City Council – Action Request Form

Date: March 18, 2019

To: The City Manager

From: Marla Y. Newman, Community Development Director

Tasha Logan Ford, Assistant City Manager

Council Action Requested:

Approve modification of current guidelines to enhance lending efficiencies, effectiveness and customer service.

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Expand Housing Assistance Programs

Strategic Plan Action Item: No

Key Work Item: Yes



Summary of Information:

The Community Development Department has been analyzing its various systems and processes over the last 14 months to determine ways of enhancing efficiencies, effectiveness and customer service. One area in which the department has identified a need for change is in its handling of rehabilitation loans. From loan processing to loan approvals, loan closeouts and warranty inspections, opportunities for improvement have been identified.

One early step to enhancing work flows has been the implementation of a new software solution—Neighborly—which enables all work processes to be handled electronically through an online platform. This includes, among other things, receipt of loan applications, project bidding, and contractor payment processing.

A key area identified to enhance customer service involves modifying lending guidelines governing program implementation, i.e. types of assistance (grant, forgivable loan, direct payment loan), amount of assistance, limitations on assistance, and loan processing time.

Committee A	ction:			
Committee	Finance 3/18/2019 CDHGG 3/19/2019	Action	Approval	
For	Unanimous	Against		
Remarks:				

Particularly significant are the following proposed modifications:

- 1. Eliminate deferred loans, many of which did not require payment until the property is sold or transferred, and institute forgivable loans which will be forgiven incrementally over a period of up to ten (10) years, with deed restrictions up to twenty (20) years, to minimize flipping houses after significant City investment;
- 2. Increase program loan amounts as follows:
 - a. Rehab—from \$45,000 to \$65,000; increased construction costs and volume of repairs
 - b. TURN—from \$45,000 to \$65,000; increased construction costs and volume of repairs
 - c. Emergency repair—from \$6,500 to \$15,000; increased construction costs; limited to health and safety only (system failures—HVAC, roof, gas, electrical, and plumbing)
 - d. Physical accessibility—from \$7,500 to \$15,000; flooring, all bathrooms added as eligible modifications; allows full mobility and whole home accessibility;
- 3. Eliminate repeat assistance (Rehab and TURN) except for one-time emergency assistance:
- 4. Eliminate equity requirements due to inequities in property valuations and loan limitations when equity is insufficient (current guidelines limit assistance to emergency or minimum housing code items only);
- 5. Hold/deny assistance when evidence of hoarding; impedes full inspection to determine repair needs, expose staff to hazardous conditions; will refer to social and mental health service providers for decluttering assistance; and
- 6. Enable staff loan approval authority, to shorten processing time from bid receipt to loan closing on smaller rehab projects, as follows:
 - a. Community Development Director loans up to \$20,000
 - b. City Manager loans from \$20,001 to \$30,000
 - c. Loan Committee loans above \$30,000

A side-by-side comparison of the current and proposed loan program criteria are attached.

Staff is requesting that Council approve the modifications to the lending guidelines as outlined.