CONSENT AGENDA

AGENDA ITEM 12.04
May 8, 2012

TO: Mayor and City Council

FROM: Wendy S. Saunders, Director
       Economic Development Department

SUBJECT: NEIGHBORHOOD STABILIZATION PROGRAM SUBRECIPIENTS

RECOMMENDATION

It is recommended that the City Council by motion action approve Service First of Northern California, STAND, and Visionary Home Builders of Northern California to participate in the Neighborhood Stabilization Program 3 (NSP3) and approve Habitat for Humanity of San Joaquin County, NeighborWorks, and New Genesis Housing Corporation to participate in the Neighborhood Stabilization Program 1 (NSP1) (Attachment B).

SUMMARY

In February, 2011 the City Council approved an amendment to the 2010-11 Action Plan (Resolution 11-0041) which specified activities to be undertaken with the $4.2 million of Neighborhood Stabilization Program 3 (NSP3) funds allocated to the City from the U.S. Department of Housing and Urban Development (HUD). Approximately $2.8 million of the funds were allocated for the acquisition, rehabilitation and resale of vacant foreclosed single-family homes. In December 2011, a Notice of Funding Availability (NOFA) was issued requesting proposals from non-profit organizations that were interested in participating in this activity. Six applications were received. On March 20, 2011, the Council Ad-Hoc Housing Committee forwarded a recommendation to the Council that they approve Service First of Northern California, S.T.A.N.D., and Visionary Home Builders of Northern California to participate in NSP3 and add Habitat for Humanity of San Joaquin County, NeighborWorks, and New Genesis Housing Corporation to the organizations that can participate in the Neighborhood Stabilization Program 1 (NSP1).

DISCUSSION

Background

In September 2010, Stockton received notice that it had been given a preliminary allocation of $4,280,994 through the third round of allocations under the Neighborhood Stabilization Program (referred to as NSP3). Similar to the original Neighborhood Stabilization Program (referred to as NSP1) these funds are to be used for the purchase and rehabilitation of abandoned and foreclosed residential properties. As required by HUD, on February 15, 2011 (Resolution 11-0041), the City Council approved an
amendment to the 2010-2011 Action Plan to fund the following activities using the NSP3 funds:

- $2,782,646 for acquisition, rehabilitation, and resale of foreclosed single-family homes;
- $1,070,249 for acquisition, rehabilitation, and rental of foreclosed residential properties to households with incomes below 50 percent of the Area Median Income (AMI); and
- $428,099 for administration over the life of the program.

In December 2011, a Notice of Funding Availability (NOFA) was issued requesting proposals from non-profit organizations that were interested in participating in the acquisition, rehabilitation and resale activity. Applications were received from the following organizations:

- Habitat for Humanity of San Joaquin County
- NeighborWorks
- New Genesis Housing Corporation
- Service First of Northern California
- STAND
- Visionary Home Builders of Northern California

Three of these organizations, Service First, STAND, and Visionary, are participating in NSP1. New Genesis also completed one project in NSP1. NeighborWorks and Habitat for Humanity are new applicants to the City’s NSP.

Present Situation

One of the major differences between NSP1 and NSP3 is a requirement in NSP3 that the program target a smaller area, whereas NSP1 is applicable Citywide. The initial target area that has been identified for NSP3 is the southern portion of Weston Ranch (Attachment A). Because of the small area where activities can be undertaken, there was concern that if too many organizations were participating, they would compete with each other for available properties. There is also a March 2013 deadline to spend half of the NSP3 funds.

Because of the above issues, when the Council Ad-Hoc Housing Committee met on March 20, 2012, it was determined that it was desirable to have a limited number of experienced organizations participate in NSP3. However, the proposals that were received from the other organizations demonstrated that they have the capacity to participate in the program. Therefore, the Housing Committee recommended that the Council approve Service First, STAND, and Visionary to participate in NSP3 and approve Habitat for Humanity, NeighborWorks, and New Genesis to participate in NSP1 on a limited basis.
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In addition, to encourage the three organizations participating in NSP3 to purchase homes through this program and not just through NSP1, it was recommended that the base developer fee be increased for NSP3 from $9,000 to $10,000 per home. The incentives to sell the property quickly remain the same between the two programs. The incentives provide the developer an additional $2,500 if a purchase agreement is signed within fifteen days of listing, $2,000 if within 30 days of listing, and $1,000 if within 60 days.

FINANCIAL SUMMARY

The City Council approved the appropriation and expenditure of $2,782,646, which is the full allocation of the NSP3 Acquisition, Rehabilitation, and Resale Activity, on May 25, 2011 (Resolution 11-0121).

Respectfully submitted,

WENDY S. SAUNDERS, DIRECTOR
ECONOMIC DEVELOPMENT DEPARTMENT

Attachment A: Target Area Map
Attachment B: NSP3 Participants

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ATTACHMENT B

CITY OF STOCKTON
NEIGHBORHOOD STABILIZATION PROGRAM SUBRECIPIENTS

NEIGHBORHOOD STABILIZATION PROGRAM 1 (NSP1)

1. Habitat for Humanity of San Joaquin County
2. NeighborWorks
3. New Genesis Housing Corporation
4. Service First of Northern California
5. STAND
6. Visionary Home Builders of Northern California

NEIGHBORHOOD STABILIZATION PROGRAM 3 (NSP3)

1. Service First of Northern California
2. STAND
3. Visionary Home Builders of Northern California