



Meeting Date: 06/02/09

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s) _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s) _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input checked="" type="checkbox"/> Other Public Hearing

Prepared By: Melissa Hettona *Melissa* Agenda Item No. L-3
 Reviewed By: City Manager *[Signature]* City Attorney *BA* Finance *[Signature]* Other (Specify) _____

DATE: June 2, 2009
TO: City Council
FROM: William E. Wilkins, Housing Director
 Housing Department *[Signature]*
SUBJECT: Neighborhood Stabilization Program Grant Application

RECOMMENDATION

That the City Council:

- 1) Adopt a resolution authorizing the City Manager to execute and submit an application for funding of up to \$2,015,277, and to execute a grant agreement and any amendments thereto from the State of California Neighborhood Stabilization Program (NSP).
- 2) Authorize the Housing Department to use funds obtained from the program to purchase properties and authorize the Housing Director to execute all documents required for property acquisition.
- 3) Authorize the City Manager to approve a Special Budget Appropriation upon approval of the application.

DISCUSSION

The Neighborhood Stabilization Program (NSP), authorized by Congress under the Housing and Economic Recovery Act of 2008 (HERA) provides \$ 3.92 billion to States and localities for the purpose of assisting in the redevelopment of abandoned and foreclosed homes. The U.S. Department of Housing and Urban Development (HUD) allocated the funds under a formula using criteria specified by HERA.

Under the formula, the City of Oxnard was not eligible to receive a direct allocation from HUD, but is eligible to receive funds under the State's allocation. The State, applying the same criteria as HUD, has determined that the City is eligible to receive up to \$2,015,277.

The Housing Department's is proposing to use the funds to purchase and rehabilitate foreclosed and vacant single family homes, for resale to low- or moderate-income families (up to 120% of Area Median Income). The target areas of the funds will be areas within the City that have been designated as 51 percent or more low- and moderate-income areas according to the 2000 census data (see map attached). Properties will be rehabilitated and sold to low- or moderate-income families for a maximum price of the cost to acquire and rehabilitate the property, and will either have a 5- year affordability resale restriction agreement or a shared equity agreement with the City. Properties that can be sold "at cost" (i.e. the cost of acquisition plus cost to rehabilitate) will have a 5-year resale restriction agreement, which will require that if the property is sold within that time frame, the property must be sold to another low- or moderate-income family. The increase in value from the original purchase price will be based on the cost of living increase and the value of any improvements to the property. Any property sold at less than "at cost" to the City will have a shared appreciation agreement with the City. The City will carry a silent second loan at zero percent interest with no monthly payments. When the property is sold, the City will receive the silent second loan amount and a percentage of any appreciation.

Example: The cost to the City for acquisition and rehabilitation of a property is \$200,000, but the City has to sell the property at \$175, 000 to be affordable to a low- or moderate-income family. The actual purchase price will be \$200,000, but the City will carry a \$25,000 silent second loan.

If the property is sold, and the net appreciation is \$20,000, the City will receive its loan of \$25,000 plus the percentage of appreciation. In this case, since the loan equaled 12.5% of the original purchase price, the City would receive 12.5% of the appreciation or \$2500.

All properties will be purchased at a minimum of 15% discount from current fair market value based on an appraisal performed within 60 days of opening escrow. The entire portfolio of properties purchased must be a minimum of 15% discounted from current fair market value as a requirement of the NSP program.

Seventy-five percent of the funds received must be obligated by December 31, 2009, and all funds obligated by March 31, 2010. All funds must be expended by September 20, 2011.

As properties are sold, the proceeds will be recycled to purchase, rehabilitate, and sell more units. It is estimated that the initial grant will enable staff to process at least seven foreclosed units. The additional number of recycled units will depend upon the speed of the process before the expiration of the grant. The grant procedures require staff to return to City Council with a detailed program for the use of the recycled funds.

Because the timeline to obligate and use the funds is short and the property purchase process often requires that the parties involved move expeditiously, staff is requesting the authorization to purchase properties with the funds received and for authorization that the Housing Director be able to execute all documents related to the acquisition of properties.

FINANCIAL IMPACT

The City may receive up to \$2,015,277 for purposes of implementing the Neighborhood Stabilization Program.

Attachment #1 -- Resolution (including Target Area Map and Housing Rehabilitation Program Policies)

RESOLUTION NO. _

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE STATE OF CALIFORNIA NEIGHBORHOOD STABILIZATION PROGRAM (NSP).

WHEREAS, The California Department of Housing and Community Development (the "Department") is authorized to allocate the Neighborhood Stabilization Program ("NSP") funds made available from the Housing and Economic Recovery Act of 2008. NSP funds are to be used to assist localities in the redevelopment of abandoned and foreclosed homes.

WHEREAS on April 29, 2009, the Department issued a Notice of Funding Availability (the "NOFA") announcing the availability of funds under the NSP;

WHEREAS, the Department has allocated the City of Oxnard up to \$2,015, 277 in funding under the NSP; and

WHEREAS, In response to the NOFA, the City of Oxnard, wishes to apply to the Department for and receive the full allocation of NSP funds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD RESOLVES AS FOLLOWS:

Section 1. The City Council has authorized the City Manager to submit the grant application for up to \$2,015,277 for the following activities:

- 1) Purchase, and rehabilitation of foreclosed single family properties to be sold to low and moderate income families, and
- 2) Establishing resale restrictions or shared equity agreements for the properties sold. All funds will be targeted to areas within the City designated to be Low- and Moderate- Income according to the 2000 Census data.

If any additional NSP funding becomes available at a later date, the City Manager is authorized to apply for, and/or accept funding, up to the maximum allowed under the NSP program. Any additional NSP funding will be used in accordance with funding requirements established by the State of California Neighborhood Stabilization Program.

Section 2. The City Council has determined that federal Citizen Participation requirements were met during the development of this application.

Section 3. The City Council hereby approves the rehabilitation guidelines to be included in the application (attached).

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Section 4. The City Manager or his designees, Assistant City Manager Karen Burnham and Housing Director William E. Wilkins, are hereby authorized and directed to act on the City's behalf in all matters pertaining to the application.

Section 5. If the application is approved, the City Manager or his designees, Assistant City Manager Karen Burnham and Housing Director William E. Wilkins, are authorized to enter into and sign the grant agreement and any subsequent amendments thereto, with the State of California for the purposes of this grant.

Section 6. If the application is approved, the City Manager or his designees Assistant City Manager Karen Burnham and Housing Director William E. Wilkins are authorized to sign Funds Requests and other required reporting forms.

PASSED AND ADOPTED at this 2nd day of June 2009 by the following vote:

AYES:

NOES:

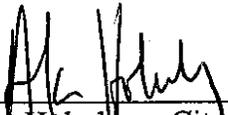
ABSENT:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

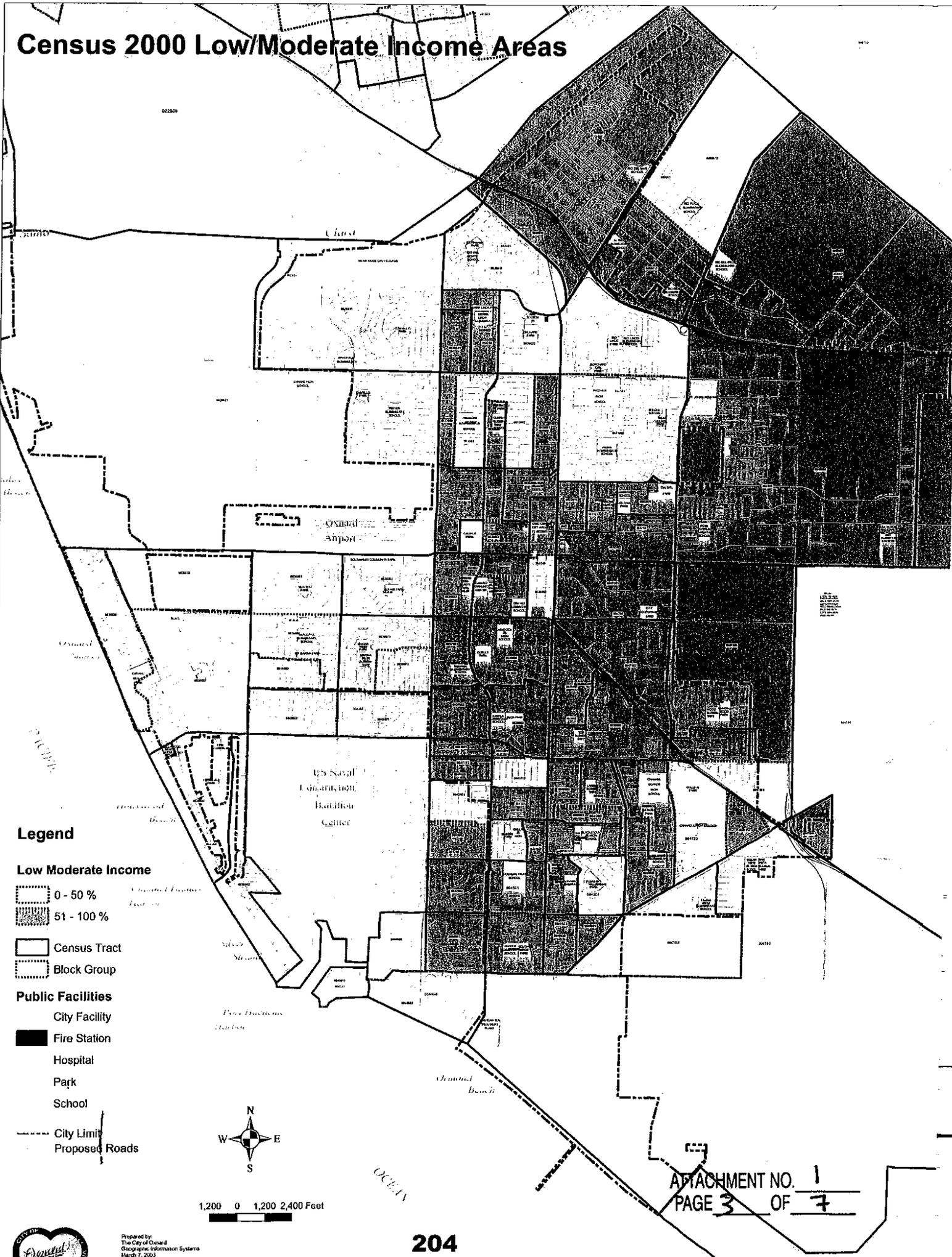
Approved as to Form:



Alan Holmberg, City Attorney

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Census 2000 Low/Moderate Income Areas



Legend

Low Moderate Income

-  0 - 50 %
-  51 - 100 %

-  Census Tract
-  Block Group

Public Facilities

- City Facility
-  Fire Station
- Hospital
- Park
- School
-  City Limit
-  Proposed Roads



1,200 0 1,200 2,400 Feet

ATTACHMENT NO. 1
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Prepared by:
The City of Onward
Geographic Information Systems
March 7, 2003
Last Update:
February 10, 2009



Housing Rehabilitation

Program Policies

May 2009

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General Requirements for Single Family Repair Programs

A residential dwelling must conform to the provisions of the Uniform Housing Code and the Oxnard City Code. The rehabilitation work shall correct any health and safety hazards, stop structural deterioration, and correct incipient building code violations. After rehabilitation, the residential dwelling shall provide a safe and habitable dwelling for the occupant(s) with normal maintenance.

Exterior

1. Roof, gutters and downspouts must be sound and free from hazards.
2. All exterior rails, stairs and porches must be sound and free from hazards.
3. If there is a chimney it must be sound and free from hazards.
4. All exterior surfaces must be free of cracking, scaling, peeling, chipping or loose paint and adequately treated or covered to prevent exposure to lead-based paint hazards.
5. A foundation must be sound and free from hazards.
6. Exterior painting is included as weather proofing as described by the Uniform Housing Code.
7. Exterior doors shall have two adequate locks. A keyed entry lock and dead bolt lock set.
8. Walks and steps shall be provided for "all-weather" access to the building and constructed so as to provide safety, reasonable durability and economy of maintenance. Where needed, driveways, garage floors and vehicle parking areas shall have asphalt or concrete surfaces presenting level, unbroken planes, free from ruts, mudholes or obstructions.
9. Landscaping may be provided to improve the visual quality of the neighborhood environment.
10. Insect screens for windows shall be provided.

Interior- General

1. Floors in kitchens and bathrooms shall be of durable, waterproof, non-absorbing materials, such as asphalt, vinyl composition tile, rubber, ceramic tile, or linoleum. Wood finish flooring shall not be used in these rooms. Floors in living room, hallway, and bedroom shall be of durable vinyl composition tile, linoleum, ceramic tile, finish wood flooring or carpeting.

2. Wall and ceilings shall be painted, papered, or have other appropriate finished surfaces. Kitchens and bathrooms shall be painted or papered to provide a waterproof and washable finished surface.
3. Each dwelling unit shall have at least 100 cubic feet of enclosed general storage on the property. All bedrooms shall have closet space that is either a built-in or portable enclosure ensuring adequate private clothing storage for occupants. Closets should provide a minimum of four (4) square feet of floor area per bedroom, not less than two (2) feet deep and, if not contained within the bedroom shall be reasonably accessible to it.
4. Each habitable room shall have not less than two (2) supplied convenience wall outlets and (1) supplied electric light fixture, except in bedrooms where a convenience wall outlet is connected directly to a switch.
5. All interior surfaces shall either be free of cracking, scaling, peeling, chipping, and loose paint or adequately treated and covered to prevent exposure to lead-based paint hazards.

Kitchen

1. There shall be at least one working electrical and one working permanently installed light fixture.
2. There shall be a working oven, a stove, and a refrigerator.
3. There shall be a sink with hot and cold running water.
4. Each living unit shall have a minimum of eight (8) linear feet of kitchen work counter space, including the sink. Minimum areas of kitchen storage shall be:
 1. Total shelving in wall and base cabinets – 20 square feet.
 2. Drawer area – 2 square feet.
 3. All one bedroom and efficiency units shall have not less than one-half of the above requirements.

Bathrooms

1. There shall be at least one bathroom containing the following:
 - a. A flush toilet.
 - b. A permanently installed wash basin with hot and cold running water.
 - c. A tub or shower with hot and cold running water.

- d. There shall be an operable window or a working ventilation system.

Utilities

1. There shall be provided adequate electrical capacity where the existing service is inadequate (such as the conversion of a fuse system to a breaker system).
2. There shall be an adequate and approved hot water heating system. Repairs shall be made to existing repairable systems (such as the relocation of a water heater or installation of a larger water heater).
3. There shall be an adequate and approved heating system for the health and comfort of its occupants. Repairs may be made to existing repairable systems, such as installing a different type of heater, forced air units, etc...

General

1. Facilities for the handicapped shall be provided as necessary. These include ramps, railings, supports, locksets, and doors, and larger door openings, for the safety and convenience of such person.
2. After rehabilitation, the property, must, at a minimum, meet the Section 8 Housing Quality Standards, applicable building codes, zoning ordinances, and cost-effective energy conservation standards.