

THE NEIGHBORHOOD STABILIZATION PROGRAM SUBSTANTIAL AMENDMENT

Jurisdiction(s): Alameda County – Urban County Housing and Community Development Department	NSP Contact Person: Linda M. Gardner Address: 224 W. Winton Avenue, Room 108, Hayward, CA 94544 Telephone: 510-670-5939 Fax: 510-670-6378 Email: Linda.gardner@acgov.org
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On May 13, 2008, the Alameda County Board of Supervisors approved the County's FY 2008/09 Annual Action Plan of the Five Year (2006 – 2010) Consolidated Plan for Community Development Block Grant (CDBG) funds. On July 30, 2008, President Bush signed into law the 2008 Housing and Economic Recovery Act (HERA). HERA included a special allocation of CDBG funds, known as Neighborhood Stabilization Program (NSP) funds. NSP provides targeted emergency assistance to state and local governments to acquire and redevelop abandoned and foreclosed residential properties that might otherwise become sources of abandonment and blight within our communities. Alameda County, as the Urban County¹ lead agency, has been allocated \$2,126,927.00 in NSP funds.

HERA requires that these funds are targeted to the areas with the greatest need as determined by the percentage of sub prime or high cost mortgages, rate of foreclosures, and risk of further decline through foreclosures and abandonment. The County has 18 months to fully obligate these funds, and four years to expend all funds. Any program revenue can be reallocated to NSP eligible uses through 2014.

The purpose of this substantial amendment to the Annual Action Plan is to set forth the target areas and programs for the Alameda County Urban County NSP activities.

HERA required the U.S. Department of Housing and Urban Development (HUD) to allocate funds and implement NSP very quickly. Consistent with HERA, HUD is requiring local jurisdictions receiving NSP funds to also respond quickly. Due to the highly constrained time frame in which HUD and local jurisdictions are working, elements of NSP are still being evaluated and clarified while plans and programs are being drafted. Therefore, this amendment contains some flexibility to allow the County to make modifications in program design during the next 18 months without requiring additional substantial amendments.

¹ The Urban County includes the unincorporated County and the cities of Albany, Emeryville, Piedmont, Dublin and Newark.

A. DEFINITIONS AND DESCRIPTIONS

In the context of the Neighborhood Stabilization Program, the following definitions will apply:

- (1) “Affordable Housing Cost for Owner-Occupied Housing”
 - a. For low income households (51 - 80% of area median income), affordable housing cost shall not exceed the product of 30 percent of 70 percent of the area median income adjusted for Household size appropriate for the unit.
 - b. For moderate income households (81-100% of area median income), whose gross incomes exceed the maximum income for low income households and do not exceed middle income households, the product of 30 percent of 90 percent of the area median income adjusted for Household size appropriate for the unit.
 - c. For middle income households (up to 120% of area median income), affordable housing cost shall not exceed the product of 30 percent times 110 percent of the area median income adjusted for Household size appropriate for the unit.

- (2) “Affordable Rents”
 - a. For very low income households (50% or below area median income), the product of 30 percent times 50 percent of the area median income adjusted for assumed household size appropriate for the unit.
 - b. For low income households (51 - 80% of area median income), the product of 30 percent times 70 percent of the area median income adjusted for assumed household size appropriate for the unit
 - c. For moderate income households (80-100% of area median income) whose gross incomes exceed the maximum income for low income households, the product of 30 percent times 90 percent of the area median income adjusted for assumed household size appropriate for the unit.
 - c. For middle income households (up to 120% of area median income), the product of 30 percent times 110 percent of the area median income adjusted for assumed household size appropriate for the unit.

- (3) “Assumed Household Size”

<u>Unit size</u>	<u>Household Size</u>
Studio	1
1 bedroom	2
2 bedroom	3
3 bedroom	4
4 bedroom	5

(3) “Area Median Income” shall mean the median gross yearly income, adjusted for Actual Household Size as specified herein, in the County of Alameda, California, as published from time to time by HUD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County shall provide the Borrower with other income determinations which are

reasonably similar with respect to methods of calculation to those previously published by HUD

- (4) “Blighted Structure” shall mean buildings or conditions causing blight as defined in California Health and Safety Code Section 33031(a)(1) and (2)
- (5) “Continued Affordability” for Owner Occupied Housing shall meet or exceed the HOME Investment Partnerships Act (HOME) minimum requirements [24 CFR 92.254 (a)(4) and (5)] and shall mean one or more of the following:
 - a. Deed Restricted Programs: Buyers of homes assisted with NSP funds in a deed restricted program shall enter into a resale agreement that shall restrict the future sales price to keep the home affordable to future buyers. The resale restriction will also require future purchasers to be low, moderate, or middle income, occupy the home as their primary residence, and enter into a new resale restriction.
 - b. Shared Appreciation Loans: Buyers of homes assisted with NSP funds in a shared appreciation program shall execute a promissory note and deed of trust which will secure the loan principal plus a share of the appreciation. Any loan repayments made during the first five years of the NSP program will be used to subsidize additional purchasers of foreclosed homes.
 - c. The County will ensure continued affordability by for NSP assisted housing by requiring documentation of income-eligibility upon sale or initial occupancy of each NSP assisted unit.
- (6) “Continued Affordability” for Rental Occupied Housing shall meet or exceed the HOME Investment Partnership Act (HOME) minimum requirements [24 CFR 92.254 (a)(4) and (5)] and if additional HCD sources are used that leverage the NSP funds, shall likely last a minimum of 55 years. All rental housing projects will be restricted by Regulatory Agreements and Deed of Trust securing the County’s investment in the property. The

Minimum Affordability Periods

Rehabilitation or acquisition of existing housing per unit amount of NSP funds	HOME Standard
Under \$15,000	5
\$15,000-\$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed housing	20

- (7) “Estimated Foreclosure and Abandonment Risk Score (EFAR Score)” HUD developed a risk score using factors that include decline in home values, unemployment rates, rate of high cost loans (i.e. interest rates 3 percentage points above the Treasury rate), foreclosure start rates, and vacant property rates (using U.S. Postal Service reports of homes that are vacant for over 90 days).

- (8) “Foreclosed”. A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.
- (9) “High Priority Areas” are the cities and communities that have an EFAR Score of seven or eight in the Urban County as discussed in Section B (Greatest Need) below.
- (10) “Housing Costs for Owner-Occupied Housing” shall mean all of the following costs associated with a particular housing unit:
 - a. principal and interest on mortgage loans, and any loan insurance fees associated with the loan;
 - b. property taxes and assessments;
 - c. fire and casualty insurance;
 - d. property maintenance and repairs;
 - e. reasonable allowance for utilities not including telephone or cable; and
 - f. homeowners association fees, if any.
- (11) “Low Income” shall mean households whose annual adjusted income does not exceed 50 percent of the area median income.
- (12) “Low Priority Areas” are the cities and communities that have an EFAR Score of four or lower as discussed in Section B (Greatest Need) below.
- (13) “Medium Priority Areas” are the cities and communities that have an EFAR Score of five or six as discussed in Section B (Greatest Need) below.
- (14) “Middle Income” shall mean households whose annual adjusted income does not exceed 120 percent of the area median income.
- (15) “Moderate Income” shall mean households whose annual adjusted income does not exceed 80 percent of the area median income.
- (16) “Rehabilitation Standards” shall mean the applicable residential standards in the California Building Code as amended by the California Building Standards Commission.

B. AREAS OF GREATEST NEED

The Urban County is made up of the Cities of Albany, Emeryville, Piedmont, Newark, Dublin and the unincorporated portions of the County. To identify the areas of greatest need, County HCD staff evaluated data from Data-quick, Realty-trac, the Multiple Listing Service, and public records. The results between data sources were not entirely consistent, but did show clear patterns.

What	Source	Albany	Dublin	Emeryville	Newark	Piedmont	Unincorporated Alameda County
2007 Foreclosures	Data quick	9.00	72.00	78.00	80.00	22.00	347.00
Per 100 homes in 2007		0.12	0.45	1.30	0.60	0.57	0.66
2008 6 month summary	Data quick	3	80	56	115	13	432
Per 100 homes in 2008		0.04	0.50	0.94	0.86	0.34	0.82
Current REO's listed	MLS Data	2	24	8	43	1	215
Per 100 homes current		0.03	0.15	0.13	0.32	0.03	0.41
Current Pre, Auction & REO	Realty Track	24	359	160	532	7	4,293
Per 100 homes current		0.33	2.24	2.67	3.96	0.18	8.15
Total number of Housing units	CA Dept Finance	7,351.00	16,029.00	5,988.00	13,423.00	3,864.00	52,676.00

All data sources pointed to a pattern of foreclosure problems in Newark, Unincorporated Alameda County and Emeryville, but each data source showed the different jurisdictions with different needs. For instance, in 2007 and the first half of 2008, Emeryville clearly had the most foreclosures per 100 homes in its jurisdiction, even though Newark and the County clearly had a larger number of actual foreclosures. If the Multiple Listing Service data was reviewed, the Unincorporated County had the highest number of Real Estate Owned (REO) units listed and the highest number per 100 homes. Newark came in second, and then Dublin came in third, with Emeryville in fourth place. In all the data sources, the cities of Piedmont and Albany had fewer problems.

In addition, HCD staff attended meetings of the Bay East Association of Realtors and collected anecdotal information on foreclosures and REO properties. One of the most significant points is that properties in good neighborhoods, where banks were realistic about pricing, were selling quickly. Only properties in the most difficult neighborhoods, or properties owned by Banks which were not dropping their price according to market demands, were sitting on the market for longer than 60 days.

HUD has provided an Estimated Foreclosure and Abandonment Risk Score (EFARS)² to assist jurisdictions in determining the areas of greatest need. HUD provided scores from one to ten with one being the lowest risk and ten being the highest risk.

Due to the inconsistency of the data results reviewed, HCD decided to use the HUD EFARS for each jurisdiction in the Urban County to determine the highest need. The levels of risk in the Urban County ranged from one to eight. EFAR scores of seven and

² HUD developed its risk score using factors that include decline in home values, unemployment rates, rate of high cost loans (i.e. interest rates 3 percentage points above the Treasury rate), foreclosure start rates, and vacant property rates (using U.S. Postal Service reports of homes that are vacant for over 90 days).

eight represent “High Priority Areas”. EFAR scores of five and six represent “Medium Priority Areas”. EFAR scores of four or less represent “Low Priority Areas”.

Jurisdiction	Number of Census Tracts	Range of EFAR Score	# of CT Low Priority	# of CT Medium Priority	# of CT High Priority	Average EFAR Score
Newark	19	5 - 7	0	16	3	5.63
Unincorporated County	147	2 - 8	46	62	39	5.31
Emeryville	1	5	0	1	0	5
Albany	16	1 - 4	16	0	0	3.41
Dublin	13	3 - 4	13	0	0	3.2
Piedmont	9	3	9	0	0	3

Alameda County HCD, October 2008 – Summary of HUD scores, sorted by jurisdiction and EFAR Score

Attached is a map of these areas in Exhibit A.

C. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures

The County has analyzed the three HERA required criteria for the distribution of NSP funds. These include those areas with 1) the greatest percentage of home foreclosures, 2) the highest percentage of homes financed by a sub prime mortgage related loan, and 3) identified as likely to face a significant rise in the rate of home foreclosures. The EFAR Scores for the Urban County ranged from 1 through 8. County staff attributed a relative impact value of high, medium, or low to each census tract for each criterion. Based on this analysis, the following communities have the greatest need and are the High Priority Areas: The unincorporated neighborhoods of Ashland, Cherryland, Fairview, Foothill Knowles, Fairmont, El Portal Ridge, and San Lorenzo and certain neighborhoods in the city of Newark. The cities and communities of Castro Valley, Newark and Emeryville are also suffering from foreclosures and are the Medium Priority Areas. The remaining cities and communities in the Urban County are Low Priority Areas for this program.

All programs listed in Section G will be available in the High Priority Areas. Some, but not all of the programs will be available in the Medium Priority Areas. NSP funded programs will not be available in the Low Priority Areas.

The attached map shows the census tracts in the Urban County with an EFAR Score of 5 or higher. These are the census tracts where NSP funds may be spent.

Use of Funds:

The eligible uses of the NSP funds are:

- A. Establish financing mechanisms for the purchase and rehabilitation of properties that have been abandoned or foreclosed,
- B. Purchase and rehabilitate properties that have been abandoned or foreclosed upon
- C. Establish land banks for homes that have been foreclosed upon,
- D. Demolish blighted structures,
- E. Redevelop demolished and vacant properties:

In Section G of this Substantial Amendment to the 2008-09 Action Plan, Alameda County outlines each of the programs and activities contemplated under this program.

D. LOW INCOME TARGETING

As required, Alameda County HCD will set aside 25% of the grant - \$531,740, for households whose incomes do not exceed 50% of Area Median Income. It is expected that this amount will be used for rental housing. It is estimated that this amount will assist in the creation of between 1 and 2 units of rental housing.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income).

To date, there are no regulated or restricted rental housing units in the Urban County jurisdiction which are in foreclosure. Alameda County will not demolish or convert any low income units as a direct result of NSP assisted activities. The City of Emeryville has had restricted for sale units in foreclosure. The City has successfully implemented a “Foreclosure Prevention Strategy Program” to help households avert foreclosure if they have received notices of default. However, this year, one of the households in the First Time Homebuyer program defaulted and lost their home. To our knowledge, this is the only restricted unit foreclosed upon in the Urban County.

NSP funds will be used primarily to finance the acquisition and rehabilitation of foreclosed properties. Some funds may be used to provide down payment assistance or silent second loans to eligible households for the direct purchase of foreclosed homes.

The goal will be to work with vacant units. However, if identified properties have tenants or previous owners living in the units, all applicable Relocation laws and regulations will be followed.

Demolition and conversion of blighted structures is not a priority for Urban County NSP funds. However, during program implementation, the County may become aware of structures that should be demolished. If that is the case, the County will make every effort to work with a local nonprofit developer to build new housing units affordable to Low, Moderate or Middle income households.

Additional information on all programs is included in Section G below.

F. PUBLIC COMMENT

The Neighborhood Stabilization Program regulations required a public participation process. This process included providing the public notice of the new program, posting of the draft plan on the agencies website, and taking public comments for not less than 15 days.

Before the County drafted the Substantial Amendment and program activities, County staff held a meeting of the Urban County Technical Advisory Committee (TAC), made up of staff of each of the participating jurisdictions in the Urban County, to discuss the Neighborhood Stabilization Program requirements and the programs to be funded under the new funding source. The TAC voted to create a Revolving Loan Fund for use in the areas of greatest need, and to set aside the minimum of 25% of the funding for very low income households. After the posting of the Substantial Amendment, all TAC member comments submitted to HCD were incorporated into the Final Substantial Amendment submitted to HUD.

The draft Substantial Amendment was posted on the HCD website at www.acgov.org/cda/hcd on November 1, 2008. An email link was provided for the public to send comments specifically on the NSP program to HCD staff at nsp@acgov.org. In addition, on November 1, 2008 the Public Notice was published in the Oakland Tribune, The Fremont Argus, the Hayward Review and the Tri Valley Herald, newspapers of general circulation in Alameda County. Copies of these public notices are attached as Exhibit B to this Substantial Amendment.

The Public was invited to view the substantial amendment on the website and submit comments to HCD staff. Public comments received are summarized below:

- We received a number of emails from members of the public thanking us for implementing a program that would help first time home buyers.
- We received an email from a member of the public requesting that the units purchased be made available to the most at risk households, specifically those with terminal illnesses (like cancer) who need care and affordable housing.
- We received an email from Housing Consortium of the East Bay advocating that funds be used to assist the developmentally disabled, and that if that occurred, the funds could be well leveraged with State funding aimed at that target population.
- We received an email from the Alameda County Behavioral Health Care Department advocating that the funds be used to end homelessness in Alameda County, and especially target the goals of the EveryOne Home plan.

In addition to the Public Notice and Website, HCD Staff made presentation to some of the Alameda County CDBG entitlement jurisdictions and housing providers on the NSP program and the intended activities of the Urban County NSP program. Their comments are listed here:

- Skepticism that the program will work, given the amount of money available (“won’t make a dent in the foreclosure problem”).
- Challenging program to run, given the requirement to purchase properties at below market rate (10% to 15% discount from appraised value).
- Concern that the de-escalating market will make a purchase of a below market rate unit over market, by the time the unit comes up for resale.
- Concern that public entities could not purchase property below Fair Market Value due to California Eminent Domain Laws.
- Concern that the below market rate requirement will continue to deflate property values.
- Concern that the short time frame to obligate NSP funds will limit the ability to identify and leverage additional funds to carry out the NSP programs. This would limit the total number of homes and households that could benefit from this program.

The Substantial Amendment was taken to the Board of Supervisors on November 18, 2008 where the public could make comments. The Board adopted the Substantial Amendment, with the condition that any comments received at the board meeting be included in the final submission to HUD. No member of the public made comments at the Board meeting.

G. *NSP INFORMATION BY ACTIVITY*

(1) Revolving Fund for Purchase and Rehabilitation

(a) Activity Type:

NSP eligible use: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. This program may have a self help component.

CDBG eligible activity: Acquisition, Disposition, Relocation, Direct Homeownership Assistance, Eligible rehabilitation and preservation activities for homes and other residential properties, housing counseling for those seeking to take part in the activity.

(b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.

(c) Projected Start Date: January, 2009

(d) Projected End Date: On-going

(e) Responsible Organization: Alameda County Housing and Community Development Department is the responsible organization. The County anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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(f) Location Description: High Priority Areas and Medium Priority Areas

(g) Activity Description:

It is anticipated that purchasers under this program will be of moderate and middle income. This activity is not expected to meet the low income housing requirement.

The first priority is for the homes to be sold to LMMI households. If purchase-ready buyers cannot be identified, the homes will be made available as rental housing.

The homes will be sold for an amount equal to or less than the total amount of funds used to acquire and rehabilitate the home. Homebuyers will be required to sign a 20-year resale restriction or a shared appreciation promissory note. If local Redevelopment Agency funds are used to supplement NSP funds, the buyer will be required to enter into a 45-year resale restriction.

In the High Priority Areas, resale restrictions may be a deterrent to buyers who would rather purchase a home without restrictions. Therefore, shared appreciation loans may be a more practical approach. Attachment E has additional information on resale restrictions and shared appreciation loans.

This activity will target properties that can be purchased and rehabilitated in a cost effective manner, leveraging the funds as well as possible. All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

Interest Rates associated with this program will range from 1%-4% depending on project feasibility.

This activity is not intended to meet the low income housing requirement.

(h) Total Budget: \$1,382,502.55

The project budgets will be modified as additional funds are identified. This budget includes only NSP funds.

- (i) Performance Measures: Initially 3-4 homes will be purchased and rehabilitated. Additional homes will be purchased and rehabilitated if additional funding can be identified and if the first 4-5 units are sold quickly so that the sales revenue can be used to purchase and rehabilitate additional homes.

(2) Down payment Assistance/Shared Appreciation Loans

(a) Activity Type:

NSP eligible use: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

CDBG eligible activity: Acquisition, Disposition, Relocation, Direct Homeownership Assistance, Eligible rehabilitation and preservation activities for homes and other residential properties, housing counseling for those seeking to take part in the activity.

- (b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.

- (c) Projected Start Date: January, 2009

- (d) Projected End Date: On-going

- (e) Responsible Organization: Alameda County Housing and Community Development Department is the responsible organization. The County anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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- (f) Location Description: Medium and High Priority Areas

- (g) Activity Description:

This activity will provide down-payment and/or silent second mortgage assistance. Buyers will be required to contribute at least 3 percent of the purchase price from their own funds. NSP loans will be provided only with 30-year, fixed-interest rate loans that conform to California Housing Finance Authority, Fannie Mae or FHA underwriting criteria.

NSP loans will be provided as deferred payment, shared appreciation loans. The loans will be limited to \$60,000 or 15 percent of the purchase price, whichever is

lesser. Payments on the loans may be deferred until sale or transfer of the unit, or until the owner no longer occupies the unit.

All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

This activity is not intended to meet the low income housing requirement.

- (h) Total Budget: None at this time
Funds available to this activity may come from those invested in the purchase and rehabilitation of the properties under the first activity. Project budgets will be modified as additional funds may be identified.
- (i) Performance Measures: Performance measures will be established if this activity is funded.

(3) Low Income Rental

- (b) Activity Type:
NSP eligible use: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG eligible activity: Acquisition, Disposition, Relocation, Eligible rehabilitation and preservation activities for homes and other residential properties.
- (b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.
- (c) Projected Start Date: July, 2009
- (d) Projected End Date: On-going
- (e) Responsible Organization: Alameda County Housing and Community Development Department is the responsible organization. The County anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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(f) Location Description: High Priority and Medium Priority Areas

(g) Activity Description:

This activity is for the purchase and rehabilitation of residential properties suitable for long-term rentals. This activity will meet the low income housing requirement.

Residential units in this program may include single-family homes from Activity 1 that did not sell to homebuyers. This activity may also include small multi-family rental developments such as duplexes or possibly larger multi family buildings if other sources of funds are leveraged. It is expected that these units will be acquired and managed by local nonprofit housing agencies.

Rental units will be required to remain affordable to low income-households for a minimum of 20 years. If local Redevelopment Agency funds are used to supplement NSP funds, the owner may be required to enter into a 55 year rent restriction agreement.

All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

(h) Total Budget: \$ 531,731.75

This budget may be modified if additional resources are located.

(i) Performance Measures: It is expected that 1-2 units will be created with this activity.

(4) Demolition and Land Banking

(a) Activity Type:

NSP eligible use: Establish land banks for homes that have been foreclosed upon. Demolish blighted structures.

CDBG eligible activity: Acquisition, Disposition (includes maintenance), Clearance for blighted structures.

(b) National Objective: Low-Moderate-Middle-Area of Benefit (LMMA) housing.

(c) Projected Start Date: July, 2009

(d) Projected End Date: On-going

(e) Responsible Organization:

Alameda County Housing and Community Development Department is the responsible organization.

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(f) Location Description: High Priority and Medium Priority Areas

(g) Activity Description:

This activity is for the purchase and demolition of blighted residential properties.

All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

(h) Total Budget: None at this time

This activity will be implemented only if properties are identified that cause serious risk to the community and this program is the only program available to address these needs.

(i) Performance Measures: Performance measures will be determined when funds are budgeted to this activity.

(5) Homebuyer Pre-purchase Counseling

(a) Activity Type:

NSP eligible use: Housing counseling for prospective purchasers/tenants

CDBG eligible activity: Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties.

(b) National Objective: Serving a limited clientele whose incomes are at or below 120 % of area median income (LMMC).

(c) Projected Start Date: July, 2009

(d) Projected End Date: On-going

(e) Responsible Organization:

The County will work with HUD approved housing counseling agencies. Until an agency or agencies are identified, contact will be through the County.

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(f) Location Description: Medium and High Priority Areas

(g) Activity Description:

This activity is not intended to provide comprehensive pre-purchase counseling to prospective NSP participants. The counseling curriculum will include information on mortgage loans and the County's silent second shared appreciation loans.

(h) Total Budget: None at this time.

It is anticipated that homebuyer counseling classes will be funded through other sources including foundation grants. The County may consider funding this activity with NSP funds if needed.

(i) Performance Measures: Performance measures will be determined if this activity is funded.

(6) NSP Program Planning and Administration

(a) Activity Type:

NSP eligible use and CDBG eligible activity: An amount of up to 10 percent of an NSP grant provided to a jurisdiction and up to 10 percent of program income earned may be used for general administration and planning activities as defined at 24 CFR 570.205 and 206.

Activity delivery costs, as defined in 24 CFR 570.206, may be charged to the particular activity performed above and will not count as general administration and planning costs.

Pre-award Costs: A grantee may incur pre-award costs necessary to develop the NSP Application and undertake other administrative and planning actions necessary to receive the NSP grant, in compliance with 24 CFR 570.200(h).

(b) National Objective: N/A.

(c) Projected Start Date: September 30, 2008

(d) Projected End Date: On-going

- (e) Responsible Organization: General NSP planning and administration will be carried out by the Alameda County Alameda County Housing and Community Development Department.

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- (f) Location Description: Medium and High Priority Areas

- (g) Activity Description:
Planning and administrative work will include all tasks associated with the development and publication of the NSP Substantial Amendment. Activity development and related legal documents will also be covered by the planning and administration budget. Staff will make every effort to limit planning and administrative costs so that additional funds can be used for program implementation.

- (h) Total Budget: \$ 212,692.70

- (i) Performance Measures: N/A

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by

assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

To be signed when all public comments are received and added to the document

Linda M. Gardner
Alameda County Housing Director

November 24, 2008
Date