

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

329



FROM: Economic Development Agency

SUBMITTAL DATE:
March 11, 2010

SUBJECT: Delegation of Authority to adjust budgetary amounts among the various Neighborhood Stabilization Program (NSP) activities

RECOMMENDED MOTION: That the Board of Supervisors:

1. Authorize the Assistant County Executive Officer/EDA or designee to approve in writing that NSP developer partners may acquire and rehabilitate properties in accordance with the terms of the Neighborhood Stabilization Program within any of the 23 designated NSP Target Areas, as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan, subject to a letter of support from applicable cities; and
2. Authorize the Assistant County Executive Officer/EDA or designee to redistribute the budgetary amounts among the NSP -1, NSP- 2, NSP-3, NSP-4, NSP-5, and NSP-6 approved activities, not to exceed the total budget amount of \$48,567,786.

BACKGROUND: (Commences on Page 2)

Robert Field

Robert Field, Assistant County Executive Officer/EDA
By Dan Martinez, EDA Managing Director

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:	09/10

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

Jennifer L. Sargent

County Executive Office Signature Jennifer L. Sargent

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 3/10/10
Departmental Concurrence

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

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

3.13

BACKGROUND:

The US Congress passed the Housing and Economic Recovery Act ("HERA") of 2008 which included 39 billion in funding to go to cities counties and states to assist with the absorption of excess foreclosed housing units in an effort to forestall neighborhood deterioration. The County of Riverside was awarded \$48 million and in response to the award, on November 25, 2008, the Board of Supervisors approved the Action Plan Amendment to the 2008-2009 One Year Action Plan of the 2004-2009 Five Year Consolidated Plan by adding the Neighborhood Stabilization Program ("NSP"), detailing how the County of Riverside would use those funds.

The County proposed to use its NSP funds in four primary activities:

1. NSP-1: Acquisition, rehabilitation, and resale to first-time homebuyers - \$20,000,000;
2. NSP-2: Acquisition, rehabilitation, and rental, to very-low income persons - \$1,855,000;
3. NSP-3: Enhanced First-Time Home Buyer Program - \$9,700,000;
4. NSP-4: Acquisition and rehabilitation of foreclosed, vacant multi-family properties, new construction of multi-family rental projects - \$12,157,000;
5. NSP-5: Redevelopment of vacant or demolished properties for non-residential uses including public facilities, commercial uses, or mixed residential and commercial uses. No specific amount of NSP funds have been allocated to this use at this time; and
6. NSP-6: Program administration: administration costs will not exceed ten-percent (10%) of the NSP grant and ten-percent (10%) of program income - \$4,855,786.

Due to the current state of the housing market, oversaturation of cash buyers/investors, banks unwillingness to deal with homebuyers directly, tightened lending requirements, lack of inventory of multifamily housing, and other unknown factors the NSP-2, NSP-3 and NSP-4 activities have not produced the type of activity that staff had projected. Our NSP-1 recipients have fared a lot better in being able to deal directly with banks to purchase foreclosed homes.

Also, between June 2, 2009 and July 14, 2009 the Board of Supervisors approved loan agreements with NSP developer partners to work within specific NSP Target Areas as defined in the 2008-2009 One Year Action Plan. Certain NSP Target areas don't have as much inventory as other Target Areas and staff would like to give all its developer partners the opportunity to work in any of the 23 NSP Target Areas, subject to letter of support from applicable cities.

One of the requirements of the NSP grant is that all funds must be committed within an 18 month period. The 18 month period expires in August and in an effort to ensure that the County meets that deadline staff is recommending the following actions:

1. For the Board to authorize the Assistant County Executive Officer/EDA or designee to approve in writing that NSP developer partners may acquire and rehabilitate properties in accordance with the terms of the Neighborhood Stabilization Program within any of the 23 designated NSP Target Areas, as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan, subject to a letter of support from applicable cities; and

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2. For the Board to authorize the Assistant County Executive Officer/EDA or designee to redistribute the budgetary amounts among the NSP -1, NSP- 2, NSP-3, NSP-4, NSP-5, and NSP-6 approved activities, not to exceed the total budget amount of \$48,567,786.

Delegating these administrative functions will assist the County in fulfilling its requirements under NSP and maximize the use of NSP funds.

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