

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

419



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
April 25, 2013

**SUBJECT:** Program Income Report for the Neighborhood Stabilization Program

**RECOMMENDED MOTION:** That the Board of Supervisors receive and file the attached Program Income Report for the Neighborhood Stabilization Program.

**BACKGROUND:**

The Neighborhood Stabilization Program (NSP) was created in 2008 to address the subprime mortgage crisis by stabilizing neighborhoods in areas of greatest need and stemming the decline of house values of neighboring homes. As of March 18, 2013, the County of Riverside had acquired, rehabilitated and sold approximately 274 properties under NSP. A total of 219 homes were assisted under NSP1 and 55 homes under NSP3. The County of Riverside ranks second in the nation (behind only the State of California) for NSP1 Program Income received in the amount of \$33,615,457 above its original NSP1 allocation and were ranked eighth in the nation for expending \$71,967,451 in NSP1 funds to stabilize neighborhoods.

(Continued)

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

**COMPANION ITEM ON BOARD AGENDA:** No

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

**C.E.O. RECOMMENDATION:** APPROVE  
BY: Jennifer L. Sargent  
**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: ANNIE T. SAHAR  
DATE: 4/25/13  
Departmental Concurrence

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

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RECEIVED RIVERSIDE COUNTY

**Prev. Agn. Ref.:** | **District:** ALL | **Agenda Number:** 3-7

**BACKGROUND:** (Continued)

On July 28, 2008, the United States Congress passed the Housing and Economic Recovery Act of 2008 (HERA). Subsequently, on July 30, 2008, President George W. Bush signed HERA which created the Neighborhood Stabilization Program (NSP). This first round of NSP (NSP1) provided \$3.92 billion to 307 state and local governments on a formula basis. On February 25, 2009, the United States Department of Housing and Urban Development (HUD) allocated \$48,567,786 to the County of Riverside, the 3<sup>rd</sup> largest (non-State) allocation in the country for NSP1.

On February 17, 2009, a second round of NSP funding (NSP2) was authorized under the American Recovery and Reinvestment Act of 2009 (ARRA). The County of Riverside was not a recipient of NSP for this round.

On July 15, 2010, the United States Congress passed the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). On July 21, 2010, President Barack Obama signed the Dodd-Frank Act which included appropriations for a third round of NSP (NSP3) to continue funding to stabilize neighborhoods damaged by the economic effects of foreclosed properties. On February 28, 2011, the County of Riverside entered into an agreement with HUD for \$14,272,400 in NSP3 funds.

In partnership with public agencies, non-profit and for-profit housing developers, the County of Riverside successfully obligated and expended NSP funds to acquire, rehabilitate and resale homes to qualified first-time homebuyers. Subsequent to the sale of each rehabilitated foreclosed home, proceeds from the sale minus transaction costs, fees, and purchase price assistance for the first-time homebuyer were returned to the County of Riverside as Program Income.

In order to expedite the process of expending Program Income towards NSP activities and to maximize the use of NSP funds, the Board of Supervisors adopted Resolution No. 2010-207 for NSP1 on April 31, 2010, and Resolution No. 2012-011 for NSP3 on January 31, 2012, which authorized the Assistant County Executive Officer/EDA or designee to award NSP funds received from Program Income with existing NSP developer partners in amounts up to \$3,000,000, subject to meeting qualifications, availability of Program Income and approval by County Counsel. The attached Program Income Report describes the NSP Loans entered into under the delegation of authority.

As program income revolves, the County of Riverside will continue to utilize funds for further NSP activities until the balance is exhausted.



## **County of Riverside**

### **PROGRAM INCOME REPORT FOR THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP1 AND NSP3)**

AS OF MARCH 18, 2013



Robert Field  
Assistant County Executive Officer/EDA  
3403 10th Street, Suite 200  
Riverside, CA 92501

# NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

## NSP1

Under this first round of NSP funding, NSP1 provided \$3.92 billion to 307 state and local governments on a formula basis. NSP1 was established by Section 2301(b) of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, approved July 30, 2008), also known as HERA. HERA created NSP and is the basis for subsequent NSP funding rounds.

NSP1 Allocation:  
 County of Riverside **\$48,567,786**  
 (16<sup>th</sup> highest Grantee)

HUD contract effective February 25, 2009

*NSP1 Performance Requirements:*  
 Obligate 100% of NSP1 funds within 18 months and expend 100% of NSP1 funds within 4 years (by March 2013). All foreclosed single-family acquisitions must be acquired at least 1% below the current market appraised value as determined within 60 days of the date of the final purchase price offer.

### Top 10 out of 307 NSP1 Grantees for Program Income Received

Derived from sale proceeds minus transaction costs, fees, and homebuyer assistance.

	Grantee	PI Received
1	State of California	\$36,689,844
2	Riverside County, CA	\$33,615,457
3	State of Virginia	\$20,788,294
4	State of Georgia	\$20,747,469
5	State of Idaho	\$19,531,513
6	State of Florida	\$16,096,632
7	State of Minnesota	\$11,991,009
8	Clark County, NV	\$10,860,735
9	Clayton County, GA	\$10,745,897
10	Gwinnett County, GA	\$10,137,914

### Top 20 NSP1 Grantee allocations

	NSP1 Grantee	Grant Amount
1	State of California	\$145,071,506
2	State of Ohio	\$116,859,223
3	State of Michigan	\$98,653,915
4	State of Texas - TDHCA	\$91,323,273
5	State of Florida	\$91,141,478
6	State of Indiana - IHCA	\$83,757,048
7	State of Georgia	\$77,085,125
8	Dade County, FL	\$62,207,200
9	State of Pennsylvania	\$59,631,318
10	Chicago, IL	\$55,238,017
11	State of New York	\$54,556,464
12	State of Illinois	\$53,113,044
13	State of North Carolina	\$52,303,004
14	State of New Jersey	\$51,470,620
15	State of Tennessee	\$49,360,421
16	Riverside County, CA	\$48,567,786
17	Detroit, MI	\$47,137,690
18	South Carolina State	\$44,673,692
19	State of Massachusetts	\$43,466,030
20	State of Mississippi	\$43,151,914

### Top 10 out of 307 NSP1 Grantees for Total Drawn (Expended)

4 years to expend 100% or forfeit balance.

	Grantee	Total Drawn
1	State of California	\$164,462,101
2	State of Ohio	\$116,900,307
3	State of Florida	\$100,027,318
4	State of Michigan	\$94,971,200
5	State of Indiana - IHCA	\$87,849,884
6	State of Georgia	\$84,304,912
7	State of Texas - TDHCA	\$72,422,660
8	Riverside County, CA	\$71,967,471
9	Dade County, FL	\$62,452,044
10	State of Pennsylvania	\$59,325,437

<b>NSP1 Developer Partner</b>	<b>Date</b>	<b>Loan Amount</b>
<b>Riverside Housing Development Corporation (Group 4)</b>		
NSP1 Program Income Loan Agreement	9/30/2010	1,000,000
First Amendment	12/14/2011	1,000,000
Second Amendment	3/21/2011	1,000,000
	Total	3,000,000
<b>Sheffield Foreclosure Renovation, Inc. (Group 2)</b>		
NSP1 Program Income Loan Agreement	12/27/2010	1,000,000
First Amendment	2/11/2011	1,250,000
Second Amendment	3/15/2011	750,000
	Total	3,000,000
<b>Neighborhood Partnership Housing Services (Group 3)</b>		
NSP1 Program Income Loan Agreement	1/11/2011	1,000,000
First Amendment	3/11/2011	500,000
Second Amendment	5/12/2011	75,000
Third Amendment	9/27/2011	400,000
Fourth Amendment	11/14/2011	250,000
Fifth Amendment	3/14/2012	500,000
Sixth Amendment	8/22/2012	275,000
	Total	3,000,000
<b>Housing Authority of the County of Riverside (Group 3)</b>		
NSP1 Program Income Loan Agreement	3/15/2011	1,000,000
		1,000,000
<b>Sheffield Foreclosure Renovation, Inc. (Group 3)</b>		
NSP1 Program Income Loan Agreement	5/17/2011	300,000
First Amendment	5/24/2011	500,000
Second Amendment	6/14/2011	900,000
Third Amendment	7/26/2011	300,000
Fourth Amendment	9/27/2011	250,000
Fifth Amendment	10/6/2011	750,000
	Total	3,000,000

**Riverside Housing Development Corporation (Group 6)**

NSP1 Program Income Loan Agreement	8/16/2011	600,000
First Amendment	11/30/2011	79,000
Second Amendment	12/5/2011	250,000
Third Amendment	5/31/2012	700,000
Fourth Amendment	9/27/2012	900,000
Fifth Amendment	3/18/2013	471,000
	Total	3,000,000

**Sheffield Foreclosure Renovation, Inc. (Group 5)**

NSP1 Program Income Loan Agreement	3/13/2012	1,000,000
First Amendment	5/23/2012	1,000,000
Second Amendment	7/20/2012	1,000,000
	Total	3,000,000

**Sheffield Foreclosure Renovation, Inc. (Group 7)**

NSP1 Program Income Loan Agreement	11/8/2012	1,300,000
	Total	1,300,000

**Neighborhood Partnership Housing Services (Group 4)**

NSP1 Program Income Loan Agreement	1/29/2013	500,000
	Total	500,000

**NSP1 Statistics:**

- Total number of NSP1 homes acquired, rehabilitated and sold: 219
- Average cost of acquisition, rehabilitation, and disposition: \$221,645
- Average percentage discount below the current market appraised value upon acquisition (HUD requirement is 1%): 7%
- Average sales price to qualified first-time homebuyer: \$153,366
- Average development subsidy: \$68,279
- Average homebuyer assistance: \$37,259

**NSP2**

Under this second round of NSP funding, NSP2 was authorized under the American Recovery and Reinvestment Act of 2009, (Pub. L. 111-5, approved February 17, 2009), also referred to as ARRA or "the Recovery Act." The County of Riverside was not a recipient of this round of NSP.

## NSP3

Under this third round of NSP funding, an additional \$1 billion was made available on a formula basis to 270 State and local governments. NSP3 was authorized by Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010), also known as the "Dodd-Frank Act."

NSP3 Allocation:

County of Riverside **\$14,272,400**  
(7<sup>th</sup> highest Grantee)

HUD contract effective February 28, 2011

*NSP3 Performance Requirements:*

Expend 50% of NSP3 funds within 2 years (by March 2013) and expend 100% of NSP3 funds within 3 years (by March 2014). All foreclosed single-family acquisitions must be acquired at least 1% below the current market appraised value as determined within 60 days of the date of the final purchase price offer.

## Top 20 NSP3 Grantee allocations

	NSP3 Grantee	Grant Amount
1	Detroit, MI	\$21,922,710
2	Clark County, NV	\$20,253,261
3	Miami-Dade County, FL	\$20,036,303
4	State of Georgia	\$19,870,367
5	Phoenix, AZ	\$16,053,525
6	Chicago, IL	\$15,996,360
7	Riverside County, CA	\$14,272,400
8	State of California	\$11,872,089
9	State of Ohio	\$11,795,818
10	Orange County, FL	\$11,551,158
11	Palm Beach County, FL	\$11,264,172
12	Las Vegas, NV	\$10,450,623
13	San Bernardino County	\$10,438,181
14	Los Angeles, CA	\$9,875,577
15	New York City, NY	\$9,787,803
16	Los Angeles County, CA	\$9,532,569
17	Connecticut State	\$9,322,756
18	State of Florida	\$8,511,111
19	Sacramento County, CA	\$8,358,000
20	State of Indiana - IHCA	\$8,235,625

## Top 10 out of 270 NSP3 Grantees for Program Income Received

Derived from sale proceeds minus transaction costs, fees, and homebuyer assistance.

	Grantee	PI Received
1	Riverside County, CA	\$7,772,781
2	State of Georgia	\$1,490,512
3	Aurora, CO	\$1,229,900
4	Fresno County, CA	\$1,216,055
5	San Joaquin County, CA	\$1,013,682
6	Sarasota County, FL	\$923,907
7	Clayton County, GA	\$895,314
8	Lee County, FL	\$827,983
9	Henderson, NV	\$780,997
10	Clark County, NV	\$663,119

## Top 10 out of 270 NSP3 Grantees for Total Drawn (Expended)

Expend 50% of allocation within 2 years and expend 100% within 3 years or forfeit balance.

	Grantee	Total Drawn
1	Riverside County, CA	\$16,438,935
2	Miami-Dade County, FL	\$11,936,705
3	State of Georgia	\$11,170,069
4	Clark County, NV	\$10,009,155
5	Las Vegas, NV	\$8,690,352
6	Phoenix, AZ	\$8,113,349
7	State of Ohio	\$6,504,739
8	Orange County, FL	\$5,781,761
9	San Bernardino County	\$5,655,885
10	Los Angeles, CA	\$5,652,651

<b>NSP3 Developer Partner</b>	<b>Date</b>	<b>Loan Amount</b>
<b>Sheffield Foreclosure Renovation, Inc. (Group 4)</b>		
NSP3 Program Income Loan Agreement	5/3/2011	2,500,000
First Amendment	9/27/2011	2,422,580
	Total	4,922,580
<b>Riverside Housing Development Corporation (Group 5 &amp; 7)</b>		
NSP3 Program Income Loan Agreement	5/3/2011	2,500,000
First Amendment	9/27/2011	2,422,580
	Total	4,922,580
<b>Habitat for Humanity Riverside, Inc.</b>		
NSP3 Program Income Loan Agreement	5/10/2011	1,000,000
First Amendment	9/27/2011	500,000
Second Amendment	7/31/2012	30,000
	Total	1,530,000
<b>Habitat for Humanity Inland Valley, Inc.</b>		
NSP3 Program Income Loan Agreement	5/10/2011	1,000,000
First Amendment	9/27/2011	500,000
	Total	1,500,000
<b>Sheffield Foreclosure Renovation, Inc. (Group 6)</b>		
NSP3 Program Income Loan Agreement	2/8/2012	700,000
First Amendment	7/12/2012	500,000
Second Amendment	10/29/2012	1,200,000
	Total	1,200,000
<b>Riverside Housing Development Corporation (Group 8)</b>		
NSP3 Program Income Loan Agreement	8/16/2012	800,000
First Amendment	3/18/2013	800,000
	Total	1,600,000

**NSP3 Statistics:**

- Total number of NSP3 homes acquired, rehabilitated and sold: 55
- Average cost of acquisition, rehabilitation, and disposition: \$218,192
- Average percentage discount below the current market appraised value upon acquisition (HUD requirement is 1%): 6.4%
- Average sales price to qualified first-time homebuyer: \$141,291
- Average development subsidy: \$76,901
- Average homebuyer assistance: \$41,575