

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

170A



FROM: Economic Development Agency

SUBMITTAL DATE:
September 4, 2009

SUBJECT: Substantial Amendment to the 2009-2010 One-Year Action Plan

RECOMMENDED MOTION: That the Board of Supervisors amend the County of Riverside 2009-2010 One-Year Action Plan of the 2009-2014 Five-Year Consolidated Plan to reallocate Neighborhood Stabilization Program (NSP) funds and allow for acquisition and rehab of single family homes not older than 50 years as described in Attachment "A."

BACKGROUND: (Commences on Page 2)

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 9/10/09
Departmental Concurrence

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009/2010

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*
Jennifer L. Sargent

County Executive Office Signature

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

Prev. Agn. Ref.: _____ **District:** ALL **Agenda Number:** _____

3.20
EDA-11a-F11
Form 11/06

BACKGROUND: The United States Department of Housing and Urban Development (HUD) requires that all substantial amendments to the Five-Year Consolidated Plan and the One-Year Action Plan be approved by the Board of Supervisors. All new activities added to the One-Year Action Plan, as well as a significant increase in funding to an existing project or changes to the scope or nature of an existing project, will be considered substantial amendments. Pursuant to 24 CFR 91.105, the Economic Development Agency published a 15-day public notice notifying the public of the proposed amendment to the County of Riverside 2009-2010 One-Year Action Plan and the 2009-2014 Five-Year Consolidated Plan. Staff recommends approval of reallocated funds for NSP as described in Attachment "A."

Attachment "A"

Amendment Action:

The amendment to the One-Year Action Plan will reallocate Neighborhood Stabilization Program (NSP) funds for the following described activities:

TITLE OF ACTIVITY AND AMOUNT:

NEIGHBORHOOD STABILIZATION PROGRAM – NSP-4 ACQUISITION AND REHABILITATION OF FORECLOSED AND VACANT MULTI-FAMILY PROPERTIES, OR THE CONSTRUCTION OF NEW MULTI-FAMILY RENTAL PROJECTS – The County of Riverside will meet its requirement to expend at least twenty-five (25%) of the NSP allocation on projects that provide affordable housing to the persons and families earning less than 50% area median income. The County will partner with various public and private development organizations to provide for the redevelopment or new construction of affordable multi-family rental projects. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict. All designated NSP units will be reserved and affordable to households earning less than fifty percent (50%) of the area median income. The County will require and monitor a regulatory agreement to ensure an affordability period of at least fifty-five (55) years. NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs. Funding allocation increased by \$152,316, revised NSP-4 allocation \$8,677,316.

TITLE OF ACTIVITY AND AMOUNT:

NEIGHBORHOOD STABILIZATION PROGRAM – NSP-3 ENHANCED FIRST TIME HOME BUYER PROGRAM – The County of Riverside will offer a financing mechanism to eligible first-time home buyers to enable them to directly acquire vacant foreclosed single family homes using NSP funds. The *Enhanced First Time Home Buyer Program* provides purchase price and optional home repair and rehabilitation assistance to low, moderate and middle income households that have not owned homes within a three-year period. The program is available for households with an annual income that is no greater than 120% of the area median income as published by HUD. The Enhanced FTHB Program provides 20% of the purchase price with a 15- year affordability period as a "silent second" loan plus an optional repair and rehabilitation "silent third" loan to enhance the physical appearance and long term affordability of the home including improvements for energy efficiency, curb appeal and landscaping. The total amount of assistance for each home will not exceed \$75,000 (which includes both purchase price assistance and rehab). Funding allocation decreased by \$126,316, revised NSP-3 funding allocation \$9,573,684.

TITLE OF ACTIVITY AND AMOUNT:

NEIGHBORHOOD STABILIZATION PROGRAM – NSP-2 ACQUISITION, REHABILITATION, AND RENTAL OF AFFORDABLE UNITS – The County of Riverside may acquire and rehabilitate foreclosed, abandoned (for at least 90 days) single-family homes and rent them to households earning not more than fifty percent (50%) of the County area median income. The County will partner with various public and private non-profit organizations to carry out this activity including, but not limited to, the Housing Authority of the County of Riverside. Acquisitions will average at least fifteen percent (15%) below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be

purchased in bulk from a single seller. Funding allocation decreased by \$26,000, revised NSP-2 funding allocation \$534,000.

PROGRAM CHANGE:

NEIGHBORHOOD STABILIZATION PROGRAM - Eligible Properties for the County's NSP-1, NSP-2 and NSP-3 Programs. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. Properties must not be older than 50 years and must not be listed on, or eligible for listing on, the National Register of Historic Places.

PUBLIC NOTICE

August 28, 2009

Jeff Stone, Chairman
Riverside County Board of Supervisors
County Administrative Center
4080 Lemon Street, 5th Floor
Riverside, California 92501

(951) 955-3418 Juan Garcia

TO ALL INTERESTED AGENCIES, GROUPS, AND PERSONS:

The Riverside County Economic Development Agency hereby notifies concerned members of the public pursuant to 24 CFR §91.505 of its intent to amend the 2009-2010 One Year Action Plan. This amendment reports on a substantial change to the Action Plan. A substantial change occurs if the use of funds is changed from one eligible activity to another; a new, proposed activity is funded that was not described in the Consolidated Plan; an increase in the amount of Community Planning and Development (CPD) funds allocated to an existing activity; or a funded activity described in the Consolidated Plan is cancelled.

The following summary presents an overview of Neighborhood Stabilization Program (NSP) activities and the proposed amounts of re-allocated funds:

TITLE OF ACTIVITY AND AMOUNT: NEIGHBORHOOD STABILIZATION PROGRAM – NSP-4 ACQUISITION AND REHABILITATION OF FORECLOSED AND VACANT MULTI-FAMILY PROPERTIES, OR THE CONSTRUCTION OF NEW MULTI-FAMILY RENTAL PROJECTS – The County of Riverside will meet its requirement to expend at least twenty-five (25%) of the NSP allocation on projects that provide affordable housing to the persons and families earning less than 50% area median income. The County will partner with various public and private development organizations to provide for the redevelopment or new construction of affordable multi-family rental projects. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict. All designated NSP units will be reserved and affordable to households earning less than fifty percent (50%) of the area median income. The County will require and monitor a regulatory agreement to ensure an affordability period of at least fifty-five (55) years. NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs. Funding allocation **\$8,677,316**.

TITLE OF ACTIVITY AND AMOUNT: NEIGHBORHOOD STABILIZATION PROGRAM – NSP-3 ENHANCED FIRST TIME HOME BUYER PROGRAM – The County of Riverside will offer a financing mechanism to eligible first-time home buyers to enable them to directly acquire vacant foreclosed single family homes using NSP funds. The *Enhanced First Time Home Buyer Program* provides purchase price and optional home repair and rehabilitation assistance to low, moderate and middle income households that have not owned homes within a three-year period. The program is available for households with an annual income that is no greater than 120% of

the area median income as published by HUD. The Enhanced FTHB Program provides 20% of the purchase price with a 15- year affordability period as a “silent second” loan plus an optional repair and rehabilitation “silent third” loan to enhance the physical appearance and long term affordability of the home including improvements for energy efficiency, curb appeal and landscaping. The total amount of assistance for each home will not exceed \$75,000 (which includes both purchase price assistance and rehab). **Funding allocation \$9,573,684.**

TITLE OF ACTIVITY AND AMOUNT: NEIGHBORHOOD STABILIZATION PROGRAM – NSP-2 ACQUISITION, REHABILITATION, AND RENTAL OF AFFORDABLE UNITS – The County of Riverside may acquire and rehabilitate foreclosed, abandoned (for at least 90 days) single-family homes and rent them to households earning not more than fifty percent (50%) of the County area median income. The County will partner with various public and private non-profit organizations to carry out this activity including, but not limited to, the Housing Authority of the County of Riverside. Acquisitions will average at least fifteen percent (15%) below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller. **Funding allocation: \$534,000.**

PROGRAM CHANGE - Eligible Properties for the County’s NSP1, NSP2 and NSP2 Programs. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. Properties must not be older than 50 years and must not be listed on, or eligible for listing on, the National Register of Historic Places.

It is anticipated that the Board of Supervisors will take action on the amendment at its regular meeting to be held on September 15, 2009, in the meeting room of the Board of Supervisors, Riverside County, Administrative Center, 4080 Lemon Street, Riverside, California. Any interested person wishing to comment may submit written comments to Riverside County Agency for Economic and Facility Development, 1325 Spruce Street, Suite 400, Riverside, CA 92507, Attention: Juan Garcia, Development Specialist by **September 14, 2009**, or may appear and be heard at the time of the hearing on September 15, 2009.