

Westchester County CDBG Property Improvement Program

Westchester County was approved as an Urban County to participate in the Community Development Block Grant (CDBG) program in 1975 and received its first grant from the US Department of Housing and Urban Development (HUD) in 1976. In 1977 the County committed its first CDBG Property Improvement Program (PIP) grant for the rehabilitation of single and multi-family properties within the Consortium Communities. In addition to CDBG, the County was able to expand its rehabilitation program with a Rental Rehabilitation grant from HUD, at which time the Planning Department began making low interest and deferred payment loans to property owners who either were low/moderate income households, or who rented their properties to such households.

Between 1977 and 2010, the Planning Department rehabilitated 1,807 single and multi-family properties correcting health and safety issues within the homes. Most of the rehabilitation funding was provided as small grants to the property owners, if they qualified as low/moderate income, or as loans to the owners of rental units. The total value of all the rehabilitation completed under the County's CDBG PIP program is \$25,847,259.

In 1997, due to reductions in CDBG grants, and an ever-growing number of applications for PIP, the Department eliminated the use of CDBG funds for grants to properties. Grants were continued through the Lead Safe Westchester program for lead-based paint control and removal projects. The PIP improvements were then funded as loans to the property owners with interest rates based on the owner's ability to repay. In the event of a senior citizen household with limited income, loans were made on a deferred payment, whereby the work was completed and the loan accrued interest (usually at a rate of 3%) for 15 years, then interest ceased to accrue, but the loans were only due to be paid upon the sale or transfer of the property. In total, the Department has made approximately 125 PIP loans. The County's loans are secured with mortgages.

Today, the Department of Planning continues to oversee a loan portfolio of approximately 72 outstanding loans. Of these loans are 24 ACTIVE loans making month payments, 1 loan was made to be DUE UPON SALE of the property because it was an Acquisition/Rehab loan and is expected to be sold upon the completion of its rehabilitation, and 47 are DEFERRED payment loans. The total contract value of the loan portfolio is \$16,166,820.73 with an outstanding loan amount of \$11,904,135.20.

Two of the ACTIVE loans are currently delinquent as follows:

- 1) A-HOME which has requested a mortgage modification as the original loan was made in the amount of \$163,400, but because of their fundraising efforts, A-HOME actually only drew down \$59,889.95 of that loan and has requested a modification of the mortgage to reflect the amount drawn and will subsequently pay the balance owed in monthly installments over a three year term; and
- 2) Roberts who had an original loan amount of \$29,000 and made the appropriate monthly payments bringing the current balance down to \$25,577.15, but who then passed away. The County will be repaid when the house is sold.

Payments on the outstanding Active loans total approximately \$14,235 a month with an annual total of approximately \$171,900 (the Drum Hill loan only makes payments twice a year). The revenue from the loan payments is returned to our PIP Revolving Loan Fund and is then available for use on future rehabilitation projects. Our most recent rehabilitation efforts have included the acquisition and rehabilitation of several foreclosed properties that will count toward the 750 units required by the housing settlement.

The balance available for new PIP rehabilitation projects was approximately \$97,000 on March 31, 2014. Additional loan payments were expected beginning on April 1, 2014. Monthly bills are sent to the Active loans by the Planning Department accounting staff, who follow-up on any payments not received as well.

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