

Community Focus Statement B: Promote responsible and sustainable development consistent with Lucerne Valley’s rural character.

Action Statement B.5: Investigate methods of financing a revolving fund to assist with the rehabilitation of owner-occupied homes, which would improve the community’s aesthetics while creating local jobs for contractors and handy-men.

B5

Benchmark: Lucerne Valley has decided whether to become a Community Housing Development Organization (CHDO) or Community Development Corporation (CDC) or plan to apply for funding through the County.

Champion: Volunteer group or person or can be identified by the community

Estimated Cost: Dependent upon level of program desired. \$20,000 - \$100,000 in initial seed money for a revolving fund.



Photo source: Mark Levisay

A revolving loan fund would improve the housing stock in the community of Lucerne Valley, contribute to overall sustainability of the community, and provide local economic development as work toward autonomy.

A revolving loan fund is a source of money from which loans are made for specific types of projects. Most revolving loan fund programs have a maximum allowable payback period for projects and are structured to cycle loan payments back to the capital base to pay for administrative fees, thereby facilitating relatively lower interest rates and allowing additional loans to be made. As such, the fund becomes an ongoing or “revolving” financial tool. Applied to CDBG or HOME programs, a revolving loan fund allows the flexibility of keeping program income funds on hand until they are required for future projects.

Lucerne Valley has a few options in financing a revolving loan fund .Lucerne Valley could create a Community Housing Development Organization (CHDO) A CHDO is a private nonprofit, community-based, service organization that has, or intends to obtain, staff with the capacity to develop affordable housing for the community it serves. The CHDO would be eligible to receive a direct allocation of funding from the County. This would allow the County the choice to allocate funding from CDBG or HOME programs to the CHDO. The CHDO designation must be certified by San Bernardino County EDA.

With the aging housing stock, approximately 65 percent in need of rehabilitation, coupled with the median income of \$26,429 and the majority of residents in the 55- to 74-year-old age range, a revolving loan fund would be an asset to the community of Lucerne Valley. The fund would not only offer assistance for residents with rehabilitation needs, but the rehabilitation work would create work for local contractors.

Action	Action Leader	Timeline	Resources
1. Hold a meeting with local groups to create a Local Development Committee	Champion	Month 1	<p>How to become a Community Development Corporation http://peopleof.oueverydaylife.com/form-community-development-corporation-5779.html</p> <p>How to become a CHDO http://hudinfoexchange.blogspot.com/2015/07/how-to-become-community-housing.html</p> <p>US Department of Agriculture/Rural Development Rural Housing Service https://www.rd.usda.gov/about-rd/agencies/rural-housing-service</p>
2. Create a strategic plan on how to successfully run a revolving loan program.	Local Development Committee	Months 1–2	
3. Determine whether Lucerne Valley is interested in becoming a CHDO or CDC.	Local Development Committee	Month 2	
4. Work with the County, the California Department of Housing and Community Development (HCD), and the US Department of Housing and Urban Development (HUD) to evaluate grant options for a housing rehabilitation program.	Local Development Committee	Months 3–4	
5. Using state and federally approved templates, prepare program guidelines to build a long-term housing rehabilitation program. Include a formal revolving loan fund agreement that clearly establishes how program income or loan payoffs will be used to continue the housing rehabilitation program. Create loan servicing procedures.	Local Development Committee	Months 4–5	
6. Prepare a marketing plan and customized marketing materials designed to target eligible households in need of housing rehabilitation assistance. Create and maintain an ongoing waitlist to draw from as funding for rehabilitation projects becomes available. Monitor and maintain completed loans through the term of the loan, and use loan payoff funds for future loans.	Local Development Committee	Month 6, Ongoing	