

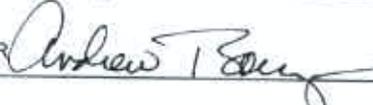


AGENDA ITEM NO. 9:15am

COUNCIL MEETING 7/16/09

APPROVED BY


 DEPARTMENT DIRECTOR


 CITY MANAGER

July 16, 2009

FROM: KEITH BERGTHOLD, Interim Director
 Planning and Development Department

BY: CLAUDIA CÁZARES, Interim Housing Manager
 Planning and Development Department

SUBJECT: AUTHORIZE SUBMITTAL OF A NEIGHBORHOOD STABILIZATION PROGRAM 2
 GRANT APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN
 DEVELOPMENT FOR \$10 MILLION IN PROGRAM FUNDS

RECOMMENDATIONS

Staff recommends that the City Council approve:

1. Authorize the submittal of a Neighborhood Stabilization Program 2 (NSP2) grant application to the U.S. Department of Housing and Urban Development (HUD) for \$10 million in program funds; and
2. Authorize the City Manager to sign all necessary documents for participation in NSP2, subject to approval by the City Attorney as to form.

EXECUTIVE SUMMARY

The Planning and Development Department is preparing an NSP2 application in response to the May 4, 2009, Notice of Funding Availability (NOFA) provided under the American Recovery and Reinvestment Act of 2009, as administered through HUD. Staff is requesting authorization to submit an NSP2 application, in partnership with the Fresno Housing Authority, for \$10 million in NSP2 funds for eligible acquisition, rehabilitation and home sale activities, and redevelopment of multi-family housing. If the City receives an award of \$10 million in NSP2 funds, the funding will be used by City-selected agencies/developers for acquisition, rehabilitation and subsequent sale of abandoned and foreclosed upon homes in three target areas. Currently, the City's Neighborhood Stabilization Program 1, authorized by Congress in 2008, is being used to fund similar activities. The City is proposing to allocate a portion of the awarded NSP2 funds to the Housing Authority for use in 10 selected target areas. The partnering component is integral to the application and is being proposed as part of a regional effort to combat the negative impact and visual blight caused by the high rate of foreclosures in Fresno. The application process is competitive with points awarded for meeting various threshold requirements; therefore staff has structured the application to obtain the highest possible points to secure an award of NSP2 funds.

Presented to City Council

Date 7/16/09

Disposition Approved

REPORT TO THE CITY COUNCIL

Neighborhood Stabilization Program 2 Grant Application to HUD

July 16, 2009

Page 2

BACKGROUND

The NSP2 is a component of the Community Development Block Grant (CDBG) Program and provides grant funds for redevelopment of abandoned and foreclosed homes in an effort to stabilize targeted neighborhoods that have been negatively impacted by foreclosed and abandoned properties.

On May 4, 2009, HUD released the NSP2 NOFA provided under the American Recovery and Reinvestment Act of 2009. The application is due to HUD on July 17, 2009, with an anticipated award date in fall of 2009.

Planning and Development Department staff is currently preparing the NSP2 application (Exhibit A) and will be requesting \$10 million in program funds. The minimum grant request is \$5 million with a programmatic requirement that a minimum of 100 foreclosed units be placed back to productive use, mitigated, or result in the elimination of blight in target areas. Therefore the requested \$10 million in funding is expected to yield a minimum of 200 rehabilitated units. The City is proposing a partnership component with the Housing Authority to enhance the City's NSP2 application and as part of a regional effort to combat the negative impact and visual blight caused by the high rate of foreclosures in Fresno. As part of the regional effort, the Housing Authority is preparing a complimentary application to address abandoned, foreclosed and blighted properties in the Fresno County areas.

NSP2 funds will be awarded on a competitive basis with a maximum point award of 150. The City's application has been drafted to score the highest points possible. If the City receives an award of \$10 million in NSP funds, the funding will be used by the selected agencies/developers for acquisition, rehabilitation and subsequent sale of abandoned and foreclosed upon homes in target areas. Single-family residential activity consists of developers selecting abandoned or foreclosed properties, performing rehabilitation work, and once completed, selling the home to an eligible homebuyer. The multi-family residential component will consist of multi-family developers selecting abandoned or foreclosed rental properties, perform rehabilitation work, and once completed, renting the units to low-income tenants. The Housing Authority will work exclusively on multi-family residential units that it will own and manage after rehabilitation.

Under the Housing and Economic and Recovery Act of 2008, the City received \$10.9 million in emergency assistance from HUD for redevelopment of abandoned and foreclosed homes and residential properties. If the City receives an award of \$10 million under the American Recovery and Reinvestment Act of 2009 NOFA, funds will be used similarly in select NSP2 target areas (Exhibit B).

The Housing and Community Development Division is proposing 3 target areas as follows:

- Shields to Shaw, East of HW 99 to West Ave.
- Ashlan to Shaw, Cedar to just west of Willow Ave.
- Central Fresno, appx. FW 41 to Chestnut, Kings Canyon to McKinley

The areas were selected based on the City's Code Enforcement Division's statistics obtained from the County's Assessor's Office on real estate owned properties and mapped by highest concentration of foreclosed properties and layered with the Brookings Institute's reported statistics of low-income concentration for the City of Fresno. Staff recommends targeting these neighborhoods as they statistically demonstrate the highest need for stabilization based on the number of foreclosures and low-income status, and where NSP2 funds can provide the greatest and most visible impact.

REPORT TO THE CITY COUNCIL

Neighborhood Stabilization Program 2 Grant Application to HUD

July 16, 2009

Page 3

HUD's minimum index score for this threshold category is 18 points. The scores are generated using an NSP needs calculator provided on HUD's website. The above target areas produced an average foreclosure and vacancy risk score of 19.64.

The Housing Authority's target areas are as follows:

Olive/McKinley/Cedar/First	Fresno/First/McKinley/Shields;
Chestnut/Peach/Belmont/Kings Canyon	California/Belmont/Marks/Thorne
First/Maroa/Herndon/Nees	Fruit/elm/Jensen/California
Orange/Chestnut/California/Butler	Kearney/Fresno/Ventura/California
Marks/Fruit/Shields/Belmont	Ashlan/Gettysburg/Cedar/Winery

The above target areas were selected by analyzing areas with high foreclosure rates that are also within areas where the Housing Authority currently owns and manages multifamily housing. By targeting these areas, the Housing Authority proposes to partner the use of NSP2 funds with the use of their funds targeted towards redevelopment efforts within their portfolio to provide the highest impact to neighborhoods affected by blighted, abandoned and foreclosed homes. The above target areas produced an average foreclosure and vacancy risk score of 19.7.

In accordance with the NSP2 regulations, the City proposes to use 10% of the grant funds for administrative cost associated with management and oversight of the program. A total of 25% of the funds will be designated to assist households at 50% of the area median income and below. The Housing Authority will be responsible for administering the activities for the 25% set aside since this complements their ongoing rehabilitation activities of multifamily complexes. The remaining 65% of the funds will be designated to assist households earning up to 120% of area median income.

NP2 funds will be appropriated as follows:

<u>Administration</u>	<u>Amount</u>	<u>Units</u>
	\$1,000,000	N/A
<u>City of Fresno</u>		
Single-family units:		
Very low to moderate-income	\$3,500,000	75
Multi-family units:		
Very low to moderate-income	\$2,500,000	50
<u>Housing Authority</u>		
Multi-family:		
Low to moderate income	\$ 500,000	15
Very low-income (25%)	<u>\$2,500,000</u>	<u>60</u>
Total	\$10,000,000	200

The rehabilitation of the existing housing stock and homebuyer assistance are a priority of the City's Housing Element of the 2025 General Plan and the 2006-2010 Consolidated Plan prepared for the U.S. Department of Housing and Urban Development. An award of NSP2 funds will assist the City in meeting the housing goals of the Housing Element and Consolidated Plan.

REPORT TO THE CITY COUNCIL

Neighborhood Stabilization Program 2 Grant Application to HUD

July 16, 2009

Page 4

HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

The Housing and Community Development Commission reviewed and recommended this item for approval at their July 8, 2009 meeting.

FISCAL IMPACT

If the City's application is successful, the NSP2 funds will be appropriated into the FY 10 budget. There is no match requirement.

Attachments:

Exhibit A – Application

Exhibit B –Target Areas

7/16/09

CONSORTIUM AGREEMENT

THIS AGREEMENT, is made and entered into effective July 16, 2009, by and between the CITY OF FRESNO, a municipal corporation (hereinafter referred to as "City"), and City of Fresno Housing Authority a body corporate and politic, (hereinafter referred to as "Housing Authority".)

RECITALS

- A. WHEREAS, the City of Fresno wishes to enter into a consortium agreement with the Housing Authority in applying for and receipt of an allocation of funds made available through the Neighborhood Stabilization Program 2 (NSP2); and
- B. WHEREAS, the U.S. Department of Housing and Urban Development (hereinafter referred to as "HUD") has issued a Notice of Funding Availability ("NOFA") for the NSP2 Program established by American Recovery and Reinvestment Act of 2009 (Public Law 111-005)(Recovery Act) for additional activities under Division B, Title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289)(HERA), as amended for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes; and
- C. WHEREAS, HUD is authorized to approve funding allocations utilizing monies made available by NSP2, subject to the terms and conditions of the public law and NSP 2 Regulations adopted by HUD; and
- D. WHEREAS, the City of Fresno, in partnership with the Housing Authority, wishes to submit a joint application to obtain from HUD an allocation of NSP2 funds in the amount of \$10,000,000; and
- E. WHEREAS, the procedures established by HUD require the City of Fresno and the Housing Authority to certify by agreement the consortium arrangement proposed for implementation of NSP2; and
- F. WHEREAS, if the City of Fresno and City of Fresno Housing Authority are selected for funding, they will execute a standard consortium funding agreement no later than December 1, 2009 for the allocations of NSP2 funds.

AGREEMENT

NOW, THEREFORE, City and Housing Authority agree as follows:

1. City and Housing Authority hereby enter into this consortium agreement.
2. City and Housing Authority shall submit a joint NSP2 application, incorporated herein by this reference (the "Application") to HCD for participation in the NSP2 in response to the NOFA issued on May 4, 2009, which will request \$10,000,000 in funding for the following:

Neighborhood Stabilization Program activities for households that do not exceed 120% of area median income and with no less than 25% of the NSP2 funds set aside for households at 50% of area median income or below.
3. City and Housing Authority shall cooperatively carry out the NSP2 program in the approved Application, consistent with constitutional and local law requirements and annually allocated and available funding.
4. City and Housing Authority agree to use the NSP2 funds for its activities in the manner presented in the NOFA as approved by HUD and in accordance with NSP2 program regulations. City and Housing Authority also may execute any and all other instruments necessary or required by HUD for participation in NSP2.
5. City shall serve as lead member for purposes of the Application and shall assume overall

responsibility for ensuring that the NSP2 program is carried out in compliance with all NSP2 requirements.

6. City appoints and authorizes the City Manager or designee, as agent of the City of Fresno, to conduct all negotiations, execute and submit documents including, but not limited to, the application, standard agreement, amendments, memoranda of understanding, request for reimbursements and so on, which may be necessary for participation in and completion of NSP2, including any extensions or amendments thereof, subject to prior approvals as to form by the City Attorney's Office.

IN WITNESS WHEREOF the City and Housing Authority have executed this Agreement as of the date first written above.

City of Fresno

By Andrew T. Souza
Andrew T. Souza, City Manager

7/16/09
Date

Housing Authority of the City of Fresno

By Preston Prince
Preston Prince, Executive Director

7/16/09
Date

Rebecca E. Klisch
City Clerk

By: Cindy Bruer
Deputy

7/16/09
Date

APPROVED AS TO FORM:

James C. Sanchez
City Attorney

By Laurie A. Avedisyan
Laurie A. Avedisyan, Deputy
Coyle

7-14-09
Date

[Signature]