

**COMMITTEE MEMBERS**

Ronald E. Leone, Chair  
Carlyn S. Obringer, Member

Civic Center  
1950 Parkside Drive  
Concord, CA 94519  
www.cityofconcord.org



**Regular Meeting of the  
Housing & Economic  
Development  
Committee**

Monday, April 24, 2017

5:30 p.m.

Garden Conference  
Room, Wing A  
1950 Parkside Drive

**AGENDIZED ITEMS** – The public is entitled to address the Committee on items appearing on the agenda before or during the Committee’s consideration of that item. Each speaker will be limited to approximately three minutes.

**1. ROLL CALL**

**2. PUBLIC COMMENT PERIOD**

**3. REPORTS**

- a. **Consideration and Recommendations** – regarding changes to the Housing Rehabilitation Loan Program. **Report by Brenda Kain, Community Services Program Manager.**

**4. ADJOURNMENT**

**ADA NOTICE AND HEARING IMPAIRED PROVISIONS**

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**3.a**

## **Staff Report**

**Date:** April 24, 2017

**To:** Council Committee on Housing & Economic Development

**From:** Kathleen S. Trepa, Assistant City Manager

**Reviewed by:** Victoria Walker, Director of Community and Economic Development

**Prepared by:** Brenda Kain, Community Services Program Manager  
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(925) 671-3088

**Subject:** **Consideration and Recommendations Regarding Changes to the Housing Rehabilitation Loan Program**

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### **Report in Brief**

This staff report requests the Housing and Economic Development (HED) Committee to consider recommended changes to the Housing Rehabilitation Loan Program, including reducing the interest rate from 3 percent to 1 percent and increasing asset limits for all households. This program is only available to income qualified homeowners that make 80% or less of area median income (AMI), currently \$60,150 for a two person family.

### **Recommended Action**

Hear the report, take public testimony, provide feedback on recommended changes to the Housing Rehabilitation Loan Program, and direct staff to provide the Committee's recommendations to the City Council.

### **Background**

The City of Concord allocates Revolving Loan Funds (RLF) for the Housing Rehabilitation Loan program. The RLF is made up of loan proceeds from loans that have been made to and repaid by Concord residents for home repairs using Community Development Block Grant (CDBG) funds. CDBG funds are provided annually as an entitlement grant from the Department of Housing and Urban Development (HUD).

The City also provides grants to \$10,000 through the Housing Rehabilitation Grant program. These grants are available to income-qualified owner occupants of single

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family and mobile homes for emergency repairs to roofs, heating, and plumbing and for accessibility features such as ramps and railings.

The Housing Rehabilitation Loan Program provides home repair loans of up to \$55,000 to low-income Concord residents earning 80% or less of AMI at a current interest rate of three percent (3%). Loans are repaid in regular monthly installments with a maximum loan term of 15 years. There is no pre-payment penalty. Deferred payment loans are available to seniors (age 62+) and to disabled homeowners and require payment in full upon maturity of the loan or upon sale or transfer of title, whichever is earlier.

HUD has indicated that future monitoring of entitlement grants will include a focus on the timely use of Revolving Loan Funds and is encouraging grantees to be proactive in determining how best to expend these funds. For FY 2016/17, Concord allocated \$100,000 in RLF for home rehabilitation loans, the first time these funds have been allocated in almost ten years. As of the date of this report only one loan is being processed, even though there is significant need for home rehabilitation in the City. An audit of inquiries indicates that qualified homeowners who expressed interest in the program ultimately decided to move forward due to the concern about recording an obligation against their home.

### **Analysis**

Age is an important indicator of the condition of housing stock. American Community Services (ACS) 2010-2014 Five Year Estimate (Attachment 1) indicates that nearly 30% of Concord's owner-occupied housing stock is at least forty years old and almost 18% is more than 50 years old. Homes and structures weather with use and deteriorate with time. If not properly maintained, units can deteriorate quickly and become eyesores or potentially dangerous. Deteriorating property condition directly affects property values, the quality of life for those residents, and the economic vitality of the community.

The City's older homes are often owned by elderly residents who purchased their homes many years ago. These residents may be on fixed incomes and may not have the means to perform regular maintenance and repairs or to qualify for traditional home repair loans. To encourage greater participation in the Housing Rehabilitation Loan Program and to facilitate the timely obligation and expenditure of RLF funds, staff is recommending the following program changes:

#### Reduce the loan interest rate

Staff recommends that the loan interest rate be reduced from three percent (3%) to one percent (1%). When a loan is repaid, a one percent interest rate will provide a small return to the City to help cover loan administration costs. The rate is well below market rate, which currently ranges from 3.74% to over 5%, and should not be an undue burden to the borrower. The reduced interest rate mirrors changes instituted by Contra Costa County in 2015 and the City of Walnut Creek in 2016, and will make the

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rehabilitation loan program more attractive to low-income homeowners who have little financial reserves other than the equity in their homes.

Increase asset limits

Staff recommends that the current asset limit of \$20,000 for a single householder and \$30,000 for a household of two or more be increased to \$75,000 for seniors/disabled head of household and \$50,000 for other households. The asset limit was established to prevent providing loans to households who have adequate resources to repair their homes. However, it is also important that households have adequate resources to cover emergencies, such as medical care or job loss. Therefore, households should be allowed to retain assets adequate for such circumstances.

Staff believes that reducing the loan interest rate and increasing current asset limits will make the City's loan program more attractive to low-income homeowners by reducing the total debt recorded on their property, and will allow borrowers to maintain adequate resources to cover emergencies. Staff anticipates that these recommended changes will increase the number of interested and eligible applicants to the home rehabilitation program, thereby allowing the City to provide more loans and more quickly expend RLF funds.

**Financial Impact**

There are no General Fund monies allocated. The City allocates Revolving Loan Funds (RLF) for the Housing Rehabilitation Loan program. RLF is made up of loans that have been made to Concord residents for home repairs using Community Development Block Grant (CDBG) funds. Repayment of these loans at 1 percent interest is adequate to cover loan administration costs.

**Public Contact**

Notice of this meeting has been posted.

**Attachments**

1. 2010-2014 ACS 5-Year Estimate: Age of Housing Stock

## Age Of Housing By Tenure

Jurisdiction	1939 or earlier			1940 to 1959			1960 to 1979			1980 to 1999			2000 or later		
	Total	Renter	Owner	Total	Renter	Owner	Total	Renter	Owner	Total	Renter	Owner	Total	Renter	Owner
<b>State of California</b>	<b>9.3%</b>	4.9%	4.4%	<b>20.4%</b>	8.6%	11.8%	<b>31.8%</b>	15.5%	16.3%	<b>26.0%</b>	11.3%	14.7%	<b>12.5%</b>	4.9%	7.6%
<b>Urban County</b>															
Brentwood	0.9%	0.4%	0.5%	2.0%	0.7%	1.3%	6.3%	2.4%	3.9%	36.5%	10.2%	26.3%	54.3%	12.8%	41.5%
Clayton	0.2%	0.0%	0.3%	3.5%	0.3%	3.2%	41.5%	2.8%	38.7%	48.0%	4.6%	43.4%	6.7%	0.8%	5.9%
Danville	0.6%	0.1%	0.5%	8.9%	1.3%	7.6%	46.3%	6.1%	40.2%	38.0%	6.4%	31.6%	6.2%	1.8%	4.4%
El Cerrito	12.8%	2.9%	9.9%	51.7%	15.5%	36.2%	25.3%	14.7%	10.6%	7.6%	4.6%	3.0%	2.7%	2.2%	0.5%
Hercules	0.5%	0.0%	0.5%	1.7%	0.2%	1.5%	18.3%	4.4%	13.9%	56.9%	12.9%	44.0%	22.5%	4.6%	17.9%
Lafayette	3.4%	0.4%	3.0%	46.7%	8.6%	38.1%	36.9%	11.9%	25.0%	10.0%	3.5%	6.5%	3.1%	0.8%	2.3%
Martinez	10.7%	4.4%	6.3%	13.5%	6.3%	7.2%	40.0%	12.1%	27.9%	32.2%	10.7%	21.5%	3.8%	1.1%	2.7%
Moraga	1.0%	0.1%	0.9%	7.0%	1.0%	6.0%	75.0%	12.5%	62.5%	15.1%	3.9%	11.2%	1.7%	0.7%	1.0%
Oakley	1.5%	0.8%	0.7%	3.1%	1.0%	2.1%	14.9%	5.3%	9.6%	50.4%	10.5%	39.9%	30.2%	7.8%	22.4%
Orinda	5.7%	0.7%	5.0%	49.2%	3.8%	45.4%	26.1%	2.4%	23.7%	13.5%	3.1%	10.4%	5.5%	0.9%	4.6%
Pinole	4.3%	2.1%	2.2%	18.7%	4.7%	14.0%	42.8%	9.2%	33.6%	29.8%	8.3%	21.5%	4.4%	2.3%	2.1%
Pleasant Hill	0.6%	0.3%	0.3%	28.9%	5.5%	23.4%	35.0%	19.1%	15.9%	31.0%	15.0%	16.0%	4.5%	2.7%	1.8%
San Pablo	6.1%	3.0%	3.1%	36.0%	18.5%	17.5%	26.8%	19.1%	7.7%	22.0%	13.2%	8.8%	9.3%	3.8%	5.5%
San Ramon	0.5%	0.2%	0.3%	0.9%	0.3%	0.6%	25.5%	5.3%	20.2%	37.5%	14.0%	23.5%	35.6%	11.6%	24.0%
Unincorporated County	6.6%	2.4%	4.2%	26.2%	7.6%	18.6%	25.6%	7.6%	18.0%	30.9%	10.2%	20.7%	10.8%	3.7%	7.1%
Urban County Total	4.1%	1.4%	2.7%	19.1%	5.2%	13.9%	29.0%	8.5%	20.5%	31.7%	9.8%	21.9%	16.0%	4.8%	11.2%
<b>Entitlement Jurisdictions</b>															
Antioch	3.4%	2.3%	1.1%	12.9%	6.7%	6.2%	26.6%	10.3%	16.3%	39.5%	13.9%	25.6%	17.6%	5.7%	11.9%
Concord	1.5%	0.7%	0.8%	25.2%	7.3%	17.9%	50.0%	21.1%	28.9%	18.3%	9.9%	8.4%	4.9%	2.0%	2.9%
Pittsburg	3.2%	1.1%	2.1%	13.9%	6.4%	7.5%	31.1%	12.0%	19.1%	30.5%	13.9%	16.6%	21.3%	9.1%	12.2%
Richmond	11.5%	5.8%	5.7%	34.8%	14.5%	20.3%	23.3%	14.1%	9.2%	20.1%	10.4%	9.7%	10.2%	5.7%	4.5%
Walnut Creek	1.4%	0.5%	0.9%	14.6%	4.1%	10.5%	58.7%	20.3%	38.4%	19.8%	8.2%	11.6%	5.5%	2.3%	3.2%
<b>Contra Costa County Total</b>	<b>4.5%</b>	<b>1.7%</b>	<b>2.5%</b>	<b>20.3%</b>	<b>6.5%</b>	<b>13.8%</b>	<b>33.3%</b>	<b>11.9%</b>	<b>21.4%</b>	<b>28.6%</b>	<b>10.3%</b>	<b>18.3%</b>	<b>13.7%</b>	<b>4.6%</b>	<b>9.1%</b>

Source: 2010-2014 ACS 5-Year Estimates B25036