would not appear to be a good direction for us. Also, the AB 598 law has some provisions that are problematic. On Monday, I will send out a quick summary and recommendation for a board vote.

Heritage Oaks II:

- Grass Valley City Council voted unanimously to approve the project and rezone on January 14! Thanks to everyone who attended and presented on behalf of Habitat.
- Terry and Lorraine met with Martin Wood to begin the process of going over the next steps and covering our bases on the Conditions of Approval list.
- A proposal for Geo/Tech services has been provided by NV5/Holdrege and Kull and is accounted for in the budget/cash flow. More on financial monitoring of Heritage Oaks II expenses will be shared in the board meeting by John Scott.

Homeowner Selection:

- Lorraine meeting with Chair and committee to go over next steps for selection regarding Park Place Lot #4, and discuss some changes and improvements to the homeowner selection process based on new laws, and what was learned at the Habitat CA conference.

Homeowner Support:

- See attached report by Ann Davis, Chair

Strategic Planning

- Planning document with our follow up items posted on board login page. Each month we will be reporting status on the different strategic areas noted.
- As per organizational bylaws, the board president will appoint ad-hoc committee chairs to head up the various efforts.

Other:

Cal Home monitoring report was received in January and there are areas of corrective that must be rectified and reported back to them in 30 days.

To summarize the 2 areas of findings:

- 1) The way we write our mortgages with a silent note that is forgiven at the end of the mortgage term presents a Loan to Value violation. The sale price of the home, which determines the property taxes charged to our homeowner, must equal the loan values. Our sale price is reported by Placer Title as the cost of the home, and does not include the silent note, but that (usually 3rd) note is recorded against the deed and considered part of the loan according to Cal Home rules. Cal Home requires us to provide a written policy to ensure that any mortgages going forward that include CalHome mortgage assistance do not go over this limit. So, we will need to explore how to adhere to their rule and not significantly increase the property taxes for the homeowners. There are a couple of viable options to look into.
- 2) We intend to use the Cal Home mortgage assistance reuse funds (defined as any of the Cal Home 2nd position deferred mortgage notes that are paid back to Habitat by homeowners) on owner occupied rehab or repairs. Cal Home requires us to make loans for these and secure the loans with a promissory note and a deed of trust or “other appropriate security instrument”. This impacts our repair program plans and will need to be researched further.

E.D. will create policies and report back to Cal Home to close the loop on their monitoring and begin exploring how Habitat can use the ReUse funds appropriately.