



CITY OF CONCORD

REPORT TO MAYOR AND THE CITY COUNCIL

FROM: Matthew R. Walsh, Director of Redevelopment, Downtown Services, and Special Projects

DATE: April 28, 2015

SUBJECT: Revolving Loan Fund Program Income Reuse Plan (“PIRP”) Amendments

Recommendation

- Accept this report and set the attached resolution to adopt the amended and restated Program Income Reuse Plan (“PIRP”) for public hearing on June 8, 2015.

Background

The City’s Revolving Loan Fund Program (“RLF”) was established in 1984 and was initially capitalized by funding from a Community Development Block Grant. Due to the use of CDBG funds, the City was obligated to establish a Program Income Reuse Plan (“PIRP”), which sets forth the City’s policies and procedures that govern the Revolving Loan Fund Program. The PIRP is a “living document”, which has been periodically amended since its inception.

Discussion

The City’s Revolving Loan Fund is overseen by the Community Development Advisory Council (“CDAC”). Approximately 1 year ago, CDAC, working with City Staff, began the process of reviewing and amending the PIRP. The purpose of this process was as follows:

1. Make the PIRP consistent with new lending protocols necessitated by the City’s recent implementation of loan management software known as GMS.
2. Consolidate the PIRP with a separate loan policy guideline into a single, coherent document.
3. Make loan policies and procedures consistent with current industry best management practices.
4. Ensure that the PIRP is consistent with applicable Community Development Block Grant rules and regulations.

A summary of substantive changes made to the PIRP is attached to this report.

On April 22nd, CDAC reviewed and unanimously recommended that the amended and restated PIRP be presented to the City Council for a public hearing and adoption.

Finally, it is important to note the contributions of long-time CDAC member Nadine Salley to the attached revisions. Ms. Salley was appointed by CDAC to be its selected representative to collaborate with staff on the attached document. Ms. Salley is the Director of Lending at the NH Community Loan Fund. Her expertise in the field of lending is an invaluable resource for CDAC and staff alike!

SUMMARY OF SIGNIFICANT CHANGES TO PIRP

PAGE #	NEW OR CHANGE	ITEM
Entire Doc	Change	Low and moderate income is now low income
3	New	Replacement of manufactured homes when the rehabilitation costs of health and safety issues exceed the value of the home - added
5	New	Applicants shall have a minimum of 20% equity in their homes
5	New	Applicants must be current with payment of their real estate taxes for all owned property within the City of Concord to be eligible ...
5	New	Income Eligibility Requirement – entire section is new – all household members’ income is used
5	Change	Only borrower’s / co-borrower’s income is used on the RLF application
6	Change	Interest rates for the RLF are computed using simple daily interest – this change was effective November 2013, when we converted to the new Revolving Loan software from GMS.
6	Change	Factors affecting interest rates shall include...the purpose of the loan, the applicant’s financial situation, level of risk, as well as the current market interest rates as published by the Wall Street Journal (i.e. WSJ Prime Rate). – this change reflects a simpler way to compute interest
6	Change	Reworded section on Penalties – Five percent late fee charged after 10 days – applicant must request a waiver within 30 days of the late fee being assessed
7	New	Applicants shall be notified in writing of the approval/denial of their loan application within three business days of the decision by CDAC
7	New	Subordination – entire section is new
9	Change	Housing loan caps – was \$18,000 per unit with no max – changed to \$25,000 per unit with a \$250,000 max per property
9	Change	Penalty for prepayment of loan has changed to a formula based on # of years remaining on the loan at the time of prepayment
10	New	Social Services loan – cap of \$250,000 per project
10	New	Request documentation of IRS 501(c)(3) status and Federal Form 990 for the past three years
11	New	Child Care loan – cap of \$250,000 per project
11	New	Request documentation of IRS 501(c)(3) status
12	Change	Rewrote entire Planning Loan program section
12	New	Planning loan – cap of \$25,000 per project
13 – 20	Change	Economic Development loan – rewrite of entire section
13	Change	Economic Development loan – loan amounts equivalent to \$25,000 per FTE job created with a max of \$250,000 per business/debtor per project
16	Change	Reworded Emergency Grant section