

PLACER COUNTY

COMMUNITY DEVELOPMENT GRANTS AND LOANS

MEMORANDUM

**TO:** Honorable Members of the Board of Supervisors  
**FROM:** Richard Colwell, Chief Assistant CEO *R. Colwell*  
**DATE:** November 17, 2009  
**SUBJECT:** Adopt a Resolution Authorizing the Chief Assistant County Executive Officer to Execute a Subrecipient Agreement with the Cities of Lincoln and Rocklin to Implement the Use of \$2,046,469 Awarded from the Community Development Block Grant Neighborhood Stabilization Program and Establishing Loan Limits for the Program.

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**ACTION REQUESTED**

Adopt a resolution authorizing the Chief Assistant County Executive Officer to execute a Subrecipient Agreement with the Cities of Lincoln and Rocklin to implement the use of \$2,046,469 awarded from the Community Development Block Grant Neighborhood Stabilization Program (NSP) and establishing loan limits for Program.

**BACKGROUND**

In June 2009, your Board authorized and the County applied for California Department of Housing and Community Development (HCD) NSP funds to address abandoned and foreclosed, bank-owned homes. HCD required that Placer County file for its allocation of \$872,923 together with Lincoln's \$667,852 and Rocklin's \$505,694 allocations. At that time, HCD required, and your Board authorized, a Cooperative Agreement (CA) between the County and the two Cities, in order to file the application. The CA recognized that the County and the Cities would also enter into a Subrecipient Agreement, as required by HCD. On September 1, 2009, HCD notified Placer County of the award of the \$2,046,469 to the County and the two Cities, with Placer County designated as the lead agency. HCD requires the County, as lead agency for purposes of the NSP, to enter into the State Standard Agreement to follow all state and federal requirements of NSP. A copy of the Standard Agreement is attached as Exhibit A to the Subrecipient Agreement.

The Subrecipient Agreement authorizes the County and Cities to undertake certain NSP activities and lists the federal and state rules and regulations all must follow. These activities must benefit low-, moderate-, and middle-income households and include:

- loans to homebuyers to acquire houses owned by the bank
- purchase and rehabilitation of bank-owned homes, generally with a loan to a third party under contract to the jurisdictions
- demolition of vacant, blighted bank-owned homes
- redevelopment of vacant previously developed sites

Unincorporated areas eligible to be considered for loans and acquisitions of bank-owned properties include North Auburn/Bowman, Foresthill, Kings Beach, Tahoe Vista, and Sheridan. Since the

application was filed the State changed the provisions that allowed the funds to be used for land banking, so it is no longer part of the application.

Since June, the County and Cities jointly issued a Request for Proposal for a consultant to administer some of the loans and to acquire and rehabilitate bank-owned homes with loans of NSP funds. Mercy Housing was selected and contract negotiations are underway. Each jurisdiction will have its own separate contract with Mercy Housing. Other steps that County staff has taken or will take administratively to implement this program include web-site posting, press releases, and other notification to the homebuyers' interest list, local real estate agents, and interested community groups. If it is determined that a bank-owned property in the unincorporated area could be acquired more efficiently by the County than by Mercy Housing, your Board's approval would first be sought.

Any income from loan payoffs or sales proceeds in the NSP program must be paid to the County and held in a separate fund. When allowed by NSP, the Subrecipient Agreement provides that income generated will first be considered for expenditure in the jurisdiction it came from. This will also be outlined in the NSP program income reuse plan required by HCD and is subject to HCD approval.

Previously, your Board adopted a resolution authorizing loans of CDBG funds for up to \$175,000. These loans have generally been second deeds of trust approved by the Redevelopment Agency Loan Committee or Agency management staff for either acquisition or rehabilitation. Due to the shorter NSP spending deadlines and the combined acquisition/rehab loans in this NSP program, the attached resolution establishes and authorizes loans of up to \$300,000 but limits that authority to cases of an acquisition/rehab secured by a first deed of trust. These larger loans will be first deed of trust loans to Mercy Housing to acquire and rehabilitate the bank-owned houses and will be authorized only for this NSP program. When the rehabilitation is complete, the houses will be sold to low-, moderate-, or middle income homebuyers. The loan that the homebuyer will have to qualify for from a conventional or FHA lender will "take out" all or part of the NSP funds. The proceeds will then be deposited into the NSP program income reuse fund. Any remaining loan will become a second deed of trust to the homebuyer.

### **ENVIRONMENTAL IMPACT**

As outlined in the Standard Agreement, the State will require all environmental review pursuant to the National Environmental Policy Act be completed prior to funding the grant. The execution of the present Subrecipient Agreement is an administrative action taken in furtherance of the goals and policies set forth in the Housing Element of the General Plan, the adoption of which was subject to prior environmental review pursuant to the California Environmental Quality Act and, where applicable, the National Environmental Policy Act.

### **FISCAL IMPACT**

There will be no impact to the County's General Fund. NSP funds come from the federal Housing and Economic Recovery Act of 2008.

**RECOMMENDATION**

Adopt a resolution authorizing the Chief Assistant County Executive Officer to execute a Subrecipient Agreement with the Cities of Lincoln and Rocklin to implement the use of \$2,046,469 awarded from the Community Development Block Grant NSP and establishing loan limits for Program.

Attachment: Resolution  
Subrecipient Agreement

CONTRACT/AGREEMENT  
FOR REVIEW ONLY AT  
THE CLERK OF THE BOARD

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

**In the matter of:**

Authorizing the Chief Assistant County Executive Officer to execute a Subrecipient Agreement with the cities of Lincoln and Rocklin to implement the use of \$2,046,469 awarded from the Community Development Block Grant Neighborhood stabilization program and establishing loan limits for the 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**

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WHEREAS, the State of California Department of Housing and Community Development (HCD) has awarded Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP) fund allocations to the City of Lincoln - \$667,852, the City of Rocklin - \$505,694, and the unincorporated areas of Placer County - \$872,923;

WHEREAS, the County seeks to conform with CDBG and Housing and Economic Recovery Act of 2008 requirements by executing a Subrecipient Agreement to implement NSP;

WHEREAS, on June 9, 2009, the County Executive Officer, as authorized by the Board of Supervisors, executed a Cooperative Agreement with Rocklin and Lincoln designating Placer County as the lead agency for filing and implementation of the NSP grant;

WHEREAS, the Board reviewed the Subrecipient Agreement; and

WHEREAS, the NSP application and Subrecipient Agreement allow acquisition and rehabilitation of a bank-owned house.

NOW, THEREFORE BE IT RESOLVED that the Chief Assistant County Executive Officer is authorized to execute the above identified Subrecipient Agreement with the identified jurisdictions and execute related documents to implement the State of California CDBG NSP.

BE IT FURTHER RESOLVED, that the loan limit in the CDBG NSP guidelines is authorized up to \$300,000 to approve loans in accordance with CDBG NSP guidelines and regulations for acquisition and rehabilitation of bank-owned houses.

