



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: October 23, 2018

Subject: Discharge of Accountability for HOME and CDBG Program Uncollectable Loans

RECOMMENDATION(S):

DISCHARGE the Conservation and Development Director of accountability for the collection of loans receivable balances totaling \$387,724.01 from Community Development Block Grant and HOME Investment Partnerships Act homeowner loans.

FISCAL IMPACT:

No fiscal impact to the General Fund. All funds are Community Development Block Grant funds (CFDA#14.218) and HOME Investment Partnerships Act (CFDA 14.239). The total write off amount is \$358,744.01 from Fund 1595, Account 2310; and \$28,980 from Fund 1598, Account 2310.

BACKGROUND:

The Department of Conservation and Development administers Community Development Block Grant (CDBG) and HOME Investment Partnerships Act (HOME) programs. DCD has provided loans to homeowners for home rehabilitation (through the Neighborhood Preservation Program, or NPP) and homebuyers for down payment assistance. These loans specifically target households who typically cannot access conventional financing to purchase or repair their homes and are at higher than usual risk for default and foreclosure.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **10/23/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV 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: October 23, 2018

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

By: June McHuen, Deputy

Contact: Kara Douglas
674-7880

cc:

The HOME and CDBG loans are typically in a junior lien position to a bank mortgage loan. When a bank forecloses on a home there is often not enough funds to cover the County's debt. The

BACKGROUND: (CONT'D)

time and cost of attempting to collect the debt directly from the borrower can easily exceed the amount of the loan.

Over the past 12 years, some of the loans have been lost to foreclosure, which is a known and acceptable risk of the CDBG and HOME programs. HOME and CDBG funds are granted to the County and do not require repayment. The County provides assistance to homeowners and homebuyers as loans so that the loan repayments can be used to assist future homeowners and homebuyers.

DCD staff has determined that at least 19 loans have been lost: 16 NPP loans (CDBG funds) totaling \$343,744.01; two American Dream Down payment Assistance loans (ADDI or HOME funds) totaling \$28,980; and one CDBG homebuyer loan for \$15,000. A list of the lost loans is attached. The ADDI program is no longer funded by HUD. The County does not currently have a first-time homebuyer down payment program so there are no new loans. [The lost loan amount affects the County's Comprehensive Annual Financial Report (CAFR) by overstating loan receivables; the recommended action will improve the accuracy of reporting loan receivable balances on the CAFR.]

CONSEQUENCE OF NEGATIVE ACTION:

The receivable loan balances will be overstated by \$387,724.01.

ATTACHMENTS

Lost Loan List