

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



FROM: Economic Development Agency

SUBMITTAL DATE:
March 3, 2011

SUBJECT: Loan Agreement for the Use of Neighborhood Stabilization Program Income Funds with the Housing Authority of the County of Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached loan agreement for the use of \$1,000,000 in Neighborhood Stabilization Program Income (Program Income) funds between the County of Riverside and the Housing Authority of the County of Riverside;
2. Authorize the Chairman of the Board to sign the attached loan agreement;
3. Authorize the Assistant County Executive Officer/EDA, or his designee, to increase the amount of the attached loan agreement with the Housing Authority of the County of Riverside, up to \$3,000,000 in Program Income, subject to availability of funds and approval by County Counsel; and

(Continued)

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,000,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: Yes

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

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: March 15, 2011
xc: EDA, Auditor, Housing

Kecia Harper-Ihem
Clerk of the Board
By: *Jennifer L. Sargent*
Deputy

(Comp. Item 10.1)

Prev. Agn. Ref.: 3.23 of 6/16/09; 3.37 of 6/2/2009

District: ALL

Agenda Number:

3.12

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: *Samuel Wong* 3/3/11
 SAMUEL WONG
 Departmental Concurrence
 DATE: 2/24/11
 ANITA C. WILLIS
 FORM APPROVED COUNTY COUNSEL
 BY: *Anita C. Willis*

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

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or his 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, subsequent amendments to the loan agreement to increase funding, and subsequent essential and relevant documents subject to approval by County Counsel.

BACKGROUND: The Neighborhood Stabilization Program (NSP) was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) 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.

Between June 2, 2009 and June 16, 2009, the Board awarded the Housing Authority for the County of Riverside (HACR) a total of \$5,400,000 in NSP funds to acquire foreclosed single-family homes, rehabilitate, and resale to moderate income first time homebuyers. HACR has obligated 100% of the \$5,400,000 NSP funds, purchased 26 homes, and has sold nine homes to first time homebuyers. The remaining homes that the HACR purchased are currently being marketed to eligible buyers. The average cost of acquisition, rehabilitation, and disposition for the HACR properties has been \$207,692.

Pursuant to NSP regulations, all homes acquired by HACR have been acquired at a minimum discount of 1% below the current market appraised value as determined within 60 days of the date of the final purchase price offer. All NSP assisted homes will be affordable for a period of at least 15 years from the transfer of title to a qualified first-time homebuyer.

Subsequent to the resale of each foreclosed single-family home, proceeds from the sale, minus transaction costs, fees, and purchase price assistance for the first-time homebuyer are returned to County (Program Income). NSP requires county to allocate and expend Program Income toward NSP activities prior to expending NSP grant funds. Program Income is derived from NSP grant funds.

HACR has applied for additional NSP funds to continue to purchase foreclosed homes, rehabilitate, and resale to moderate first-time homebuyers. Staff has reviewed HACR's request and based on the HACR's past performance to obligate the \$5,400,000 NSP funds and sell NSP properties, staff is recommending the Board award the HACR an additional \$1,000,000 in Program Income. In order to expedite the process of expending Program Income towards NSP activities, maximize the use of NSP funds, and assist county to fulfill its requirements and national objectives, staff is also recommending the Board authorize the Assistant County Executive Officer/EDA, or designee, to increase the loan agreement with the HACR up to \$3,000,000, upon availability of Program Income funds, and subject to approval by County Counsel.

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

FINANCIAL DATA: (Commences on Page 3)

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FINANCIAL DATA:

All the costs related to this project will be fully funded with Neighborhood Stabilization Program Funds.

Attachments:

Loan Agreement