



ALAMEDA COUNTY MEASURE A1 HOUSING BOND

DRAFT

**HOME PRESERVATION LOAN PROGRAM
IMPLEMENTATION-LEVEL POLICIES**

15-Day Public Comment Review Draft

Released June 11, 2018

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I. Measure A1 Housing Bond Overview

On June 28, 2016, the Alameda County Board of Supervisors approved the placement of Measure A1 on the November 2016 ballot authorizing \$580 million in general obligation bonds designated for affordable housing activities in Alameda County. The residents of Alameda County approved the Measure A1 Bond by 73% on November 8, 2016. Alameda County Housing and Community Development Department (HCD), a department within the Community Development Agency (CDA), is implementing the programs funded through the Housing Bond. The Housing Bond will fund three programs related to homeownership and two rental housing development programs.

Of the Bond's three programs related to homeownership, one program, the Home Preservation Loan Program (HPLP), is intended to help seniors, people with disabilities, and other low-income homeowners to stay safely in their homes and not become displaced either due to the home no longer being accessible to them or due to deteriorated conditions. The target funding allocation for HPLP is a total of \$45 Million over the course of the Bond program. Detailed implementation-level policies have been developed to guide the use of the funds allocated to the Home Preservation Loan Program.

II. Adopted Alameda County Home Preservation Loan Program Framework

When the Alameda County Board of Supervisors approved placing the Measure A1 Housing Bond on the ballot in June 2016, it also separately adopted a program summary, which framed the programs to be funded by the Bond. The adopted Measure A1 Housing Bond Program Summary provides the overarching framework for the Bond-funded programs. For the Home Preservation Loan Program, the program summary stated the following:

“The goal of this component of the bond program is to assist Low-Income Seniors, People with Disabilities, and other low-income homeowners to remain safely in their homes. The target funding allocation is a total of \$45 Million over the course of the bond program.

Program Parameters:

The target population for this component is low income seniors, people with disabilities and other homeowners with incomes at or below 80% of Area Median Income. The program will provide home inspections and technical assistance, along with loans to pay for accessibility improvements, such as grab bars, ramps, and widened doorways, and other housing rehabilitation such as roofs, electrical and plumbing systems improvements, allowing the household to remain safely in the home and not become displaced either due to the home no longer being accessible to them or due to deteriorated conditions. The funds will be provided in the form of 0% to low-interest deferred loans. There will be no payments on the loans while the low-income household remains living there, so the loan will not add to the housing cost burden. When the home is sold or transferred to anyone other than an approved, income-eligible buyer, the loan

and interest due are repaid and the funds will be recycled to assist another low-income homeowner.”

III. Purpose of HPLP Implementation Level Policies

These Implementation-Level Policies (Implementation Policies) for the Home Preservation Loan Program (HPLP), once adopted by the Board of Supervisors, will provide the parameters for how the HPLP will operate. It is anticipated that the initial Implementation Policies may evolve over time as the HPLP is implemented. HCD will track the implementation of the HPLP and report on its implementation annually, including recommendations for modifications to policies to ensure achievement of Measure A1 goals or for legal compliance. To facilitate program operations and management by HCD and the Program Administrator, a more detailed “Policy and Procedure Manual” will be developed and periodically updated in conjunction with these Implementation Policies.

IV. Home Preservation Loan Program Implementation-Level Policies

A. General Program Purpose and Method

The Alameda County Home Preservation Loan Program (the “HPLP”) will assist low-income homeowners in Alameda County through the provision of loan financing to rehabilitate their homes and make necessary accessibility improvements so that they may remain safely in their homes and not become displaced either due to the home no longer being accessible to them or due to deteriorated conditions.

B. Program Availability

The HPLP is available County-wide throughout Alameda County on a “first-come, first-served” basis to eligible low-income homeowners pursuant to the income and other eligibility guidelines outlined in these Implementation Policies.

C. Program Administration

Under Alameda County Housing and Community Development Department supervision, the HPLP implementation will be undertaken by a Program Administrator which shall be a single Community-based organization or firm (the “Program Administrator”) with a successful track record in efficiently and effectively administering home preservation loan programs on behalf of local governments in the Bay Area.

V. Eligible Properties

HPLP funds may be used to assist the following types of properties, so long as the dwelling to be assisted is owner-occupied:

- A. Single Family Detached Homes
- B. Townhomes
- C. Condominiums (unit interior only)
- D. Two to four properties where all units are owner-occupied.

Mobile homes are not eligible for HPLP assistance.

VI. Eligible Repairs

- A. Health and safety hazards must be corrected as a condition of the HPLP loan.
- B. Developing code violations must be addressed as a condition of the HPLP loan.
- C. System-wide/structure-wide rehabilitation improvements (e.g. roof, seismic, foundation, property drainage, exterior painting), are allowed.
- D. Subject to the above stipulations, eligible rehabilitation and repair items include, but are not necessarily limited to, the following areas
 - i. Correction of immediate health and safety deficiencies
 - ii. Correction of developing code violations
 - iii. Re-roofing and gutter replacement
 - iv. Seismic Strengthening, foundation repairs, and other structural issues
 - v. Property Drainage Improvements
 - vi. Repair or replacement of private sewer lateral
 - vii. Termite and Dry Rot Repair
 - viii. Exterior Wall Repair and Exterior Painting
 - ix. Electrical and plumbing system improvements
 - x. Re-piping and water heater replacement
 - xi. Carpentry needs such as repair or replacement of broken stairs for safety of ascent/descent
 - xii. Replacement of unsafe flooring
 - xiii. Insulation and Weatherization (e.g., windows, doors, insulation, ducting, thermostats, weather-stripping, etc.)
 - xiv. Energy Efficiency Improvements
 - xv. Water Heater repair or replacement
 - xvi. Repair or replacement of Furnace/Home Heating and Cooling Equipment and Ducts
 - xvii. Kitchen and Bath Health and Safety Repairs (e.g. hot/cold running water, appropriate ventilation, adequate lighting, removal of mold and water damage, ensuring complete bathing/sanitary facilities within each dwelling unit, replacement of inoperable stove or refrigerator in kitchen)
 - xviii. Removal of unwanted clutter/debris
 - xix. Lead-Based Paint Hazard Reduction
 - xx. Creation of an Accessory Dwelling Unit (ADU) within an Existing Residence or within an Existing Accessory Structure or Creation of a Junior-ADU (JADU) within existing living space of the home, or conversion of illegal unit to a legal ADU/JADU (See Subsection A below for specific requirements).
 - xxi. Accessibility Improvements (e.g. conversion of bathtubs to accessible shower units, widened doorways, ramps, lever handle knobs, handrails, etc.)
 - xxii. Amenities and General Property Improvements/Non Essential Repairs are allowed only after immediate health and safety repairs and developing code violations have been addressed, to enable the homeowner to remain safely in their home and not become displaced, and only based on HPLP loan availability. These improvements relate to the comfort of the occupants and general property improvements. Such amenity and general property improvements include, but are not necessarily limited to, the following areas:

- a. Replacement of kitchen and/or bathroom fixtures, cabinets, and built-in appliances
- b. Installation of new carpet or flooring
- c. Interior Wall Repair and Interior Painting
- d. Site improvements on the property such as replacement of deteriorated walkways (beyond repair of an incipient nature or one which may pose a threat to health and safety of the occupants, which shall be otherwise allowed as eligible repair)
- e. Removal of overgrowth of landscaping and/or replacement of water-intensive plantings with drought-tolerant landscaping
- f. Fencing repair if dilapidated
- g. Standard upgrades to home

E. HPLP Accessory Dwelling Unit (ADU) Specific Requirements

Definitions

An Accessory Dwelling Unit (ADU) is a secondary dwelling unit with complete independent living facilities for one or more persons and generally takes one of three forms:

- i. Detached (the unit is separated from the primary structure);
- ii. Attached (the unit is attached to the primary structure); or
- iii. Repurposed Existing Space (space within the primary residence converted into an independent living unit).

A Junior ADU (JADU) is similar to repurposed existing space with various streamlining measures, including that it cannot exceed 500 square feet, must be completely contained within the space of an existing residential structure, have its own separate entrance, and have an efficiency kitchen (it can have shared bath with the primary residence).

ADU's Eligibility under HPLP (Eligible Types of ADUs Assisted)

*a) To help reduce a low-income homeowner's housing cost burden through additional rental income, and/or to provide additional living space that will enable the homeowner to continue living safely in his/her home (such as creating a unit for an in-home care provider), HPLP assistance may be used by low-income homeowners for the creation of the following types of ADUs and JADUs:
Conversion of Existing Space within the Dwelling Unit to an ADU or JADU*

This includes conversion of existing space within the dwelling unit to an ADU or JADU such as the following: conversion of a room(s) in the home, conversion of existing space within the home like an attic or basement, or conversion of an attached garage space.

b) *Conversion of Existing Accessory Structure to an ADU*

This includes conversion of an existing accessory structure (e.g. a detached free-standing structure, such as a backyard cottage or detached garage) to an ADU.

c) *New Construction of a detached ADU is not an eligible use of the HPLP funds.*

Additional Provisions

As a condition of HPLP assistance for the creation of an ADU/JADU, any health and safety deficiencies and/or incipient code violations within the homeowner’s own dwelling unit must also be corrected.

The homeowner is required to comply with local jurisdictional requirements and State of California Accessory Dwelling Unit law as codified in the California Government Code.

The income of prospective tenants of the JADUs will not be counted during the income verification process for a homeowner applying for JADU assistance through the HPLP.

Additional amount of HPLP Assistance Available

Up to \$75,000 of the maximum loan amount that a homeowner qualifies for may be used for the creation of an ADU or JADU (see Section IX.C-Maximum Loan Amount).

VII. Eligible Costs

Eligible costs paid with the HPLP loan shall include, but are not necessarily limited to, the following:

- A. Cost of rehabilitation of the property, including materials and labor for the eligible repairs noted in Section VI;
- B. Cost of building permits and other related government fees;
- C. Cost of an appraisal, architectural, engineering, termite report, and other consulting services that are directly related to the rehabilitation of the property;
- D. Loan processing fees, title search, and credit report; and
- E. Non-recurring loan closing costs.

VIII. Eligible Homeowner

A. Owner-Occupancy Requirement

The homeowner must certify that he/she is an owner-occupant of the property to be assisted with HPLP funds. The homeowner must continue to occupy the property to be assisted as their primary residence during the life of the loan. If the homeowner moves out, repayment of the loan may be triggered.

B. Household Eligibility

The household must be low-income as defined in Subsection C below. A household includes all the people who occupy a housing unit. The household may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

C. Income Eligibility and Verification

Eligible Income Level

The household must be low-income, with a maximum annual household gross income that is at or below eighty percent (80%) of the Area Median Income (AMI) for Alameda County, adjusted for household size, as defined the State of California Department of Housing and Community Development (“State HCD”). Current 2018 income limits may be found in Appendix A to these Implementation Policies; these are revised annually by State HCD.

Income Verification Method

Household income will be verified by the Program Administrator using the income guidelines found at Title 25, Section 6914 of the California Code of Regulations. Verification of income is required for all household members age 18 and over even if they have no ownership interest in the property to be assisted. If the property contains more than one unit, at least one unit must be owner-occupied if the other units are rented. All income derived by the homeowner from such rental units will be included in the homeowner’s income calculation to qualify for assistance under the HPLP. To qualify for HPLP assistance, a homeowner’s net assets may not exceed \$150,000. Certain items will be excluded from the assets review, including the value of the property to be assisted with HPLP.

IX. Terms of Financial Assistance

A. Form of Loan

The HPLP funds will be provided as a low-interest, deferred payment loan, so that the HPLP loan will not add to the homeowner’s housing cost burden.

B. Minimum Loan Amount

Minimum HPLP Loan amount will be \$15,000.

C. Maximum Loan Amount

Maximum HPLP Loan amount will be \$150,000.

D. Interest Rate

The HPLP loan will accrue simple interest at the rate of one percent (1%) per year. The accrual of interest on deferred payment loans shall not exceed fifty percent (50%) of the principal amount borrowed.

E. Combined Loan-to-Value Ratio

The combined loan-to-value ratio of any first mortgage plus the HPLP loan cannot exceed ninety percent (90%).

F. Loan Term

The HPLP loan will have a term of thirty (30) years (the “Loan Term”) or until sale or transfer, with the possibility of an extension.

- i. **Loan Term Extension:** The HPLP Loan Term may be extended for an additional 30-year period at the end of the Loan Term, so long as the low income homeowner is not in default of any HPLP program requirements or terms including continued owner-occupancy of the home, as determined by the Program Administrator.

G. Loan Payments and Loan Due Date

No payments will be due on the HPLP loan during the Loan Term so long as the low-income homeowner remains living in the home, so that the loan will not add to the homeowner’s housing cost burden. At the end of the Loan Term, the HPLP loan principal balance and accrued interest must be repaid, unless the loan term is extended as outlined in Subsection G.1 above or a “Permitted Transfer” takes place. If, prior to the end of the Loan Term, the property is sold or transferred to a party other than those allowed per the “Permitted Transfers” outlined in Subsection H.1 below, at refinance (subject to the exceptions outlined in Section J-Loan Subordination/Refinancing below), or if the property ceases to be owner-occupied, the HPLP loan principal balance and accrued interest shall be due and payable. The loan is not forgivable. There is no prepayment penalty.

Permitted Transfers

The HPLP loan will not be due and payable if the home is transferred to a surviving joint tenant, when a spouse becomes an owner of the property with the original homeowner, a transfer to a surviving spouse, or a transfer to a spouse as result of a divorce. The remaining owner must continue to owner-occupy the home.

The HPLP loan will not be due and payable if the home is transferred to surviving children of a deceased borrower, so long as the children owner-occupy the home and meet the income requirements of the HPLP. If the children are not income eligible, the loan must be repaid.

Loan Assumption

The HPLP loan is assumable (a) in the case of a permitted transfer as outlined above in Subsection H.1; or (b) to a buyer meeting the homeowner eligibility requirements of the HPLP subject to the prior approval of the Program Administrator.

H. Loan Lien Position

The HPLP loan must be secured by either a First or Second Deed of Trust on the property, subordinate only to the homeowner’s first mortgage on the property.

Exceptions for Homeowners with Existing “Silent Second” Loan Financing

If the homeowner has existing deferred or “silent second” purchase-money loans through a first-time homebuyer or similar Below Market Rate (“BMR”) program, the Program Administrator will evaluate the lien positions of the homeowner’s debt and make a recommendation to the County on subordination of the HPLP loan to existing deferred purchase-money loans. This exception to the above policy shall be done on a case-by-case basis only.

I. Loan Subordination/Refinancing

The HPLP loan principal and accrued interest is due and payable if the existing first mortgage is refinanced. Exceptions to this policy may be considered by the Program Administrator under the following conditions:

- i. If the HPLP loan is subordinated to no less than its then-current lien position.
- ii. If the existing HPLP loan will be subordinated to a refinanced first mortgage for the amount of the outstanding senior loan balance at the time of the refinance request plus reasonable financing fees, and no cash out. Exceptions to the no-cash-out policy will be considered by the Program Administrator only if the homeowner demonstrates in writing that the refinanced cash out will be applied only to his/her home improvements or for an urgent or emergency purpose.
- iii. If the Program Administrator approves of the Borrower's subordination request, the subordinated HPLP loan must remain in the same, or a more senior, lien position than the original HPLP loan. The County will only subordinate to the Borrower's first mortgage.

J. Insurance Requirements

Borrower will be required to provide evidence of homeowner's property insurance for the replacement value of the dwelling in which the County shall be named as an additional loss payee. In addition, Borrower will be required to obtain title insurance, fire insurance and flood insurance (if applicable).

K. Anti-Displacement Provisions

As noted above under General Program Purpose (Section IV.A), the HPLP aims to assist low-income homeowners in Alameda County "so that they may remain safely in their homes and not become displaced either due to the home no longer being accessible to them or due to deteriorated conditions."

X. Contractor Requirements

A. Annual Credentials Submittal

All contractors who wish to be on the HPLP's bid list are required to submit their credentials to the Program Administrator on a yearly basis, including:

- i. Proof of Contractor's License (California)
- ii. Proof that the contractor has certified "B" contractor designation
- iii. Business license for city in which project is located (submitted at time of project)
- iv. Certificate of Insurance/workmen's compensation (if applicable)

The Program Administrator will not fund a contract with a contractor who does not fulfill these requirements. The contractor must not be identified on any local, state, or federal contractor debarment lists. The Program Administrator reserves the right to exclude any contractor who has

unresolved complaints with the State Contractor License Board or with the Program Administrator from any of its programs, or with the County and any of the County's programs.

B. Warranty of Work

All contractors are required to provide a two-year warranty on all work performed on rehabilitation activities, as set forth by the California State License Board. The homeowner is responsible for contacting the contractor for any warranty-related problems. If the homeowner does not feel that the contractor has lived up to warrantee obligations, an appeal to the California State License Board may be made, but not to the County or the Program Administrator.

XI. Marketing and Outreach Plan

The Program Administrator will develop and implement a Marketing and Outreach Plan to ensure broad awareness and participation in the program by eligible homeowners, especially under-represented and target groups named in the Board-adopted program framework. On an ongoing basis, the Program Administrator will market the HPLP to a variety of audiences and interested parties, including public agencies within Alameda County, jurisdictional housing and code enforcement departments, nonprofit organizations that serve low-income households, housing counseling agencies, senior and disability organizations, and others. Marketing will include, but is not necessarily limited to, direct mailings, speaking engagements, tabling at events, developing informational materials, holding informational workshops, creating and managing an online presence through an interactive program website with printable marketing handouts, eligibility calculator, interest list sign up form, and FAQs. Applications, marketing materials and/or other materials shall be translated in English, Spanish, Chinese, Vietnamese, Tagalog and other languages as determined by Program Administrator with approval of the County.

XII. HPLP Policy and Procedure Manual

An "HPLP Policy and Procedure Manual" will be developed and updated on at least an annual basis by the Program Administrator, subject to the review and approval of HCD in order to operationalize the program. The adopted HPLP Implementation Policies will be incorporated by reference into the Policy and Procedure Manual. The Manual will include detailed policies and procedures for the application intake through home rehabilitation processes, loan servicing procedures, template application forms, loan documents, outreach/marketing materials, and other program-related materials.

XIII. Monitoring

Annual monitoring of program participants to confirm their continued compliance with the owner-occupancy requirement and other HPLP terms and requirements will be conducted.

XIV. APPENDIX A – ALAMEDA COUNTY INCOME LIMITS

2018 Income Limits for Alameda County 80% of Area Median Income	
Number of Persons in Household	Annual Income Limit Low Income Household
1	\$62,750
2	\$71,700
3	\$80,650
4	\$89,600
5	\$96,800
6	\$103,950
7	\$111,150
8	\$118,300
<i>2018 Income Limits as determined by the State of California Housing and Community Development Department for Alameda County, pursuant to California Health and Safety Code (H&SC) Section 50093. Effective Date: April 26, 2018</i>	

Housing Rehabilitation Programs operating in Alameda County jurisdictions, data collected through February 2018

City	In-house		Outsourced						Rehabilitation Program Types	Max Loan Amount	Types of Repairs
	Loans	Grants	Healthy Homes		HEBSV		Other				
			Loans	Grants	Loans	Grants	Loans	Grants			
Alameda (Housing Authority)									Minor Home Repair (MHR) grants up to \$5k; soft story structural assessment grant up to \$5k; Substantial Rehabilitation Program has loans to assist development of additional rental unit within existing structure for occupancy by tenants with vouchers; (amt tailored to project); Housing Rehabilitation Program loans for low income homeowners up to \$50k	\$50,000	Minor plumbing, carpentry, electrical repairs and can be used for railings, grab bars, toilets, water heaters, furnaces, doors, locks and more. Housing Rehab Program Loan Work prioritized: Health and Safety, lead paint hazard reduction; incipient code violations; energy conservation; access improvements also allowed.
Albany									Minor Home Repair grants, accessibility grants, mobile home grants; loans program being phased out.	\$60,000	minor plumbing, carpentry, electrical repairs and can be used for, railings, grab bars, toilets, water heaters, furnaces, doors, locks and more.
Berkeley								CIL, Rebuilding Together, CESC	Senior and Disabled Home Rehab Loan Program: loans up to \$100k (not currently accepting applications); 30-year term; 0% interest; amortized or deferred payment; Ctiy provides grant funding to outside agencies to provide grants to low income homeowners.	\$100,000	Correct health and safety of occupants and bring property into code compliance; may include reconstruction, room additions to prevent overcrowding, seismic or lead based paint abatement.
Dublin									Minor Home Repair grants, accessibility grants, mobile home grants; loans program being phased out.	\$60,000	minor plumbing, carpentry, electrical repairs and can be used for, railings, grab bars, toilets, water heaters, furnaces, doors, locks and more.
Emeryville									Minor Home Repair grants, accessibility grants, mobile home grants; loans program being phased out.	\$60,000	minor plumbing, carpentry, electrical repairs and can be used for, railings, grab bars, toilets, water heaters, furnaces, doors, locks and more.
Fremont									Habitat manages Emergency & MHR grants up to \$5k for single family and loans for Mobile Home owners using CalHome; 0% loans to \$20k for mobile home owners, forgiven 10% each year years 11-20; also grants to renters w/disabilities.	\$60,000	Water heaters, broken windows, heating system reparis, pluming or electrical problems, other emergency repairs
Hayward								Habitat manages mobile home loan program.	Loan Program currently on hold. Loans had been restricted to \$25k where multiple health and safety code violations exist (from Guidelines).HEBSV manages mobile home loan program (9 MH parks). Rebuilding Together manages accessibility/minor repairs program - grants not available to mobile homes.	\$25,000	Improved accessibility, code corrections, system failures

City	In-house		Outsourced						Rehabilitation Program Types	Max Loan Amount	Types of Repairs
	Loans	Grants	Healthy Homes		HEBSV		Other				
			Loans	Grants	Loans	Grants	Loans	Grants			
Livermore									Homeowner loans up to \$35k for up to 80% AMI - Not available to mobile home or manufactured housing units, one time per owner; 3% 30year term, deferred or amortized. MHR grant up to \$5k for Hh up to 50% AMI. For Mobile Home owners, grant up to \$5k for Hh up to 80% AMI; loans also available. Accessibility grant up to \$5k for Hh up to 50%AMI, loans available for Hhs up to 80% AMI; Exterior clean up grant up to \$2k; paint grant up to \$3k; seismic grant up to \$5k.	\$35,000	To correct immediate threats to the health and safety of the occupants (e.g., electrical, plumbing, carpentry, etc.).
Newark									Minor Home Repair grants, accessibility grants, mobile home grants; loans program being phased out.	\$60,000	minor plumbing, carpentry, electrical repairs and can be used for, railings, grab bars, toilets, water heaters, furnaces, doors, locks and more.
Oakland									Loan Types: Home Maintenance and Improvement Program (HMIP) loans up to \$75k SFH and \$5k each addn unit;1-4 units; Emergency Home Repair loans up to \$15K; Neighborhood Revit Program loans up to \$150k; Weatherization and Energy Retrofit Loan Program: loans up to \$30k. City currently revising program guidelines. Weatherization Program to be incorporated into HMIP in spring 2018. Minor home repair grant administered by Health Homes up to \$2,500; City's grant program for accessibility only.	\$75,000	Correct health and safety violations, abate code deficiencies, repair major systems in danger of failure, also accessibility modifications allowed.
Piedmont									Minor Home Repair grants, accessibility grants, mobile home grants; loans program being phased out.	\$60,000	minor plumbing, carpentry, electrical repairs and can be used for, railings, grab bars, toilets, water heaters, furnaces, doors, locks and more.
Pleasanton									Rehab loans up to \$35k; MHR grants up to \$2k; seismic loans up to \$5k. For Mobile Home owners: loans up to \$25k; MHR up to \$5k; seismic grants up to \$5k. Accessibility grants for homeowners & tenants up to \$5k; ext clean up grants up to \$2k; ext paint grants up to \$3k	\$35,000	City prioritizes its repairs with Priority A (Health & Safety), Priority B (Incipient violations and energy conservation), Priority C (Amenities and General Property Improvements), and Corrective Measures (must comply w/Pleasant Building Code, state energy standards
San Leandro								Rebuilding Together	No Loan Program offered currently; home repair grant up to \$5k for minor home repair, ext/interior painting, access improvements, seismic, mobile home repair, exterior clean up; Separate grant program for mobile home park.	N/A	Not a loan program; grants for ext/interior painting, minor home repair, accessibility, seismic, clean up, mobile home repair.
Union City									No Loan Program offered currently; rehab grants up to \$60k (HOME) and small repair grants up to \$3845 (CDBG)	N/A	Not a loan program; grants are for substantial rehab, minor home repair, accessibility, paint and mobile home repair
Unincorporated Areas									Minor Home Repair grants, accessibility grants, mobile home grants; loans program being phased out.	\$60,000	minor plumbing, carpentry, electrical repairs and can be used for, railings, grab bars, toilets, water heaters, furnaces, doors, locks and more.

ALAMEDA COUNTY MEASURE A1 HOUSING BOND
**HOME PRESERVATION LOAN PROGRAM
IMPLEMENTATION-LEVEL POLICIES**

PROGRAM DEVELOPMENT PHASE

**Consolidated Meeting Notes and Minutes
Stakeholder Review Process**

Spring 2018



- 1) Meeting Notes from one-on-one phone calls to Alameda County cities' housing rehabilitation program staff and/or housing coordinators in spring 2018
- 2) Meeting Notes: April 26, 2018 meeting with all city staff from Alameda County jurisdictions
- 3) Meeting Notes: May 18, 2018 Area Agency on Aging Information & Assistance Meeting
- 4) Meeting Notes: May 21, 2018 Conference Call on Accessory Dwelling Units Component
- 5) Meeting Notes: May 23, 2018 meeting with housing rehab program staff for those programs run in-house by cities, plus representatives of Healthy Homes Department, Alameda County HCD, and Habitat for Humanity East Bay/Silicon Valley
- 6) Meeting Notes: May 30, 2018 General Stakeholder Meeting

Stakeholder Outreach for the Comparable Existing Programs Research
Summary of Notes from Outreach Phone Calls/Emails by Amy Hiestand
Updated April 9, 2018

Cities/contacts within Alameda County:

- Mike Billington, City of Alameda
- Raquel Molina, City of Berkeley
- Lucia Hughes, City of Fremont
- Dana Bailey, City of Hayward
- Ty Robinson, City of Livermore
- Loyd Ware, City of Oakland
- Steve Hernandez, City of Pleasanton
- Maryann Sargent, City of San Leandro
- Union City and Urban County Cities (*these cities' programs are administered by Healthy Homes Department (Albany, Dublin, Emeryville, Newark, Piedmont, unincorporated areas)*)

Contacts and Research Conducted Outside of Alameda County:

- City of Portland, Oregon
- Contra Costa County, CA
- Habitat Affiliates

General Questions to Ask:

- 1) General interests for the design of the HPLP
- 2) Contact people to invite to upcoming stakeholder discussions
- 3) What design of HPLP would work best in concert with your program?
- 4) What is source of funding for your current program?
- 5) What is the amount allocated for your current program?
- 6) What is the estimated number of projects per year
- 7) Does your program generate program income?

**Phone call with Mike Billington, February 20, 2018 at 12 pm
City of Alameda**

Mike Billington
Project Manager
Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501
Phone: 510-747-4341
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mbillington@alamedahsg.org

Lisa D. Fitts
Management Analyst
Housing Authority of the City of Alameda
701 Atlantic Ave.
Alameda, CA 94501
510.747.4349
lfitts@alamedahsg.org

Mike has worked at Alameda for 18 months; other staff person working on program in Lisa Fitts – she is doing the loan/grants management while he is the project manager.

The Substantial Rehab program provides loans to renovate space within existing footprint to provide additional room for rental, or space for rental unit.

The program does not have a waitlist, and is funded with HOME and CDBG.

To include on city invitation list for public meetings:

Mike Billington
Lisa Fitts

**Phone call with Raquel Molina and Rhianna Babka, February 14, 2018, 11:30am
City of Berkeley**

Raquel Molina
Associate Management Analyst
City of Berkeley
Health, Housing and Community Services
2180 Milvia Street | Berkeley, CA 94704
510-981-5412

Rhianna Babka
City of Berkeley
Housing and Community Services
2180 Milvia Street, 2nd Floor
Berkeley, CA 94704
(510) 981-5410 (tel)
(510) 981-5450 (fax)
rbabka@ci.berkeley.ca.us

Rhianna Babka has been with the program a few weeks, supervisor to Raquel Molina.

Berkeley's program: 0% interest; due upon sale or transfer of home, or if no longer an owner-occupant; loan due in full at 30 years; If there is a financial hardship at that time, can set up a 15-year amortization schedule but they haven't had this occur yet (program is too young). They look at the loan to value ratio and agree to subordinate on occasion. Went with 90% LTV because they are not expecting to get repaid soon nor is loan amortizing. Funds for Berkeley's program – CalHome funds (State) and CDBG funds.

Program is very robust right now – have a bit of a waitlist. Have more than enough applicants to keep program busy. With minimal outreach they have been able to have steady supply of projects.

She runs into homeowners wanting to leave homes to children; don't want to leave debt/lien on house. She explains that (while up to them), her focus is on the HO, and ensuring they are living in a healthy and safe environment/conditions, also home may increase in value beyond amount of additional loan due to improvements.

Monitoring of the owner-occupancy requirement: Require that owner maintains HO insurance and city is sent additional insured (ACORD) certificates annually which Raquel keeps on file. She also monitors for owner occupancy.

Thinking about the new HPLP: Raquel-Berkeley has no shortage of projects, so having another resource for homeowners is great. And similar targeted population is good. They see City working with community agencies such as Habitat/County collaboratively

Rhianna: Wondering if there's a way for folks with extreme scopes of work to be able to access more than their \$100k; i.e. possibility of having two loans go into someone's home in cases where there is significant scope to be address.

Preservation Programs as a whole – working to preserve the homes in the community; working to preserve the quality of life for individuals, vulnerable populations; programs must build in level of attention to working cooperatively with owners/patience with owners.

To include on city invitation list for public meetings:

Raquel Molina
Rhianna Babka

**PHONE CALL WITH LUCIA HUGHES, February 12, 2018, 10AM
CITY OF FREMONT**

Lucia Hughes
CDBG Administrator/ Rent Review Ordinance Administrator
City of Fremont | Human Services Department
3300 Capitol Avenue, Bldg. B
Fremont, CA 94538
Phone: (510) 574-2043
Fax: (510) 574-2054

Leticia Leyva, administering grants and loans
Leticia Leyva
Management Analyst II
lleyva@fremont.gov
(510) 574 2072

Their loan program from Healthy Homes (HH) was 20 year, 3% interest, deferred loan, due and payable at end of 20 years; repayment requirement if they reconvey or refinance, sell. Funded with CDBG. \$60,000 maximum, sometimes \$50k, some situations where it has gone up to \$120K -hoarder homes that needed major work. LTV is 80%. Won't go lower than 2nd lien position; if owner passed away and there's an heir to property, ask them to payoff, or they must go through eligibility. 3-4 loans per year. For Hhs at 80% and below AMI. First come first served. Waitlist for Fremont? 5 households have been on there for 1-2 years from HH's list.

Healthy Homes informed Fremont a couple weeks ago that they can't carry out the contract due to capacity issues; HH operated loan program; in process to transfer CDBG allocation from HH to Habitat. Habitat now does CalHome mobile home loan program admin for Fremont and SFH grants. Will take over SFH loan program; contact people on waitlist.

Fremont likes to use CDBG funds for this program to get program income. At same time, County money is a good source of funds. Maybe there's a way that will be better.

Don't do loans for Mobile homes, but they do grants. Didn't want to use CDBG loan program with mobile homes because the City ended up owning the mobile homes because they don't appreciate if someone dies. Heirs of owner could find a realtor to help sell MH for very low price; City didn't get money back. A real head-ache. Habitat can provide loans to MH owners using CalHome, completely forgiven after 20 years. City uses CDBG for loan administration.

Special Issues: Some of their clients come from case managers at City involved with seniors – there were some hoarding cases, also found out about properties from the code enforcement staff.

Lucia wants to ensure residents with existing CDBG loans don't come back to City and say that their loan terms aren't as good as the County's Measure A1 terms. (e.g. 3% interest, payable after 20 years)

To include on city invitation list for public meetings:

Lucia Hughes
Leticia Leyva

**PHONE CALL WITH DANA BAILEY, February 13, 2018, 2 PM
CITY OF HAYWARD**

Dana J. Bailey | Community Services Manager
City of Hayward
777 B Street - 2nd Floor
Hayward CA 94541
510-583-4252_direct

510-583-3650_fax

Christina Morales, Housing Division Manager
Christina.Morales@hayward-ca.gov
510-583-4243

Habitat is in contract with Hayward to run their mobile home loan program; there are 9 parks in Hayward. The City's regular loan program has been suspended for 3 years due to need to re-tool program; there hasn't been ability to focus on this. The City offers a repair grant program for accessibility, if cited by code enforcement, systems failures, "breaks and bolts" program for seismic upgrades. City uses CDBG funding. Rebuilding Together does access/minor repairs program. Hayward required appraisal or would check RealQuest for comps to ensure 20% equity in home.

To include on city invitation list for public meetings:

Christina Morales
Dana Bailey

City of Livermore

Ty K. Robinson
Human Services Specialist
Housing & Human Services Division
City of Livermore
(925) 960-4588
tkrobinson@cityoflivermore.net

Claudia Young
Human Services Program Manager
(925) 960-4586
cmyoung@cityoflivermore.net
Housing and Human Services Division
Community Development Department

Habitat manages program. For HO: loan up to \$35k for Hhs up to 80% AM - Not available to mobile home or manufactured housing units, one time per owner; 3% 30year term, deferred or amortized. MHR grant up to \$5k for Hh up to 50% AMI. For Mobile Home owners, grant up to \$5k for Hh up to 80% AMI; loans also available. Accessibility grant up to \$5k for Hh up to 50% AMI, loans available for Hhs up to 80% AMI; Exterior clean up grant up to \$2k; paint grant up to \$3k; seismic grant up to \$5k.

Program is funded at \$350,000 annually with local funding; 6 grants and 5 loans per year goal.

Ty recommends that even if health and safety rehab repairs are prioritized, the ability to make amenity improvements/cosmetic (new counters, tile, bathroom, landscaping) are important draw for homeowners and not recommended to disallow these types of renovations. In Livermore, their grant programs tend to be more popular because they also offer grants, so homeowners sometimes only want to get the grant and do what can be done with that source. Homeowners can come back for another grant after 5 years.

She said that with Habitat, Livermore has worked at streamlining their process which was initially lengthier (one example with Request for Service, followed by phone screen, followed by sending application and review which took 6-8 weeks). Now Livermore has one full application and service request. When the information is sent by the homeowner, Habitat sends relevant parts to their staff (program staff, construction staff).

In Livermore, Ty had the city add a \$50,000 asset limit to their policies.

Other important policies to consider are these:

- Assumption, especially need to think about this with senior population.
- Refinance, especially with younger families (not so much with seniors): when to allow. Allow 1st loan to only go to original loan amount, and only to allow lower interest rate; no cash out allowed. (Need to verify if they allow equity line to be taken by homeowner); refinanced 1st loan must be fixed interest.
- Loan Team: Livermore's is 10 years.

To include on city invitation list for public meetings:

Ty Robinson
Claudia Young

**Phone call with Loyd Ware, February 22, 2018, 11-11:30am
City of Oakland**

Loyd Ware, Program Manager

lware@oaklandnet.com

510-238-6197

City of Oakland Housing and Community Development

Residential Lending and Rehabilitation

250 Frank H Ogawa Plaza, 5th Floor, Suite 5313

Oakland CA 94612

General information: 510-238-3909

General Email: residentiallending@oaklandnet.com

Loan Programs include: Home Maintenance and Improvement Program (HMIP) loans up to \$75k SFH and \$5k each addn unit;1-4 units; Emergency Home Repair loans up to \$15K; Neighborhood Revit Program loans up to \$150k; Weatherization and Energy Retrofit Loan Program: loans up to \$30k

They are going to City Council this spring to approve changing the 0% interest loan to 1%, to enable more program income flow due to shrinking resources. The program will still allow refinance after 30 years if owner is unable to repay the loan at that time. Loans are deferred payment.

The Weatherization Program was funded with federal stimulus dollars. Now will be folding that program into their HMIP.

They do leverage other loan programs depending on rehabilitation needs of a property, sometimes up to 3 different programs used. They would be interested in possibility of partnership/leveraging program such as the HPLP. Oakland has highest percentage of pre-1978 housing in Alameda County.

To include on city invitation list for public meetings:

Loyd Ware

PHONE CALL WITH STEVE HERNANDEZ, February 13, 2018, 10AM-10:30AM

CITY OF PLEASANTON

925-531-5007

Steve Hernandez, Housing Manager

City of Pleasanton – Housing Division

P.O. Box 520 200 Old Bernal Avenue, Pleasanton, CA 94566

925-931-5007 / shernandez@cityofpleasantonca.gov

Steve was on the interview panel for RFQ. It's a different pot of money. His assumption is that there would be one place to apply for the program. Streamlining important; seamless; Request for Service to Habitat.

They use HOME funds for rehab money; want to use that money first then County HPLP. Pleasanton terms: Up to \$35k; 3% deferred payment. HOME funds go to Housing Rehab and TBRA; each program gets about \$70k, so about 2 loans per year for the rehab program. Habitat having a hard time to sell the loan product versus using the grants that owners have access to. Contractors hard to come by – they can pick and choose. Perception in Tri-Valley of affluence

(San Leandro – deferred until 6th year, also due if sold or transferred.)

HPLP: thinks there should be repayment sooner; like San Leandro program. Habitat's finance person looks at income details of the homeowner.

Loan Minimum would be good to have. To avoid the "I just want the grant instead." Homeowners there may be debt-averse. If too close in the amount, then they might want the grant instead. Maybe \$15,000 minimum loan.

Maybe eventually Pleasanton would do grants and use HPLP for the loan program.

To include on city invitation list for public meetings:

Steve Hernandez

Phone call with Maryann Sargent, City of San Leandro, February 22, 2018 1:30-2pm

Grant Program only; no loan program in place.

Contact Information at City:

Maryann Sargent, Senior Housing Specialist

City of San Leandro Community Development Dept.

510-577-6005 (office)

msargent@sanleandro.org

Rebuilding Together Oakland | East Bay, 230 Madison Street Suite 1E, Oakland, CA, 94607
(510) 625-0316 or info@rtoakland.org.

Notes from Phone Call: See matrix for updates. The City previously had a loan program; the loan portfolio is about 28 loans at average of \$20k each. Would suggest that the HPLP have a strong monitoring program in place.

To include on city invitation list for public meetings:

Maryann Sargent

From City's website:

The City's Housing Rehabilitation Program offers a home repair grant of up to \$5,000 for needed improvements including compliance with health and safety standards. You must own your home, reside in the home as your primary residence, and meet federal low income guidelines to be eligible for the program. Eligible activities include, but are not limited to, minor home repairs, exterior and interior painting, accessibility improvements for persons with disabilities. As of July 1, 2017, the City has contracted with the nonprofit **Rebuilding Together Oakland | East Bay** to administer the Housing Rehabilitation Program. For more information about the program, please contact Rebuilding Together Oakland/East Bay at (510) 625-0316 or info@rtoakland.org.

You may download the program application by clicking [here](#). Please send the completed application to Rebuilding Together Oakland | East Bay, 230 Madison Street Suite 1E, Oakland, CA, 94607. Rebuilding Together staff will review your application for eligibility and then contact you. The program is funded with federal Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD) and funds are limited annually. Eligible applicants are typically funded on a first-come, first-serve basis, although priority may be given to applicants who face an urgent health or safety need.

For Union City and Urban County Cities:

- 1) How has the program administration been going?
- 2) Positives/Negatives
- 3) What policies/terms ideally would carry over to the HPLP
- 4) What sorts of outreach/marketing would work well in your community?
- 5) Contact information for staff to invite to stakeholder meetings?

City of Union City

Alin Lancaster, City of Union City, 3/27/18

alinl@unioncity.org

Office: 510.675.5322

May be cumbersome or confusing to have multiple organizations managing rehab programs from potential clients' perspective. However, if grants & loans are all through one entity, easier. The City of Union City will be re-evaluating how they want to plug in their CDBG/HOME for FY19-20 but for FY18-19 keeping current programs in place. She knows that some cities contract with Habitat and they are

excited about it and having only one entity managing programs. Union City contracts with Alameda County Community Development Agency; call out in contract that it's with Healthy Homes.

Current Program: not perfect; do minor home repair grants. Also do large grants using HOME funds (2 per year approximately); previously used HOME for larger loans; she wasn't working at city when they switched using HOME for grants instead of loans and she's not sure why they did that. As the city looks at the programs over the coming year, they may consider using HOME for other eligible uses, or possibly reverting to using HOME for loan \$ instead.

Ideas for HPLP:

- Union City's prior loan program included interest accrual only for years 1-10; thereafter no interest. Loans were deferred payment.
- For HPLP Loan Amount: Look at normal things that must get done and see what they cost; then develop ideas for loan max.
- Consider whether to allow subsequent loans on top of original loan and whether this makes sense.
- Outreach possibilities? For lower income constituency, having flyers/brochures in Spanish and Chinese language would be helpful. City has HOA notification list that they could outreach to on HPLP. Union City's school district uses on-line/email blast service called www.peachjar.com. City can upload information to peachjar and have it sent to all the parents in the district that have signed up to receive information. The HPLP flyer could be sent to all parents who have signed up for the service. Peachjar.com is also used with several other county school districts like New Haven Unified School District, Dublin, Hayward, Pleasanton, San Lorenzo. City also has social media outreach channels that they could use to inform people about HPLP.

To include on city invitation list for public meetings:

Alin Lancaster

City of Albany

Isabelle Leduc, Assistant City Manager

ileduc@albanyca.org

Call held on 4/9/18

She and Jeff Bond (Community Development Director) would be on mailing list. HH has not been very active in recent years, not staffed consistently and outreach piece was less effective. She has re-allocated some of their fed money to other projects.

Higher potential loan amount will make program attractive in her opinion. Outreach component is very important. City can play role – display information and flyers, post information to their website. Suggests that HEBSV have some local service hours to provide more ready access to homeowners in Albany; could use space in community center or senior center. Intake process is also very important – how will it work? Should be easy-to-understand. There are rehab needs in Albany – older housing stock, accessibility, health and safety. Some homeowners have lived there many years.

To include on city invitation list for public meetings:

Isabelle Leduc and Jeff Bond

City of Emeryville

Catherine Firpo, cfirpo@emeryville.org, 510-596-4354; call on 3/12/18

Catherine recommends looking at the CalHome Rental Rehab guidelines and regulations; several cities have CalHome now for their programs. Important factors to consider:

- Interest rate: If 0% will be more appealing because many homeowners want grants
- Repayment of loan: Look at sliding scale based on their assets level, on income level
- Consider forgiveness of loan if the HO lives in property certain # years (e.g. 30 years); have some interest years 1-10; then 11-30 interest free.
- Fee schedule up front to address monitoring and other things like refinance requests; have them repay loan if they are no longer owner occupants. Emeryville looking at cost basis for monitoring if HO is non-compliant, such as 3rd monitoring attempt, charge them hourly for attorney's time.
- Urban County cities like to use CDBG for rehab programs; need to discuss whether CDBG can be layered with this program and how that will work; CDBG has timeliness issues.
- Accessibility work is best done if it can be granted funds.

To include on city invitation list for public meetings:

Catherine Firpo

City of Dublin

Anastasia Nelson, Housing Division, Anastasia.nelson@dublin.ca.gov, 925-833-6611; call on 3/8/18

- Anastasia rarely receives interest calls from Dublin residents about rehab program interest, but when she does get them, she refers them to their website which has the link to the County HH number. She will be interested in hearing more about the county-wide loan program. She said that the City recently hired Jenny Wiseman as the Housing Specialist in December 2017, so Jenny and Luke would be the contacts to invite to upcoming meetings concerning the implementation policies. Dublin is a younger city, thus, the City's housing stock tends to be newer and there are numerous multi-family condominium developments (ownership) and multifamily rental also; although there are some single family neighborhoods with some older housing stock.

To include on city invitation list for public meetings:

Jenny Wiseman, jenny.wiseman@dublin.ca.gov

Luke Sims, luke.sims@dublin.ca.gov

Alameda County HPLP All Cities Meeting Notes

4/26/18 at Alameda County HCD Offices, 10am-12pm

Attendees Present

Alameda County HCD: Kelly Thiemann, Michelle Starratt, Assistant Housing Director; and Christine Cherdboonmuang, Workforce Development Specialist

Oakland: Antoinette, Housing Coordinator; John Fitzhugh, Mortgage Advisor

Fremont: Lucia Hughes, CDBG Administrator/ Rent Review Ordinance Administrator; (Leticia Leyva); +1

Union City: Alin Lancaster, Housing & Community Development Coordinator

Dublin: Jenny Wiseman

Hayward: Christina Morales

Emeryville: Catherine Firpo, Housing Coordinator

Pleasanton: Steve Hernandez, Housing Manager

Livermore: Fran Reisner, Housing Programs Manager

HEBSV: Jen, Amy, Alex, Laura

Michelle Starratt Re: DALP Status

- Hello Housing met individually with cities, with groups of stakeholders, and with agencies who do down payment loans. Public comment going to be 15 day public comment period, likely to be end of July early Aug 2018 launch; DALP public comment period will launch with release of 1st draft of its policies on 5/8 and presentation to HCDAC as public hearing #1, with public hearing #2 on 5/14 before Board of Supervisors Health Committee
- Some things beyond original contract may go to Board of Supervisors and get kicked back for revision, particularly things that need funding allocated that weren't in original contract, such as seller reservation system

Christine Re: Measure A1 Labor and Contract Compliance

- For bond money, creating process to monitor and report out on emphasis of hiring local and minority businesses
- LCP tracker for Oakland, Elation for rest of County?
- May create County email listerv for subs to post job openings to workforce partners / disadvantaged and local contractors

Jen and Amy Re: HPLP Presentation

- Michelle introduced Jen Gray from HEBSV; HEBSV selected through RFQ process to serve as Program Administrator for the HPLP. Contract going to Board May 8th. Jen started the presentation with introductions of the HEBSV staff present, and Amy Hiestand who is consulting on HPLP program design phase.
- Slide 3: Schedule. Stakeholder process in May, followed by comment period in June, approval of implementation policies in late July, Launch August earliest.
 - M: All dates for the HPLP stakeholder/public process are TBD because right now because these policies are going roughly just after the DALP implementation level policies public process. If there are significant concerns/issues to be addressed with the DALP policies at the June 11th BOS Health Committee meeting, HPLP may need to move back in the schedule. There was

another health committee meeting scheduled May 31 but it's cancelled because of Memorial Day, and that meeting isn't rescheduled. Not sure when following meeting is going to be yet.

- Slide 4: Assumptions and Goals. HEBSV has been administering programs like HPLP for 3 years; learned to keep it streamlined. Have a strong focus on reducing barriers to entry for homeowners. Currently at 10 staff, adding ~6 FTEs as we start HPLP.
 - Alin: Are we (cities) going to be responsible for refinancing? Or does that fall to City?
 - Michelle: If in the moment we are doing the loan they need to refinance due to a predatory loan, we haven't contemplated how to approach that. If you are asking if in 5 years will it fall on your desk the answer is no.
 - Amy: Unlike rental program, this money has no allocation formula by region or by city; funding will be available countywide first come-first served.
- Slide 6: Homeowner Responsibilities
 - Lucia: Can HEBSV also bid on these jobs since they have a contractor's license?
 - Jen: We haven't gone there yet, for now HEBSV doesn't have plans to bid on these. Sometimes it happens where we can bid out most work to subcontractors but there may be a little bit of carpentry work that is so small no contractor will bid on it, so we will self-perform that small piece of work. Here, we'd have to figure out the conflict of interest issue, and we are focusing on the admin for now.
 - What is the thinking on homeowner being the sole decider of who their contractor is?
 - Amy: HEBSV doesn't want to be in position of recommending one contractor over another.
 - John, Catherine say they have done it this way as well and it is typical; if homeowner has issues with the work, they will point finger back at you if it goes sour if you decide on the contractor without their input. Suggestions are to have pre-vetted list of contractors that is given to homeowner.
- S8: Eligible Repairs and Costs. Reviewing eligible repairs list, beginning discussion on rental units and ADU's.
 - Amy: One concept is to limit general repairs only to owner's unit but system-wide needs can be applied across entire property including rental unit.
 - Michelle: Our recommendation is that we'd only be making repair to owner's unit.
 - **Catherine: What about landlord deciding to move into un-rehabbed unit and renting out the rehabbed unit? Under CDBG, if you touch the building you have to upgrade all code violations in entire bldg. Wonder if there should be second stage loan, or higher cost loan, to deal with rental unit.
 - Michelle: Maybe this program ensures health and safety in tenant unit but no more.
 - Fremont: We've had a lot of hoarder cases and they need to move somewhere while clutter is handled, are there funds for relocation?
 - **Michelle: There are very strict requirements for what we can do with these funds—it's "sticks and bricks"—we can't bring in social work to help them go through their things. For relocation, that would be a soft cost, so it may be eligible but County staff will have to ask County counsel and bond counsel if eligible.

- The Fremont house was 2 years process, we had 90k in CalHome, the house was a mess (walls, plumbing, everything needed work). Our Case Managers are usually are the ones that tell us “I’m working with his person, house is going to be red tagged”. There have been situations we’ve had to do conservatorship
 - Fran: Livermore also has had people in hoarding situations, most projects max out at 35k.
 - Michelle: It takes HEBSV same cost to do 35k loan or 100k loan. Of all the programs, HPLP requires most hand holding, etc. I don’t think we are worried about too high a loan amount. I don’t want to go to 180k, but 100k isn’t out of the picture. I’m also thinking about what happens if you add another program into this to add an ADU.
- S11: **ADU’s. Michelle: What about ADU’s? Maybe we go to 80k loan max but then allow another 60k if they want to add an ADU.
 - Alin: We already have issues with illegal ones and how do we focus converting those or fixing them up? Consider requiring that any illegal ADUs be legalized as condition of funding.
 - Jenny: In Dublin, income restrictions on secondary units are very problematic. A number of the homeowner developments have secondary units which were designated as “BMRs” under the city’s affordable housing program but owners are given the option to rent them or use them for other purposes. The City requires long-term affordability and rent restrictions if they are rented, so the vast majority don’t rent them due to these restrictions. Most of their homeowners with the second units are using the rooms as exercise rooms.
 - Catherine: Are you adding income to that property owner by doing an ADU? So maybe if you do an ADU, those specific loans are amortized.
 - Fran: We like the idea of including option to add ADU’s, we’re desperate to find more units. We want them to rent it at a price that’s affordable, though.
 - Michelle: There are many scenarios with it: a low-income senior at risk can rent out that unit and their income stabilized; that’s good. For another senior you build an ADU and they rent to a caretaker; that’s stabilizing. I’m not interested in regulating this so much as I’m just interested in adding more housing units!
 - **Catherine: Maybe there is a shared equity loan if they have a renter?
 - Michelle: I like this, we’d get paid on the back end!
 - **Comment: Could partner with HIP or Ashby Village?
 - Michelle: Make sure they are invited to stakeholder conversation
 - Alin: If new units created, we would need to see what rental rates are. (Count as non-restricted moderate income.)
 - Michelle:**Find a way to capture data so its reportable to State HCD. Maybe letter goes out “are you still living here? If renting, what is rent you are charging?”
 - Comment: What about using the data they report as a landlord on their business license?
 - Michelle: Every city has their own business license and are we all asking the same info when they are declaring a rental property and should we coordinate that? Data on rental units in entire county is something we don’t have.

- S12: Permitted Transfers.
 - Catherine: You'd be creating a BMR if you let someone (outside of fam, etc.) assume the loan and that would be great!
 - Michelle: The flip side is that for every property that pays us back we can have more funds to put back into the program for new projects.
 - Catherine: Our program works like this: we tell them we need to review their living trusts beforehand. Sometimes they have a trust that lists a non-family member that is over income. There are also issues with surviving spouse and domestic partners that come up. After the spouse, any of the second tier folks have to qualify unless the children are on title at the time we made the loan.
 - Steve: The only permitted transfer Pleasanton allows on our BMR loans is family, so it wouldn't allow them to use this program.
 - Michelle: If that were the case, we'd be in third position and so you'd trump us.
 - Steve: We're okay with that.
 - Comment: In the Pleasanton situation, when someone dies the property then would be forced to be sold which would not be a popular outcome and not advisable for HPLP.
 - Michelle:** Bigger picture is we have to come up with a policy for lien position for HPLP loans if it is a BMR unit, but seems that we may have to have case by case analysis by City.
 - **Make sure on intake form we have BMR check box. But know many people don't really know if they are in a BMR. [This would be confirmed in a title report]
- S13: Terms of Financial Assistance; LTV; Refinancing/Subordination
 - Michelle: There are different ways of capping the loan, and is capping it a good idea?
 - Amy: I've done analysis to see interest as % of loan principal, with 1-2% interest, loan must be over 20 years old typically to have interest reach 50% of the loan principal
 - Hayward: suggest a cap, maybe based on loan to value ratio, accrues 1-2% simple interest capped by county's loan compared to value
 - **Michelle: HEBSV can send out survey to you with particular questions, this is the time to create a single program so we need your thoughts about this now.
 - Alin: Overall need to make sure the loan interest rate is attractive—people do not want to sign up for anything that seems to be a burden.
 - Steve: You have to make it really attractive, right now people with \$1.2Million houses are afraid of taking our city's 10k loan
 - **Jen: need like an FAQ to educate/talk to folks about why this is a good idea for them
 - **Need to look at policy on 2nd lien position / in relation to other things we've discussed
 - Catherine: Loan to Value ratio seems high to me.
 - John: Use combined loan to value, "CLT"
- S14: Contractor Requirements. Amy: There could be an approved contractor list, but it does take time to set up.
 - Comment: Include complaint resolution between client and contractor. HEBSV also could bring complaints to state board.

- Steve: for '2 year warranty' who would they contact at 18 months? HEBSV? Contractor? Jen: Clients should contact the contractor, but may also contact HEBSV.
- Catherine: We see all the time, clients who call us 5 years down the line, thinking we need to fix something, because they don't maintain it. Ensuring owner understands maintenance requirements is important element of the program design.
- S15: Data gathering and reporting.
 - Michelle: **Definitely let us know if you have certain reporting requirements you need, let us know now so we can have reports that have everything you will need.
 - Amy: Asked cities to email comments/ideas on reporting needs to her or Jen (contact info on last slide).
- S16: Marketing & Outreach.
 - Michelle: **Send us immediately who you think should be involved in stakeholder meetings
 - Spectrum Social Services, senior services agencies like Area Agency on Aging, disabled advocacy groups like CRIL, your social workers, your code enforcement, fire inspectors
 - **Alin: Need way to track double dipping between programs, or at least be aware of it.
 - Jen: Our team provides a bit of consultation to help direct clients to the best program whether it's HPLP or another city's, etc.
 - **Michelle: For stakeholder process, HEBSV should set up meeting with Oakland, Healthy Homes, Rebuilding Together, and the cities who operate their own programs to look at how to coordinate and what these different programs are
 - **Catherine: Think about making a rule about repeat clients – if they just got a rehab from one municipality then go to the County
 - What should be policy about that? Shouldn't they be able to get a big roof repair after getting small 5k loan for accessibility recently?

Area Agency on Aging Meeting 5/18/18

In attendance: 27 people involved in agencies serving seniors throughout Alameda County.

HPLP Points of Interest

- Interest rate terms
 - Is it fixed interest rate
 - Yes, simple interest rate. Should always be clear on that.
 - Would someone have pre-payment penalty? If they wanted to pay 50\$ a month to keep interest down? Definitely preferable not to have payment penalty.
 - Can we cap the interest rate?
- How contractors are selected
 - Tracy Murray: concerns that bidding process will take too long. Could we do work ahead of time to create pre-budgeted scopes to cut down on time?
- How to handle a single person who owns a home and rents out a room?
 - The tenant's income does not count as household income, but their rent does count to the income
- City of Oakland, senior services: I get a lot of single seniors (especially older houses in north and west Oakland) that need repair work, many homes in disrepair for single widowed seniors, but they are financially restricted. What kind of financial circumstances do they have to be in to get this loan?
 - Because it's deferred, there is no payment due while owner is living in the home, and as such, the barrier to qualify to make payments doesn't exist.
 - If they put child on title and then pass away, could the surviving child who is also low-income assume loan?
- How to handle common senior situation where they are on title but, in the late years of their life may move into skilled nursing facility.
 - Tracy Murray's comment

**Alameda County Home Preservation Loan Program
Implementation-Level Policies Stakeholder Review Process
Conference Call Roundtable on Accessory Dwelling Unit program component
Monday, May 21, 2018, 1-2 pm**

Attendees on Call:

- Jen Gray, Director of Home Preservation, Habitat for Humanity East Bay/Silicon Valley (HEBSV)
- Laura Salcido, Resource Development Coordinator, HEBSV
- Amy Hiestand, Consultant to HEBSV on HPLP program development phase
- Matt Regan, Senior VP Government Relations, Bay Area Council
- Rachele Trigueros, Senior Policy Manager, Bay Area Council
- June Grant, Principal Architect, blink! LAB architecture

Amy gave an overview of the HPLP – funding source, level, general program parameters.

Matt asked whether a certain percentage of funds will be set-aside for ADU creation out of the full HPLP pot, and would there be pushback on such a concept. Jen responded that marketing and outreach on availability of funds for ADUs will be central; not possible to set aside a percentage of HPLP for ADUs; not envisioned in original program framework, but there is enthusiasm for allowing creation of these units with HPLP funds. We are looking at making conversion of existing space (attached/detached space or within existing footprint) an eligible repair (not for new construction, however).

Discussion Questions:

What would be reasonable level for HPLP assistance specifically for ADUs? What are average costs for creating ADUs? We have talked about \$60-75K as maximum amount potentially.

Depending on the scope/scale, whether utilities must be brought to location, trenching needs, they can be expensive, but if a more simple conversion of space within existing dwelling (for example, adding an efficiency kitchen), might be less - \$10,000 at low end. At upper end, a stand-alone ADU could run \$150k+. June noted it could be \$350/sf for conversion of existing detached structure.

What are best practices?

Rachele: Giving technical assistance and helping the homeowner through the process is key. Lots of homeowners don't know where to start process, so having tools/resources/even architectural assistance important.

June: She is working on a marketing package on ADUs for lower income homeowners; having talking points crucial; there can be fear going into the process of doing this.

Matt: Check out the San Mateo County program – the gold standard. San Francisco has a great guide; Oakland has ADU enabling legislation. If Habitat could have someone on team that would facilitate the ADU process specifically, that would be helpful.

What are some of the hurdles/barriers?

The 4' setback requirement is a barrier because many accessory structures sit right on/near the lot line. SB831 is making its way through committee with no organized opposition and will address the set-back issue as well as the issue of amnesty for those homeowners who have illegal units. SB1069 passed in 2016 and streamlines process for ADUs, but depends on how proactive the jurisdiction is and their position on ADUs. Owners may be fearful of the process and need technical assistance on this component, and hand-holding through the process.

SB831 Link: http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB831

SB1069 Link: http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1069

What are the implications on program implementation and management of considering the income of potential residents for the ADU and regulating the ADU's long-term affordability, versus not considering those and simply allowing creation of ADU without those stipulations?

Matt: Having deed restrictions, affordability restrictions on the ADUs will be a real disincentive for program participation. After ADUs are created, a large percentage may be family, friends. This is increasing the supply of housing in the region which is a net positive.

June: Pleased that we are not proposing to deed restrict the units. Some cities do have restrictions that are not very onerous and could be considered, such as 2-3 years of rent limits. Los Angeles County has program providing \$75k for ADUs.

Jen: The HPLP is not a program designed to create additional affordable housing, but it is designed to help low income homeowners stay safely in their homes and not be displaced. Why would we want to reduce homeowner's income? An ADU could allow someone to have a live-in caretaker, or it could provide an income boost to the homeowner to reduce their housing costs, which is a positive.

Leveraging/Partnership Opportunities:

Matt noted that Kaiser Foundation is providing \$200 million for Bay Area affordable housing and Bay Area Council is in conversation with them on ADUs. Also, Bay Area Council is a member of MTC's CASA, the Committee to house the Bay Area. ADUs are seen as a "piece of the puzzle." MTC looking at setting up a regional housing fund of which ADUs will be a part. <https://mtc.ca.gov/our-work/plans-projects/casa-committee-house-bay-area/about>

June is working on projects to create information and education/TA tools for lower income homeowners interested in creating an ADU. "Sears Catalog" with floorplans of ADUs. Laura and June will connect to discuss marketing and information sharing opportunities.

Matt suggested holding bi-weekly check-ins of a working group to look at the ADU program and leveraging opportunities in Alameda County through HPLP and otherwise. There was agreement from the phone call attendees to pursue this. **[Laura will follow up with the group on scheduling the working group calls.]**

HPLP Implementation Policies and Alameda County Programs Coordination Stakeholder Review Roundtable Discussion – Meeting Notes

Wednesday, May 23, 2018; 10:30am – 12:00pm

Habitat for Humanity East Bay/Silicon Valley Offices, 2619 Broadway, Oakland

Meeting Attendees

- HEBSV: Amy Hiestand (consultant), Jen Gray, Alex Colt, Laura Salcido
- City of Berkeley: Raquel Molina, Management Analyst, Health, Housing and Community Services – they have senior and disabled home loan program; 0% interest loans
- City of Alameda Housing Authority: Mike Billington, Project Manager
- City of Hayward: Dana Bailey, Community Services Manager
- City of Oakland: John Fitzhugh, Mortgage Advisor, Residential Lending & Rehabilitation; Pam Hall sitting in for Antoinette Pietras. She manages one-stop shop for services people need in the City.
- HCD Alameda County: Kelly Thiemann, Program Manager
 - The County contracts with Healthy Homes Department
- Alameda County Healthy Homes Department. Damien Gossett: HHD provides rehab program services in Oakland (minor home repair grant), Urban County comprised of Albany, Dublin, Emeryville, Newark, Piedmont & unincorporated areas, and Union City. HHD has been providing minor home repair grants and due to staffing/capacity hasn't been providing loan programs, but they plan to no longer work in these areas after FY 19. Damien is retiring in fall 2018. HHD does lead abatement (except Berkeley); however, the HUD lead grants cover less and less, and recently only seem to be for paint, and in households with 6yr or younger child who lives there/spends significant time there.

HPLP Policies Review and Discussion Questions

- 1. Does anyone see any issue in going up to 100k or higher for loans?**
 - a. Damien: only had a few loans go over 60k range, which is our limit, one case in Fremont went to 150k for whole house rebuild
 - b. John: we do 75k but have made exceptions up to about 100k
 - c. Kelly: Context here is that a couple jurisdictions were under deadline to spend money (CDBG expenditure requirements), so County made more exceptions to get the money out the door. I like having constraints on upper limit - should be lower so that greater # of people are served.
 - d. Pam: Seems like maybe it's 2 programs: 75k for typical project, but set lower number of projects pre-approved up to 125k to anticipate helping those that need it as an internal budget expectation. Still would market at 75k generally.
 - e. Jen: I think Michelle's original goal was 80 loans a year at 95k max.
 - f. Amy: One way we look at it is through the needs Alex is seeing in his inspections. Jen: Referred attendees to Inspections Findings handout. Does this information look representative?

- g. Dana: Hayward houses aren't as old, but needs are similar. How do you manage if you need architectural plans, etc.? (Response: the HPLP loan will include related project soft costs such as architecture)
 - i. John: Our rehab advisors are techs, so the group we work with prices it out and takes care of that
 - ii. Mike: We have a grant for 15k for architecture, and there are funds for the drawing of JADU's etc.
 - h. Mike: most of our clients are putting in grab bars, ramps, accessibility. Not as many people are interested in taking advantage of the program for owners who rent out their home, we've had to go out and find homes for type of program. We do a lot of pulling out bathrooms and widening kitchens for the City housing authority sites with these funds.
- 2. How do we carve out program with in this that allows ADUs? One concept we're looking at is an extra amount available for ADU conversion... maybe 65k**
- a. Dana: we've run into homeowners that had illegal garage conversions and they have fines that are huge. I wanted to see if I could take fines and roll them into the funds, but that's a no no.
 - b. Kelly: This doesn't have quite those strings but we could talk about # of projects we think would need that forgiveness. We'd have to think about it pretty seriously.
 - c. SB831 has temporary amnesty but if they are already fined they don't qualify for it. Setback limit is being waived under new legislation for existing structures.
 - d. John: homes that get ADU's will get property reassessed and then their property taxes go up, which is a barrier to getting people on board with program.
- 3. How do you handle Marketing or Education upfront on loan vs grant?**
- a. John: we go out to senior facilities and do presentations where we go and educate them. Ask them what their goal is; they don't want to leave heirs a property in disarray more than they don't want to leave them debt usually.
 - i. We're updating our program so that instead of grants, we're transitioning to 1% loans. Adding multi-family acquisition and rehab from bond. Lloyd Ware is giving us direction but we aren't there yet. A huge issue in Oakland is illegal units.
 - b. Dana: we work with seniors, we do a lot of 1:1 consultation on the program and we ask them to invite a family member with them, and often an adult child encourages their parents to do the program because they see that their home really needs the work. Sometimes when we start a loan process, they find out a family member has taken out excessive loans and so we have a form the family members sign to disclose these issues, but if they don't want to sign it we stop the process.
 - c. Damien: Need to remember lots of seniors aren't that old, early 60's—a lot of these younger ones are more capable of moving forward with process vs older folks.
 - i. Issue we see a lot is a shower needing a 2.5" drain but there was a pipe with 1.5" and it requires a repipe which adds a ton of cost.
 - d. Starting age for seniors: those with age restrictions in the room have programs that define at age 62.

4. How are you perceiving this HPLP program and what's the best way it can complement your programs? Or do you see it as a competing program? What's your take on how it will impact your world and your ideal scenario what that looks like?

- a. John: It depends what your program has—our bond has affordability restrictions. We have a waiting list of 400, so if you turned it on today we could refer a ton, though probably some in there won't qualify. The bottleneck is the funding, so projects in the pipe had to get held up. We could go through and pull out which of the 400 we should send over to you vs which we should hang on to for our programs. For some of our projects we are putting in new terms to allow more projected revenue.
 - i. A lot of times you don't know when title changes, or with living trusts, you won't know when that happens. Even the trustees could be different people but the home could be owner occupied. So dealing with interpretation of this is key.
- b. Dana: we are at capacity in Hayward and we are happy that HPLP is here.
- c. Raquel: Berkeley doesn't have bandwidth to handle their demand for program, so this would be a great fit especially for loans in that midrange, because some people are terrified we have loans up to 100k. We are excited to see program offered to people who are non-seniors.
- d. Mike: We have to go out and solicit people for our program generally, but our income is at 50% AMI so your program is more lenient and would be a sweet spot for many folks.
- e. Pam: Also think of an example of someone like me, a homeowner looking to refinance. If there was something like this I could use to upgrade my home to do kitchen, bathroom, floors, etc. this would be phenomenal. I've fought hard to get my interest rate and I'd rather do this than refinance. Homeowners are putting kids through college, etc., so maintenance in the home waits so having something like this without all these restrictions is actually really wonderful for people.
- f. Kelly: Speaking for unincorporated and urban county with smaller jurisdictions, we'd look to see a one stop shop for homeowners. They could make one phone call to say 'this is my issue, what are the funding sources that can apply to that problem?' and someone could do an assessment to say 'you can get an accessibility grant here, and a loan there...' Maybe one application, one day?
 - i. Down the line there might be a way to streamline what we're asking for. HEBSV helping to fill out the request for service application, and could have staff help refer the applicants for other programs. Many note that this is a ways off as we'd have to look at disclosure agreements and privacy issues.
- g. Damien: We're getting out of business of loan programs so from now on our lead programs are all grants, just up to \$3k accessibility grants. We don't have capacity to do loans. With CalHome repayments, you have to administer those payments, and that's a bunch of money that's sitting there that could theoretically be used, the question is who is going to use it. Lead grants are available but it's really restrictive so we have houses where we can paint 2 walls but not other 2. Plus, required to have a child under 6 who lives there/spends a lot of time there.
 - i. Jen: if you inspect a house and find it needs more work you could refer them to us, and if we saw a house in your geography with less we could refer to you.

5. Amy: transfer or title, assumability, qualified purchasers?

- a. John: From a lending standpoint, how do you transfer? It's more of a refinance, I'm not sure how you set that up. Whatever you do, you have to be able to service it. How do you do it, then how do you explain it? You could make things a lot more complicated for yourself.
 - b. Kelly: Speaking for new homeowners, they'd see no benefit to assuming someone's debt.
 - c. Jen: It seems like it would work for heir or surviving spouse, and doesn't work for new purchaser. And we also know Michelle's point is we want the money back for new clients.
 - d. Raquel: are you planning to have restrictions on value of prop? In Berkeley, we have restriction on property value based on area median home price.
 - i. Amy: not looking at having a property value restriction, but HPLP would have a max LTV.
 - ii. John: 90% of AMI based on FHA loan limits, we initially took that as general rule until the value of the home started exceeded that, but it could happen again that values go down in the cycle.
 - iii. Damien: What's the purpose of doing a property value restriction?
 - 1. Kelly: if you don't put a period of time they are in the house, then they turn around and sell it
 - 2. Damien: And? We get the money back then, that's not a bad thing necessarily.
 - 3. Jen: So the fewer restrictions the better is what I'm getting?
 - 4. John: For us, we have so many restrictions we like that your alternative would be less restrictive.
- 6. Going up to 4 unit properties, we've been thinking of not touching the rental units unless it's a system wide need like a roof. Are there situations you see where we'd want to go in a tenant unit?**
- a. John: For home maintenance and improvements, we'll do it but it's capped at \$5,000 a unit. To qualify, they still have to be low income.
 - b. Damien: I see no reason to do that unless it's a sweetener to get more folks signing up for the program.
 - c. Pam: If the renters are out of their homes for work to be completed, after a few weeks the relocation ordinance kicks in and that cost gets added on to the homeowner as well.
 - d. Jen: What if we had a very narrow scope of things we would do in a rental e.g. only fire/smoke safety?
 - e. Mike: We do a Housing Quality Standard (HQS) inspection after the project. Even if you don't do any of that work, at least you've done the inspection and told them what they ought to do, otherwise it could be a liability.
 - i. We have 4-5 programs: minor home rep (grant under 5k), homeowner occupied, tenant occupied.

**Alameda County Measure A1 Home Preservation Loan Program
Implementation Level Policies Stakeholder Review Meeting**

Held at Alameda County Offices, 224 W. Winton Avenue, Hayward (Public Hearing Room)
May 30, 2018, 10am-12pm

Agenda:

10:00-10:15am	Welcome and Introductions by all, <i>Jen Gray, HEBSV Director of Home Preservation</i>
10:15-10:30am	Stakeholder and Public Comment Schedule; HPLP Highlights; HEBSV Program Administration Goals
10:30-11:00am	Goals of Stakeholder Review Process, HPLP Program Design – Key Policy Questions and Discussion, <i>Amy Hiestand, HEBSV Consultant</i>
11:00-11:15am	Break and Opportunity for Conversation with HEBSV Team
11:15-11:45am	HPLP Program Design Discussion (<i>continued</i>)
11:45-12:00pm	Next Steps and Meeting Conclusion

Meeting Notes

Attendees – See attached sign-in sheet

Discussion Points of Interest

- Eligible Homes:
 - Going up to a 4 unit property (represents~11% of owner-occupied homes in County)
 - Should we allow rental repairs?
 - John Fitzhugh, City of Oakland: We allow 5k per unit rented for health & safety. As long as half of units are rented to low income (e.g. section 8 or income verify tenants)
 - Steve Hernandez, City of Pleasanton (formerly worked for City of San Leandro) re: San Leandro. We agreed common spaces, roof, etc. would qualify for rehab but generally we stayed working on owners' unit, but mostly only did exterior on rental as part of a duplex for example. This was with grants at \$5k.
 - Renee Tucker, Senior Loan Officer: If you are targeting 80% AMI and they have 4 units, why would you exclude their rental units from income requirements ongoing? And how do you verify income?
 - HEBSV does income qualifications, includes rental incomes in that verification process. We are trying not to create barriers to entry so looking at not putting tenant income qualifications on units that are repaired.
 - Renee: As a lender, when we determine income for a loan, we go off of tax returns, since there are expenses for being a property owner, so probably that is how the income should be calculated. If they are meeting that 80%, why would we be punishing them for having those units?

- John: What we've seen in Oakland is if you improve the unit, you probably lose the tenant because they can rent it for more. When you buy a property with more than 1 unit, it's a business investment. We're afraid they increase the rent and push out the tenant. Most of people with more than 1 unit in this market, you probably aren't going to qualify.
- May Lee, City of Fremont: The other way to look at it is, it's also an opportunity for you to encourage the property owner to rent to low income. John is correct, what we are seeing in Fremont is when they are doing rehabilitation, they are terminating rent and doubling rental fee. If you can, give them an incentive to continue to rent to low income renters.
 - Amy Hiestand response: original Board framework is about preventing displacement, so this is a question for County staff – could there be something in policy to allow some level of repairs, then revisit policy after a year? Is there flexibility on that kind of language in the policies?
 - Jennifer: we haven't had that discussion; it's a good question.
 - If you do section 8, they are already having inspections and these repairs are required so that is maybe a way to incorporate it.
- Question from participant: For those who have homes with Prop 13, I can see how this program is definitely to their advantage, but for a newer home owner who is not getting Prop 13, have you looked at how their property taxes would go up and how that may dis/incentivize them to participate?
 - Amy: We are thinking about it as an education and conversation with home owners.
 - John: Some regular assessments on your property mean your value will go up just because that's what the general housing market is doing. There is a program for folks over 80% AMI called PACE. It allows certain entities to get improvements done and is assessed to your property tax and you pay it to your property tax. Some people have been able to get some of their repairs through that. The website is CaliforniaFirst.org.
- Eligible Repairs
 - Steve: Would sewer laterals be included? In a lot of communities it's a law to replace/repair these. One could argue it is or isn't home owners' responsibility.
 - Jen Gray, HEBSV: Response. We would like to allow this as eligible repair.
- Creation of ADU's/JADU's
 - Amy: We've talked about not including the income from the ADU in the initial income verification because for we would not want to limit the low-income homeowner's income; one benefit of an ADU for a low income homeowner is that the rent derived from the ADU could help reduce their housing cost and improve their financial situation.

- Secondary Unit Center, San Mateo County resources are useful; has a calculator for costing out ADUs.
 - New legislation SB831 would allow reduced setbacks, amnesty provision, etc. Is working through legislature currently; if passed would go into effect 2019.
- General Loan Terms
 - Amy: Some of the considerations for stakeholders to think about for setting the maximum loan amount is high construction costs in the Bay Area, creating a loan program that is attractive to clients, and reducing need for exceptions to policies by having a policy that can include the loan amount maximum which is reasonable and works for the program. Loan can't be forgivable because these are general obligation bonds that have to be repaid.
 - Amy: Maximum Loan Amount: The amount ranges being looked at take into account some of HEBSV's recent inspections of homes in Alameda County and range of costs, also factoring in the County's goals in the program to reach 300-400 homes over life of program. With 125k\$, the pro is being able to encapsulate more potential work; the con is that there is less potential spread for the funds. With \$90k, the pro is further spread of funds, but maybe not enabling all needed work to be done on a home. Remember that this is a maximum loan allowed, but not all homeowners would take this amount.
 - By show of hands, majority preferred \$125k as maximum loan amount.
 - Leticia Leyva, City of Fremont: what if it were 125k. Like we have a home that needs 160k; could you do 125k on yours, and we (City of Fremont) provide the remaining loan amount through the city's loan program?
 - Jen: Yes, agreed. I think the idea is to leverage and layer funds. We've learned that making exceptions is the enemy of the streamlined process, so we'd rather see a higher cap so then it means those outliers can get served without some exceptions process. I don't think we'd see very much of it.
 - John: to me 125k makes sense because of the other things you are allowing that's not necessarily part of the rehab part; like hoarding issues and other soft costs for the other types of things in your expanded scope.
 - Steve: Is the handout with Inspection Findings based on current cost of rehabilitation construction costs?
 - Amy: Yes, the handout information is based on Habitat's recent inspections conducted this spring for a selection of properties in Alameda County.
 - Tiger Harrison, BenefiTalk: is it possible to include line item for things you can't see at the early inspection phase but pop up later? Like mold or something? We do 30% contingency for time and labor for unforeseen things like that.
 - Jen: yes a contingency is included.
 - For ADU's:
 - Steve: With the proposed maximum loan amount of \$125k, could a homeowner get up to 125k for main structure and additional 60/75k for ADU?

- Amy: Yes, the idea is these amounts would be combined, but need to remember, this is all overridden by loan to value ratio
- Steve: Not sure if they would qualify based on that LTV then.
- John: But is the ADU piece standalone? Can they choose to only do the JADU conversion? There's people that may not want you to come in their home but want you to do the detached garage, etc.
 - Amy: We haven't considered this possibility, so it's good that John is bringing it up. It seems to make sense that we should think about the whole house and not ignore it even if an owner only wants to do an ADU, because we want to make sure homeowner is safe (health & safety important). There would not be two separate loans; instead, the additional amount for the ADU would be included in the overall HPLP loan.
 - Jen: I can see John's point. What is the spirit of this program? It's definitely something to explore to think about what would be required.
 - John: Two examples are in law unit vs. existing structure. In one, we are in the owner's unit, we can't ignore what we see.
 - Benefit Talk: there's a lot of illegal usage going on right now, and cleaning up that appeals to that spirit of the program. But, adding a separate unit seems a luxury for me.
 - An elderly homeowner might need property assistance, might need rehab on their house but have back mortgage, back taxes. Will you be partnering with other County programs to do wraparound services?
 - Jen: Should be at a minimum a referral/sharing info.
 - Amy: not aware of funding program to pay for back taxes; this HPLP funding is for "sticks and bricks" and related soft costs.
 - Jenny Wiseman, City of Dublin: If \$125k plus \$75k for ADU work, 200k seems high if we aren't including their income for the ADU in the beginning. Then they are potentially doubling their income.
 - A few folks commented and responded that 'that is okay, too' for owners to double their income because they are lower income and the idea is not to penalize a homeowner for wanting to reduce their housing cost burden.

- If a homeowner is able to charge a below market rate rent, it can help them sustain the home so they don't lose the home because their income is sustainable.
 - Steve: have we thought about relocation costs if there is an illegal garage? Obviously if you do something in that unit, that tenant needs to go somewhere. Also I think we are being too optimistic about them renting out below market rate, or to family. I want to address the displacement of an existing tenant as a primary concern.
 - Amy: The County needs to look at whether relocation costs would be eligible use of HPLP funds. Perhaps we could have some requirement in the program for not displacing tenants in ADUs.
 - John: In Oakland, we have a right to reassess: if in 3-5 years they are above the income limit, they have to pay.
 - Jennifer: Certainly displacement is something needed to be discussed if people living in illegal units.
 - Ndidì Okwelogi: If there is going to be an owner and they have an illegal unit, are they going to be penalized by the City? If so, would they come forth for that? I live on a corner and I'm black so I want to make sure I do everything right; I don't want any trouble.
 - Amy: There may be amnesty from new SB831 bill but have not had a chance to evaluate this bill and what it entails.
 - Interest Rate Conversation. Amy: Should there be an interest cap where interest can't accrue more than a certain percentage of the principal? Slide examples show interest cap of 50% of principal – with 1% rate takes 50 years for interest to accrue to this level; with 2% interest rate takes 25 years. With no loan term associated with HPLP, the interest could just keep accruing.
 - Benefit Talk: Have you addressed what happens if the property value go down? Some of the programs have ideas that have if the value goes down they will only capture X%, etc.
 - Amy: will look ad DALP's policies and see if they included a provision for this situation.
 - Steve: have you considered instead of waiting for them to transfer title, after X years you ask them to repay? Then this would be less of an issue.
 - Amy: County has an interest in some funds coming back but it's not the only goal; there's also a goal of reaching 300-400 homes over the HPLP loan program. If we are looking at the elderly community, asking them to pay in 20 years would make their situation worse and be a barrier to participation, as an example.
 - Permitted Transfers Conversation:
 - Surviving children, would need to be income qualified first to assume loan. If not they would have to repay it.

- Amy: From lens of clients who are seniors, what if they end up needing to go to nursing/assisted living facility? Do we want to allow for this? That could mean a child could move into the home, but we may want to allow for this situation on a case by case basis.
 - Benefit Talk reps: On reverse mortgages when someone goes into living facility, they have to be in the home 6 months of year. When you are working with permitted transfers, the surviving spouse/child is likely dealing with first loan, because they will have to subordinate loan to them or they will pay it.
- 1% vs 2% interest rate:
 - Majority of attendees preferred the 2% interest rate over the 1% interest rate. By show of hands: 3 people for 1%; 4 people for 2%
 - John: you can't get deferred loan ANYWHERE other than government sources like this, so I think the deferred payment aspect of HPLP is the main selling point and a slightly higher interest won't deter people from being interested in the program.

**HEBSV Sample Property Inspections - Spring 2018
Rehabilitation Needs & Findings**

Property City	Fremont	Oakland	Oakland	Oakland	Oakland	Oakland	San Leandro	Oakland
Year of Construction	1985	1922	1896	1915	1930s	1920	1930s	1930s
FOUNDATION		\$ 5,000.00		\$ 50,000.00				
EARTHQUAKE RETROFIT		\$ 12,500.00	\$ 12,500.00	-	\$ 10,000.00			
ROOF				\$ 17,500.00		\$ 20,000.00		\$ 15,000.00
ELECTRICAL			\$ 20,000.00			\$ 17,500.00	\$ 5,000.00	\$ 5,000.00
WINDOWS	\$ 15,000.00				\$ 10,000.00	\$ 10,000.00	\$ 15,000.00	\$ 12,500.00
SIDING				-		-		
INSULATION/WEATHERIZATION				-			-	
SAFE STAIRS								
DOORS								
PLUMBING INFRASTRUCTURE		\$ 2,500.00						
DRAINAGE/GUTTERS		\$ 2,500.00		\$ 5,000.00	\$ 2,000.00	-		
LEAD PAINT		-			-	-	-	-
MOLD/MILDEW								
KITCHEN	-	-		\$ 5,000.00		\$ 17,500.00	\$ 12,500.00	\$ 7,500.00
BATHROOM	\$ 10,000.00	\$ 5,000.00	\$ 15,000.00	\$ 7,500.00	\$ 25,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
FURNACE			\$ 4,000.00	\$ 4,000.00			\$ 4,000.00	\$ 3,500.00
WATER HEATER		-					\$ 2,500.00	
In-law, 2nd Unit, Or Rentable Room	\$ 5,000.00		\$ 20,000.00	-				
CHIMNEY								
PAINT and repair interior	\$ 5,000.00			\$ 2,500.00		-	\$ 4,000.00	\$ 4,000.00
Paint exterior	\$ 2,500.00					\$ 5,000.00	\$ 4,000.00	
Flooring						\$ 5,000.00		\$ 5,500.00
Fire safety/clutter/Debris					\$ 4,000.00		\$ 6,000.00	
Permits	\$ 5,625.00	\$ 4,125.00	\$ 10,725.00	\$ 13,725.00	\$ 7,650.00	\$ 13,125.00	\$ 9,825.00	\$ 9,825.00
Total	\$ 43,125.00	\$ 31,625.00	\$ 82,225.00	\$ 105,225.00	\$ 58,650.00	\$ 100,625.00	\$ 75,325.00	\$ 75,325.00

ATTACHMENT E
Interest Rate Analysis

Stakeholders were provided an analysis of principal and interest accrual for hypothetical HPLP loans made at either 1% or 2% simple annual interest rate, to determine whether a cap on interest would be warranted such that interest didn't exceed 50% of the loan principal. This analysis is shown in the chart below.

Amount of Loan:	\$45,000	\$45,000	\$90,000	\$90,000	\$90,000	\$90,000
Length of Time Loan Held:	15 years	15 years	30 years	30 years	15 years	15 years
Simple Interest Rate:	1.00%	2.00%	1.00%	2.00%	1.00%	2.00%
Loan Agreement Date:	10/15/18	10/15/18	10/15/18	10/15/18	10/15/18	10/15/18
Loan Payoff Date:	10/15/33	10/15/33	10/15/48	10/15/48	10/15/33	10/15/33
Total Number of Days Loan Held	5,479	5,479	10,958	10,958	5,479	5,479
Interest Due:	\$6,755	\$13,510	\$27,020	\$54,039	\$18,764	\$37,527
Interest as % of Original Loan Amount	15.0%	30.0%	30.0%	60.0%	15.0%	30.0%
Principal Due:	\$45,000	\$45,000	\$90,000	\$90,000	\$125,000	\$125,000
Total Principal Plus Accrued Interest:	\$51,755	\$58,510	\$117,020	\$144,039	\$143,764	\$162,527
Interest Accrual Cap (50%)	\$22,500	\$22,500	\$45,000	\$45,000	\$62,500	\$62,500
Total P&I Due with Capped Interest	\$67,500	\$67,500	\$135,000	\$135,000	\$187,500	\$187,500
Is Cap Exceeded?	No	No	No	Yes	No	No

At a 1% interest rate, the interest accrues to 50% of the principal amount after 50 years. At a 2% interest rate, the interest would accrue to 50% of the principal amount after 25 years.

Stakeholders were supportive of selecting a lower interest rate to encourage program participation while providing a source of program income for the County at repayment. A significant program goal is to achieve 300-400 loans over the life of the HPLP program, the recommended policy is as attractive as possible to potential applicants.