



Contra  
Costa  
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: March 31, 2015

Subject: Modifications to the Neighborhood Preservation Program

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**RECOMMENDATION(S):**

APPROVE revisions to Contra Costa County Neighborhood Preservation Program Policy (NPP) and Guidelines effective March 31, 2015.

**FISCAL IMPACT:**

No General Fund impact. NPP is funded by the Community Development Block Grant program. (CFDA# 14.218)

**BACKGROUND:**

The Neighborhood Preservation Program (NPP) provides low interest rehabilitation loans and grants to low-income homeowners. NPP is administered by the Department of Conservation and Development and is funded by federal Community Development Block Grant funds.

Program policies were originally adopted in 1984 and have been updated periodically since that time. The policies were last updated in 2011. The policies establish guidelines for administering the rehabilitation program. The proposed changes and the rationale for the changes follow:

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☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

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Action of Board On: **03/31/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: Candace Andersen, District II  
Supervisor  
Mary N. Piepho, District III  
Supervisor  
Karen Mitchoff, District IV  
Supervisor

ABSENT: John Gioia, District I  
Supervisor  
Federal D. Glover, District V  
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 31, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Kara Douglas  
925-674-7880

cc:

1. Increase the emergency grant amount from \$10,000 to \$15,000 for single family homes.

The purpose of the emergency grant is to provide enough funds to remedy serious health and safety items. The current grant limit of \$10,000 has not been raised in over 15 years and is no longer sufficient to cover common emergency repairs such as roof repairs and accessibility improvements.

## BACKGROUND: (CONT'D)

2. Change the interest rate from three percent on amortizing loans and zero percent on deferred loans to one percent on all loans.

NPP provides both amortizing and deferred loans depending on household income and ability to make monthly loan payments. Loans are evaluated at the end of the 15 year term and may either be converted to an amortized loan, or deferred for an additional 15 years. Currently, there is a three percent interest rate on amortizing loans and no interest on deferred loans. Interest rates should be consistent throughout the program. When a loan is repaid, a one percent interest rate will provide a small return to the County to help cover loan administration costs. The rate is well below market rate and should not be an undue burden to the borrower.

3. Increase the loan limit from \$50,000 to \$70,000, and allow loans up to \$85,000 with written approval from the Department of Conservation and Development Director, or designee.

The combination of aging homes and increases in construction costs have resulted in the need for a higher loan limit. Over the past two years, there have been 11 requests (or 61 percent of requested loans) for loans that exceed the current \$50,000 loan cap.

4. Limit the loan amount which can be used for general improvements to the lesser of 20 percent of the loan or \$20,000..

The current cap for general improvements (repairs that are not to correct code violations or to improve the health, safety, or accessibility of the home) is 20 percent of the loan amount. As loan limits increase, so does the amount allowed for general improvements. While it is appropriate to allow some non-critical upgrades to a home, the amount should be limited in order to preserve resources and assist additional homeowners.

5. Increase the asset limit from \$30,000 to \$100,000 for households with a senior or disabled head of household, and from \$15,000 to \$50,000 for all other households. The asset limit was established to prevent provision of loans to households who have adequate resources to repair their homes. It is also important that households have resources to cover emergencies such as medical care or job loss. Therefore, households should be allowed to retain assets adequate for such circumstances and also qualify for NPP assistance. Staff believes the current limit is not sufficient.

Additional revisions include energy efficient upgrades as allowed improvements, stating that the County Deed of Trust must be in first or second lien position, and not allowing the County loan to be subordinate to a reverse mortgage.

## CONSEQUENCE OF NEGATIVE ACTION:

If not approved, the existing Neighborhood Rehabilitation Program guidelines would not be revised to reflect current needs and construction costs.

CHILDREN'S IMPACT STATEMENT:

NPP supports outcome #5 in the Children's Report Card: "Communities are Safe and Provide a High Quality of Life for Children and Families".

ATTACHMENTS

NPP Revised Guidelines