

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

127



FROM: Economic Development Agency

SUBMITTAL DATE:
June 8, 2009

SUBJECT: Loan Agreement for the Use of Neighborhood Stabilization Program Funds in the City of Norco

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the Use of Neighborhood Stabilization Program Funds between the County of Riverside and the City of Norco;
2. Authorize the Chairman of the Board to sign the attached Loan Agreement; and
3. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the Loan Agreement including, but not limited to, signing subsequent deeds of trust for each home acquired, subsequent homebuyer deeds of trust, and subsequent essential and relevant documents subject to approval by County Counsel.

Continued

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,627,000	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/2009

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: NO

SOURCE OF FUNDS: Neighborhood Stabilization Program Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
BY: Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 6/8/09
Departmental Concurrence

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

3003 10/10 10:11:51

Prev. Agn. Ref.: **District:** 2nd **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.24

BACKGROUND:

The Neighborhood Stabilization Program (NSP) was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 ("HERA") and appropriated under Community Development Block Grant (CDBG) for the purpose of assisting in the redevelopment of abandoned and foreclosed homes. The intent of NSP is to stabilize neighborhoods in areas with greatest need and to stem the decline of house values of neighboring homes in the County of Riverside.

On November 25, 2008, the Board of Supervisors approved the activity of acquisition, rehabilitation and resale of housing units as a component of NSP ("NSP-1"). The 2008-2009 One Year Action Plan ("Action Plan") of the 2004-2009 Five-Year Consolidated Plan calls for the County of Riverside to partner with eligible public and private non-profit organizations.

On March 17, 2009, the Board of Supervisors approved the release of the Notice of Funding Availability ("NOFA") for NSP-1 activities.

The City of Norco ("City") has applied for NSP funds to acquire, rehabilitate and resell approximately 6 vacant, foreclosed and bank-owned single-family homes to low-, moderate- and middle-income (LMMI) first-time homebuyers in designated Target Areas, as described in the Action Plan, within the city of Norco (the "Project").

Staff has reviewed the application and is recommending a loan of \$1,627,000 in NSP funds for the Project. The properties identified are listed with purchase prices from \$167,900 to \$292,000. Rehabilitation costs range from \$35,000 to \$50,000 per property.

NSP assisted units will be resold to qualified LMMI first-time homebuyers whose incomes do not exceed 120% of the area median income for the County. Qualified home buyers must not have owned a home within the past 3 years and are required to attend a home buyer counseling session certified by the United States Department of Housing and Urban Development. Upon resale of the homes, a portion of the funds will be used as a silent second loan to assist the first-time homebuyer and the balance will be returned to the County to write down the NSP loan to the City.

The City will utilize NSP funds for acquisition, rehabilitation and disposal costs of properties for the Project. Pursuant to NSP regulations, all acquisitions must be at least 15% below the current market appraised value as determined within 60 days of the date of the final purchase price offer. The resale price of each NSP assisted unit shall not exceed the lesser of (a) the fair market value or (b) the total costs to acquire, rehabilitate and dispose the NSP assisted unit. NSP assisted units will be affordable for a period of at least 15 years from the transfer of title to qualified first-time homebuyers.

County Counsel has reviewed and approved as to form the attached Agreement. Staff recommends that the Board approve the attached documents.