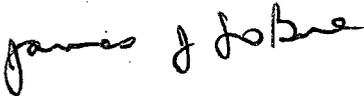


**PLACER COUNTY**

**COMMUNITY DEVELOPMENT GRANTS AND LOANS**

**MEMORANDUM**

**TO:** Honorable Members of the Board of Supervisors  
**FROM:** Thomas M. Miller, Chief Executive Officer  
James LoBue, Deputy Director Redevelopment   
**DATE:** May 18, 2010  
**SUBJECT:** Professional Services Contract Amendment with MHC NSP, LLC to Provide  
Neighborhood Stabilization Program Services in an Amount not to Exceed \$120,000

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**ACTION REQUESTED**

Approve a resolution authorizing the Purchasing Manager to execute an amendment to a professional services contract with MHC NSP, LLC to provide Neighborhood Stabilization Program services and increase the contract not to exceed amount from \$44,561 to \$120,000.

**BACKGROUND**

The State of California Department of Housing and Community Development (HCD) awarded \$2,046,469 in Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP) funds to Placer County. This includes \$1,173,546 for the Cities of Rocklin and Lincoln that HCD requires Placer County to administer.

MHC NSP, LLC (MHC), a wholly owned subsidiary of Mercy Housing California, was selected to assist the County with implementation of NSP. NSP provides federal funds for the purchase of bank-owned homes for sale or resale to low- and moderate-income households. Funds are allocated to selected cities and counties by HCD. In the past year, your Board has approved several actions to authorize and implement this program, including agreements with Rocklin and Lincoln as required by HCD. The maximum loan the County Loan Committee is authorized to make for both acquisition and rehabilitation is \$300,000. The maximum homebuyer assistance loan is \$150,000.

In February 2010, the County entered into a five-month professional services agreement with MHC for \$24,500 to research and inspect available properties and get the program started. At that time two types of loans were anticipated: 1) Loans to eligible homebuyers to purchase bank-owned homes in good condition, which can be administered by County staff in the Redevelopment Agency and 2) Loans to non-profits, like MHC, to acquire and rehabilitate bank-owned houses in need of repair, which are done by MHC. However, how many loan applications would be received in each category was not known at that time. MHC has since qualified for purchase options on bank-owned homes for the First Look Program through the National Stabilization Trust and Fannie Mae. All but one of the six approved applications and applications in process are the second type: loans to MHC to acquire and rehabilitate bank-owned houses. They include houses in North Auburn, Foresthill, Rocklin, and Lincoln. MHC's

contract has been amended once to increase it to \$44,561 to cover the more extensive due diligence, inspections, and holding costs. Lincoln has a separate contract with MHC. Rocklin has released their funds to County control, but Rocklin is still an eligible area.

Based on this experience it is anticipated that six more houses will be acquired by MHC over the next year for a total of twelve loans averaging \$200,000 each. \$1,100,000 will be loaned from the original grant and \$1,100,000 is estimated to be loaned from the revolving program income loan fund generated as loans are repaid.

The NSP State Standard Grant Agreement with HCD has budget categories for the costs of evaluating the houses for acquisition, determining the rehabilitation needed, special reports and appraisals, taxes, insurance warranties, holding costs, loan documents, and specifications preparation, selecting qualified contractors, inspections, and preparing the properties for sale. Per the contract and as allowed by the Grant Agreement, MHC will receive fees up to 8% of the purchase price for acquisition, 8% of the sale costs, and 19% of the rehabilitation costs. Purchase prices have ranged from \$137,000 to \$264,000 and rehab costs from \$5,000 to \$60,000. Once a property is listed on the Multiple Listing Service and MHC has received an offer from a NSP qualified buyer, County staff qualifies the buyer and processes the loan. The amount of the conventional loan and the down payment is returned to the County and held in a separate NSP program income fund. The program income can be loaned again for additional acquisition/rehab or homebuyer assistance for the purchase of bank-owned homes.

#### **FISCAL IMPACT**

The contract amendment has no impact on the County General fund. Costs will be covered by the County's CDBG NSP grant and program income, which are federal funds from the Housing and Economic Recovery Act of 2008. The grant budget includes the funds for the contract and is available in the current fiscal year budget under Fund 104.

#### **ENVIRONMENTAL IMPACT**

This administrative action is exempt from both the California Environmental Quality Act and the National Environmental Policy Act.

Attachments: Resolution  
Existing MHC NSP, LLC Contract  
Contract Amendment with Scope of Work and Budget

cc: Karin Schwab, Deputy County Counsel

Existing MHC NSP, LLC  
contract and Contract  
Amendment with Scope of  
Work and Budget For Review  
Only at the Clerk of the  
Board

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

**In the matter of:**

Authorization to amend a professional services contract with MHC NSP, LLC to provide the Neighborhood Stabilization Program services and increase the contract not to exceed amount from \$44, 561 to \$120,000

**Resol. 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, by Resolution 2009-153 the Board of Supervisors authorized application for, and implementation of the Community Development Block Grant Neighborhood Stabilization Program;

WHEREAS, the State of California Department of Housing and Community Development (HCD) awarded Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP) the following fund allocations to Placer County: the City of Lincoln – \$667,582, the City of

Rocklin – \$505,694, and the unincorporated areas of Placer County – \$872,923 for a total of \$2,046,469;

WHEREAS, on November 10, 2010, HCD signed a contract with the County for these funds and required the County maintain and reuse loan repayments in a separate program income fund;

WHEREAS, the County issued a Request for Proposals on June 30, 2009 for assistance in implementation of the NSP;

WHEREAS, Mercy Housing California, acting as its wholly owned subsidiary, MHC NSP, LLC, was selected as the most qualified consultant; and

WHEREAS, pursuant to California Environmental Quality Act Guidelines and National Environmental Policy Act regulations, the proposed action to amend a contract is exempt.

NOW, THEREFORE, BE IT RESOLVED that the Purchasing Manager or his designee is hereby authorized to amend a professional services contract with MHC NSP, LLC to provide NSP services and increase the contract not to exceed amount from \$44,561 to \$120,000 and extend the end date to June 30, 2011.