

PLACER COUNTY

COMMUNITY DEVELOPMENT GRANTS AND LOANS

MEMORANDUM

TO: Honorable Members of the Board of Supervisors
FROM: Richard E. Colwell, Chief Assistant CEO
DATE: June 9, 2009
SUBJECT: Adopt a Resolution Authorizing the County Executive Officer to Execute a Cooperative Agreement with the Cities of Lincoln and Rocklin and Authorizing a Joint Application to the California Department of Housing and Community Development for a Grant of \$2,046,469 from the Community Development Block Grant Neighborhood Stabilization Program.

Richard E. Colwell

ACTION REQUESTED: Adopt a resolution authorizing the County Executive Officer to execute a Cooperative Agreement (CA) with the cities of Lincoln and Rocklin and authorizing a joint application to the California Department of Housing and Community Development (HCD) for a grant of \$2,046,469 from the Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP).

BACKGROUND: HCD has issued a Notice of Funding Available (NOFA) for the NSP program to address abandoned and foreclosed, bank-owned homes. The following jurisdictions in Placer County have been assigned individual allocations which total \$2,046,469: City of Lincoln - \$667,852; City of Rocklin - \$505,694; and the unincorporated areas of Placer County - \$872,923. The criteria for this allocation included percentage of foreclosures, percentage of subprime loans and a significant rise in foreclosure rate. HCD has established \$1,000,000 as the minimum application therefore two or more jurisdictions have to file a joint application. HCD requires a CA be executed with the cities of Lincoln and Rocklin in order to apply for NSP Funds. The attached resolution also authorizes Placer County to apply for additional funds, if they become available.

Eligible activities:

- Establish financing mechanisms to assist low, moderate and middle-income households in the purchase and/or redevelopment of foreclosed homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;
- 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;
- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures; and
- redevelop demolished or vacant properties.

The attached draft CA provides for Placer County to file the application as lead agency for participating cities and the county. If successful, the jurisdictions anticipate using most of the funds for homebuyer assistance loans to eligible households to purchase homes directly from banks. The CA also allows for the County or cities to contract with a third party to purchase directly from banks, hold title, manage,

and/or rehabilitate the single family homes for resale to low-, moderate-, and middle-income homebuyers identified in each of the above mentioned jurisdictions.

Each jurisdiction can, within its boundaries:

- retain its ability to identify the bank owned homes eligible for home-buyer assistance and/or acquisition, rehabilitation, and resale to income qualified households;
- select the appropriate method to secure the services of rehabilitation of the homes, whether it be by using existing resources, or using the services of a third party
- be responsible to do outreach and selection of the income qualified purchasers to purchase the rehabilitated homes;
- prepare the required reporting as necessary regarding program compliance or progress; and
- keep financial and recordkeeping documents in compliance with program guidelines or regulations.

As lead agency in the CA, the County would also be responsible to prepare and file the application, manage the grant funds, and coordinate request for proposals for third party contracts. These duties are proposed to be carried out by staff of the Redevelopment Agency. NSP allows up to 5% of the grant amount to be used for administrative costs of the participating agencies. The CA requires the County and cities to enter into a more detailed sub-recipient agreement to implement the grant.

NSP requires that the application must target defined areas where there is foreclosure activity that can be documented by sources NSP recognizes. The notice for this public hearing and the attached resolution listed potential target areas of Kings Beach, Tahoe Vista, Sheridan, North Auburn, Bowman, Foresthill and defined areas in Rocklin and Lincoln. NSP also requires that 75% of the funds be obligated by December 31, 2009. The attached resolution lists estimated expenditures by activity.

FISCAL IMPACT: There will be no fiscal impact to the County General Fund. NSP funds come from the federal Housing and Economic Recovery Act of 2008.

ENVIRONMENTAL STATUS: This proposed administrative action is exempt from environmental review per California Environmental Quality Act Guidelines section 15178(b)(5) and the National Environmental Protection Act per 24 CFR Section 58.34.

RECOMMENDATION: Adopt a resolution authorizing an execution of a CA with the cities of Lincoln and Rocklin and submittal of a joint application to HCD for a grant of funds from the CDBG Neighborhood Stabilization Program.

Attachment: Resolution
Cooperative Agreement

cc: Karin Schwab, Agency Counsel
James Lobue, Deputy Director, Redevelopment Agency

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Authorizing the County Executive Officer a to execute a Cooperative Agreement with the cities of Lincoln and Rocklin and authorizing a joint application to the California Department of Housing and Community Development for a grant of \$2,046,469 from the Community Development Block Grant Neighborhood Stabilization Program

Reso. No. _____

Ord. No. _____

First Reading _____

The following Resolution was duly passed by the Board of Supervisors
of the County of Placer at a regular meeting held _____,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Board of Supervisors

Clerk of said Board

WHEREAS, the State of California Department of Housing and Community Development (HCD) has issued a Notice of Funding Available for the Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP) allocating the City of Lincoln - \$667,852, the City of Rocklin - \$505,694, and the unincorporated areas of Placer County - \$872,923 with a requirement that an application be filed under a Cooperative Agreement (CA) for a minimum of \$1,000,000;

WHEREAS, the County seeks to conform with CDBG and Housing and Economic Recovery Act of 2008 requirements in regard to having a Cooperative Agreement in order to apply for Neighborhood Stabilization Program (NSP) funds;

WHEREAS, a public hearing for the design phase was held on January 8, 2009 at Placer County and City of Roseville as required by CDBG to inform and seek input from area residents, property owners, and other interested persons of the scope of this program;

WHEREAS, The Board of Supervisors held a duly noticed public hearing to consider filing the application on June 9, 2009; and

WHEREAS, the Board of Supervisors wishes to file the application for NSP funds.

NOW, THEREFORE BE IT RESOLVED:

Section 1

The Board of Supervisors has reviewed and hereby approves an application (and its contents), authorizes the Chief Assistant CEO or designee to file the joint application and accepts Placer County's role as the lead agency for up to \$2,046,489 for the following eligible activities to benefit, low, moderate and middle income households in the City of Rocklin, the City of Lincoln and the Placer County unincorporated areas of Kings Beach, Tahoe Vista, Sheridan, North Auburn, Bowman and Foresthill for the following activities:

1. Establish financing mechanisms for the purchase and/or redevelopment of foreclosed homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low-, moderate-, and middle-income homebuyers (estimated expenditures up to \$1,046,469);
2. 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 (estimated expenditures up to \$500,000);
3. establish land banks for homes that have been foreclosed upon (estimated expenditures up to \$200,000);
4. demolish blighted structures (estimated expenditures up to \$100,000); and
5. redevelop demolished or vacant properties (estimated expenditures up to \$200,000)

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

Section 2

The County of Placer has determined that the federal Citizen Participation requirements were met during the development of this application.

If the application is approved, the Chief Assistant CEO or designee is 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 and to sign Funds Requests and other required reporting forms.

BE IT FURTHER RESOLVED, that the County Executive Officer is authorized to execute the above identified Cooperative Agreement with selected jurisdictions and related documents for the State of California Neighborhood Stabilization Program.

BE IT FURTHER RESOLVED, that the target areas are further defined as:

1. The unincorporated communities of Kings Beach-96143, Tahoe Vista-96148, Foresthill-95631, Sheridan-95681, and the unincorporated portion of North Auburn and Bowman in zip codes 95602 and 95603.
2. That portion of the City of Rocklin in zip code 95677
3. Those portions of the City of Lincoln described as follows: Census Tract 213.01 (Block Group's 1 & 2) which encompasses the Lincoln Crossing, Foskett Ranch and Air Center General Development Plans; Census Tract 214.02 (Block Group's 1, 2, & 3) bounded by Nicolaus/9th Street to the north, Joiner Parkway to the west, G Street/Hwy 65 to the east, and the Auburn Ravine to the south; Census Tract 214.01 (Block Group 1, 2 & 3) bounded by G Street/ Hwy 65 on the west, Auburn Ravine to the south and south west, and Liberty Lane to the west, (The northerly boundary of the Census Tract is formed by the northern property line of the Gladding McBean plant and the Markham Ravine, the east along the City's boundary line to McCourtney Road.).

**COOPERATIVE AGREEMENT BETWEEN THE COUNTY OF PLACER AND THE
CITIES OF LINCOLN AND ROCKLIN TO OPERATE THE NEIGHBORHOOD
STABILIZATION PROGRAM**

THIS COOPERATIVE AGREEMENT ("Agreement") is made effective as of this _____ day of _____, 2009 by and among the County of Placer ("Placer County"), the City of Lincoln ("Lincoln") and the City of Rocklin ("Rocklin"). Placer County, Lincoln and Rocklin are hereinafter collectively referred to as the "Local Jurisdictions".

Recitals

- A. WHEREAS, Title III of the Division B of the Housing and Economic Recovery Act, 2008 (HERA) appropriates \$3.92 billion for emergency assistance for redevelopment of abandoned and foreclosed homes and properties and establishment of funding mechanisms for low and moderate income households to acquire such homes, and provide under a rule of construction that, unless HERA states otherwise, the grants are to be considered Community Development Block Grant (CDBG) funds;
- B. WHEREAS, the grant program under Title III is commonly referred to as the Neighborhood Stabilization Program (NSP);
- C. WHEREAS, the State of California's Department of Housing and Community Development ("HCD") has received \$145 million in NSP funding to address abandoned and foreclosed homes.
- D. WHEREAS, HCD has established criteria whereby jurisdictions which are eligible to receive less than \$1 million allocation will be required to apply cooperatively with contiguous jurisdictions for allocations, which will require establishment of a Cooperative Agreement to operate the NSP
- E. WHEREAS, the following jurisdictions in Placer County have been assigned individual allocations which total \$2,046,469; Lincoln is eligible to receive up to \$667,852; Rocklin is eligible to receive up to \$505,694; and the unincorporated areas of Placer County will be eligible to receive the balance of \$872,923 in NSP funding;
- F. WHEREAS, cooperative applications for funding require the designation of a "lead agency" to administer the NSP Program;
- G. WHEREAS, the Local Jurisdictions desire to apply for the NSP funding through the State of California;

NOW, THEREFORE, the parties hereby agree as follows:

- 1) Designation of Lead Agency. Placer County will be designated as the lead agency for the Placer County allocation and will apply on behalf of the Local Jurisdictions to the

State Department of Housing and Community Development (HCD) for the Neighborhood Stabilization Program (NSP), funded by the United States Department of Housing and Urban Development (HUD). As Lead Agency, Placer County will be required by HCD to enter into a Standard Agreement with HCD and comply with all State NSP requirements and ensure that NSP requirements are complied with after grant closeout. HCD will require Rocklin and Lincoln to enter into a subrecipient agreement with Placer County in order to receive funds.

2) Funds may be used for the following activities:

- Establish financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers. Jurisdictions may establish a priority for these financing activities that do not involve acquisition by the jurisdiction or a third party;
- 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;
- Establish land banks for homes that have been foreclosed upon;
- Demolish blighted structures.

3) Administrative Fee Distribution. HCD has identified the maximum administrative costs for reimbursement as five percent (5%) of the awarded allocation, estimated to be \$102,323. The Subrecipient Agreement will specify the amount of administrative funds each jurisdiction will receive as reimbursement for eligible administrative tasks each jurisdiction is responsible for, as specified in the sub-recipient agreement, provided that the lead agency shall receive no less than 55% of the administrative funds.

4) Program Income. NSP program income will belong to Placer County as lead entity, even if it is generated from activities undertaken within or by the cooperating local jurisdictions.

5) Best Efforts to Secure Third Party Services. Placer County, Lincoln and Rocklin will utilize their best efforts to subcontract with a third party to either hold title, manage, and/or rehabilitate the single family homes identified in each of the above respective jurisdictions. Where only financing is involved the jurisdiction may choose to administer the loan.

6) Responsibilities of Local Jurisdictions. Each jurisdiction will be responsible for the following within their own jurisdictions:

- i) retain their ability to select the bank owned homes which will be chosen to acquire, rehabilitate and resell to income qualified households;

- ii) select the appropriate method to secure the services of rehabilitation of the homes, whether it be by using existing resources, or using the services of a third party;
 - iii) be responsible to do outreach and selection of the income qualified purchasers whether it be by using existing resources, or using the services of a third party;
 - iv) prepare the required reporting data as necessary regarding program compliance or progress and submit to the Lead Agency in a timely manner for submittal to HCD; and
 - v) keep financial and recordkeeping documents in compliance with program guidelines or regulations; and
 - vi) satisfy all requirements of the National environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA).
- 7) Timeliness for Encumbrance of Allocation. As allowable under HERA and HCD's Substantial Amendment for the NSP program, as approved by the U.S. Dept. of Housing and Urban Development (HUD) and the Standard Agreement, if any jurisdiction is unable to obligate 75% of its initial allocation of funding by October 31, 2009 those funds will revert back to the Placer County pool for usage by the jurisdictions which have been able to show a good faith effort to acquire abandoned or bank owned properties or provide down payment assistance for purchase of abandoned or bank owned properties under this Program or as specified in the Standard Agreement.
- 8) Fair Housing Certification. The Local Jurisdictions will take all actions necessary to assure compliance with the certification required by section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 109 of Title I of the Housing and Community Development Act of 1974, and other applicable laws. This Agreement prohibits NSP funding for activities in, or in support of, Local Jurisdictions which do not affirmatively further fair housing within its own jurisdiction or that impedes Placer County's actions to comply with its fair housing certification.
- 9) Required Local Government Policies. The Local Jurisdictions have adopted and are enforcing:
- o 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
 - o A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within jurisdictions.

- 10) NSP Application and State Standard Agreement. The Agreement may not contain a provision for veto or other restriction that would allow any party to the agreement to obstruct the implementation of the approved NSP application during the period covered by the applicants' NSP agreement with the State.
- 11) SubRecipient Agreements. Pursuant to Part 24 of the Code of Federal Regulations (CFR) 570.501(b), the Local Jurisdictions are subject to the same requirements applicable to subrecipients, including the requirement of a written agreement as described in 24 CFR 570.503 (see Section VIII, Special Considerations, paragraph B). Therefore, Placer County will be required to enter into the prescribed subrecipient agreement with each of the Local Jurisdictions to affect the NSP Program upon award of funds from HCD.
- 12) Liability and Indemnity. Each Local Jurisdiction ("Indemnitor") shall indemnify, and hold harmless the other Local Jurisdictions ("Indemnitees"), from and against any and all Losses arising out of the Indemnitor's negligence or willful misconduct in administration of the NSP. Nothing contained in this section is intended to indemnify the Indemnitees from their sole negligence or willful misconduct. If more than one Local Jurisdiction is determined by a court of competent jurisdiction to be jointly at fault or contributorily negligent for the action giving rise to the Losses, then those Local Jurisdictions shall indemnify, and hold harmless the other Local Jurisdictions in a proportional amount to their share of fault as determined by the court. If all Local Jurisdictions are determined by a court of competent jurisdiction to be jointly and equally at fault, then the Local Jurisdictions shall share the amount of the Losses equally.

The Local Jurisdiction where the initial claim is filed shall provide a defense for any other Local Jurisdiction(s) who is (are) named in the claim or action. If identical claims are filed in each Local Jurisdiction, the Local Jurisdictions shall share equally in the defense as long as all Local Jurisdictions remain party to the claim or action.

This section applies strictly to covenants and conditions set forth in this Agreement. The Local Jurisdictions agree that the future sub-recipient agreement will contain provisions related to liability and indemnification to address the covenants and conditions set forth in that agreement.

- 13) Effective Date. The effective date of this Agreement is the date this NSP Cooperative Agreement is signed by the County Executive Officer.
- 14) Term of Agreement. This Agreement remains in effect until the NSP funds and program income received are expended and the funded activities completed, or when the Standard State Agreement expires, which ever comes first. The Local Jurisdictions cannot terminate or withdraw from the NSP Cooperative Agreement while it remains in effect.

- 15) Counterparts. This Agreement may be executed in counterparts, and each fully executed counterpart will be considered an original document.
- 16) Entire Agreement. This Agreement is intended as the complete integration of all understandings between the parties, constitutes the entire agreement between parties pertaining to the subject matter contained in it, and supersedes all prior or contemporaneous oral or written agreements, representations, statements, documents, or understandings of the parties. No prior or contemporaneous addition, deletion, or other amendment shall have any force or effect unless embodied in writing.
- 17) Amendment. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.
- 18) Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by telecopy directed to the party to whom notice is given at the telecopy number listed below; or (ii) at the earlier of actual receipt or the second business day following deposit in the United States mail, postage prepaid. Notices and other communications shall be directed to the parties at the addresses shown below.

Placer County: Joanne Auerbach, Housing Program Coordinator
Placer County Redevelopment Agency
3091 County Center Drive Suite 260
Auburn, CA 95603
Fax: (530) 745-3152

Lincoln: Steve Art, Economic & Redevelopment Manager
City of Lincoln
600 Sixth Street
Lincoln, CA 95648
Fax: (916) 645-8903

Rocklin: Terry A. Richardson, Assistant City Manager
City of Rocklin
3980 Rocklin Road
Rocklin, CA 95677
Fax: (916) 625-5195

IN WITNESS WHEREOF, the parties hereto have entered into this Cooperative Agreement effective as of the date first above written.

PLACER COUNTY, CALIFORNIA

DATED: _____ By: _____

TOM MILLER
COUNTY EXECUTIVE OFFICER

ATTEST:

DATED: _____

ANN HOLMAN
CLERK OF THE BOARD OF
SUPERVISORS

APPROVED AS TO FORM:

DATED: _____

ANTHONY J. LA BOUFF
PLACER COUNTY COUNSEL

THE CITY OF LINCOLN, CALIFORNIA

DATED: _____ By: _____

JIM ESTEP
CITY MANAGER

ATTEST:

DATED: _____

PATRICIA AVILA

CITY CLERK

APPROVED AS TO FORM:

DATED: _____

TIM HAYES, CITY ATTORNEY

THE CITY OF ROCKLIN, CALIFORNIA

DATED: _____ By: _____
CARLOS A. URRUTIA
CITY MANAGER

ATTEST:

DATED: _____
BARBARA IVANUSICH
CITY CLERK

APPROVED AS TO FORM:

DATED: _____
RUSSELL A. HILDEBRAND
CITY ATTORNEY

