



Legislation Details (With Text)

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TO: Chair and Members of the Board
FROM: Diane Colonna, Executive Director
DATE: April 8, 2015

APPROVE THE MCRA HOUSING IMPROVEMENT PROGRAM GUIDELINES

BACKGROUND:

In 2009 the CRA established a Housing Improvement Program to provide zero interest loans to income-qualified homeowners for property improvements. The program was administered by an outside consulting firm, which was responsible for all operations from applicant screening to final inspections of the completed work. In 2011 the program was discontinued, with nine (9) loans having been processed.

According to a market analysis conducted by RMA in 2014 there are more than 4,000 housing units in the CRA district, half of which are owner occupied. Much of the single family housing stock in the CRA district is several decades old. Staff recently conducted a visual survey of the neighborhoods, and noted that many units are in a state of disrepair. The City has limited CDBG dollars to address the need, but has the staff capacity to administer a loan program if funds are available. Currently there are a number of housing assistance applicants located in the CRA district that have been on the City's waiting list for some time.

Part VI of the CRA Plan, Section 3 - District Wide Projects states the following regarding residential area improvements:
"The CRA may also work with the City's grants division (or other agencies as appropriate) to provide renovation loans (or provide a loan guarantee) and grants."

The City's Grants Manager and CRA staff developed guidelines for a new Housing Improvement Program (HIP) that is similar to the program that was discontinued in 2011. As drafted, the new HIP provides deferred payment loans for low and moderate income households for exterior repairs such as roofs, windows, doors, painting, driveways and landscaping. Low income households are eligible for a 100% loan up to \$20,000 (up to \$25,000 if correcting substandard conditions). Moderate income households can receive loans of up to 50% of renovation costs, up to \$15,000. The loans will be secured by a lien on the property that will be reduced by 20% each year for a five year period. The program will be administered by the City's Grants Manager with assistance from CRA staff.

RECOMMENDATION: Approve the MCRA Housing Improvement Program Guidelines.

FISCAL IMPACT: Allowing for time to establish the program, process applications, obtain bids, etc., it may take a few months before any funds would actually be expended. Therefore it is recommended that \$50,000 be budgeted for the program for the current fiscal year, which can be allocated through a budget amendment. It's also noted that the CRA will provide funds to reimburse the City for program administration costs.

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