

**COUNTY OF SONOMA  
AGENDA ITEM  
SUMMARY REPORT**

**Clerk of the Board Use Only**  
**Meeting Date** / / **Held Until** / /  
**Agenda Item No:** \_\_\_\_\_ **Agenda Item No:** \_\_\_\_\_

**Department:** Community Development Commission

( ) **4/5 Vote Required**

**Contact:**  
Bob Branson

**Phone:**  
X7901

**Board Date:**  
6/9/2009

**Deadline for Board Action:**  
6/9/2009

**AGENDA SHORT TITLE:**

Neighborhood Stabilization Program Joint Powers Agreement and Application Submittal

**REQUESTED BOARD / COMMISSION ACTION:**

Concurrent Resolution of the Board of Supervisors of the County of Sonoma and the Sonoma County Community Development Commission, approving the Joint Powers Agreement with the City of Santa Rosa for participation in the California Department of Housing and Community Development (HCD) Neighborhood Stabilization Program (NSP), authorizing the Board Chairman to execute said Agreement, and authorizing the Commission Executive Director to sign and submit one or more grant applications to the HCD NSP for up to \$3,300,000, to accept the funds and execute grant agreements with HCD following review and approval by County Counsel as to form, to provide financial assistance to non-profit agencies to acquire foreclosed upon and abandoned properties using NSP grant funds, and to take any other actions necessary to carry out the purposes expressed in the Resolution.

**CURRENT FISCAL YEAR FINANCIAL IMPACT**

**EXPENDITURES**

**ADD'L FUNDS REQUIRING BOARD**

**Estimated Cost** \$

**Contingencies** \$  
(Fund Name:)

**Amount Budgeted** \$

**Unanticipated Revenue** \$  
(Source:)

**Other Avail Approp.** \$  
(Explain below)

**Other Transfer(s)** \$  
(Source:)

**Additional Requested:** \$

**Add'l Funds Requested:** \$

**Explanation (if required):**

**Prior Board Action(s):**

None

**Alternatives - Results of Non-Approval:**

The County would not enter into a Joint Powers Agreement with the City of Santa Rosa, and would not be eligible to submit grant applications to the HCD NSP for up to \$3,300,000.

**Background:** [State Dept of HCD April 30, 2009 NSP NOFA and NSP Federal Register publication dated September 29, 2008 on file with Clerk of the Board]

Effective July 30, 2008, the U.S. Department of Housing and Urban Development (HUD) authorized \$3.9 billion in new Community Development Block Grant (CDBG) funding for distribution to States and local jurisdictions through a Neighborhood Stabilization Program (NSP) for the redevelopment of abandoned and foreclosed upon homes and residential properties under Title III of the national Housing and Economic Recovery Act (HERA) of 2008. The NSP funds may be used for five categories of activities:

1. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon to sell, rent or redevelop;
2. Create land banks for homes that have been foreclosed upon;
3. Demolish blighted structures;
4. Redevelop demolished or vacant properties; and
5. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

HUD directly allocated \$384 million in NSP funding to 46 entitlement jurisdictions in California, none of which are in Sonoma County. HUD also allocated \$145 million to the State Department of Housing and Community Development (HCD) for subsequent reallocation to cities, towns and counties not receiving allocations directly from HUD.

On April 30, 2009, HCD issued a Notice of Funding Availability (NOFA) for the NSP funds. HCD established \$1 million as the minimum NSP grant award. Eligible applicants for HCD NSP funding are designated as either Tier 1 applicants whose individual allocation is \$1 million or more, and Tier 2 applicants whose individual allocation is less than \$1 million and who must apply jointly with one or more contiguous jurisdictions to meet the minimum threshold. Tier 1 and 2 funds are available to assist low-, moderate-, and middle-income households with incomes below 120% of the area median.

**Attachments:**

Resolution

Joint Powers Agreement

**On File With Clerk:**

- 1) State Dept of HCD April 30, 2009 NSP Notice of Funding Availability
- 2) NSP Federal Register publication dated September 29, 2008

**CLERK OF THE BOARD USE ONLY**

**Board Action** (If other than "Requested")

**Vote:**

**Background:** (Continued)

Under HCD's methodology, Santa Rosa was allocated \$900,735, Petaluma was allocated \$259,635, and the balance of the County was allocated \$704,677, qualifying the three jurisdictions under Tier 2 and requiring a joint application to reach the \$1 million threshold level. To meet the HCD eligibility requirements, the Community Development Commission (CDC) and two cities worked together to plan a local NSP program with their pooled pro rata amounts, with the CDC designated as the lead agency to pursue the combined NSP funding set-aside of \$1.8 million. The Santa Rosa City Council has authorized execution of a Joint Powers Agreement (JPA) as required by HCD to apply for the NSP funds. The City of Petaluma is unable to meet the deadline for entering into the JPA with the County and Santa Rosa; however, per HCD's funding methodology, Petaluma's pro rata amount will be reallocated to the balance of County share of the funds and will therefore remain available for use within the County.

HCD has also established a separate Tier 3 pool of funds under the NSP to provide assistance for very-low income households with incomes below 50% of the area median. These funds will be distributed on a competitive basis at a future time yet to be determined by HCD. The CDC and Santa Rosa plan to apply for an additional \$1.5 million in Tier 3 funding when those funds become available, for a total NSP amount of \$3.3 million.

The CDC held the first of two required public meetings on January 28, 2009 to receive input on a local NSP program. A concerted effort was used to acquire individual citizen and CBO feedback and input during the meeting. Information gained from this public meeting has been incorporated into the local NSP plans. The Board's June 9, 2009 meeting will be the second required public meeting for input related to the submission of the NSP applications.

The planned Neighborhood Stabilization Program for Sonoma County relies on community-based organizations (CBOs) to identify properties to acquire, demolish, rehabilitate, redevelop, rent, and/or resell using NSP acquisition funding to be administered by the CDC. While the intent is to provide NSP funding to CBOs to undertake these actions, and CDC's outreach efforts will target local CBO's, government agencies are eligible NSP applicants and may apply for funds through the CDC. There will be no local geographic or jurisdictional allocations, appropriations, quotas or preferences. The CBOs will determine which properties to pursue based on availability and on their own organizational needs and capacities.

The local NSP will incorporate all federal and State NSP requirements, specifically those requirements published in HCD NSP Notice of Funds Available dated April 30, 2009, and the program regulations promulgated by HUD, dated September 29, 2008 (on file with Clerk of Board). The CDC will also administer the local NSP in compliance with all Board-approved loan policies, most notably the CDBG loan policies, as NSP is a special allocation of CDBG funds. Due to tight timeframes for submitting the NSP application to HCD, CDC will return to the Board for approval of a formal local NSP Program Design after receiving notification that the NSP grant is approved.

The NSP application is due to HCD by June 15, 2009. NSP grantees must obligate 75% of their NSP allocation amount by December 31, 2009, with the balance obligated no later than March 31, 2010. All NSP funds must be expended by September 30, 2011.

The attached Concurrent Resolution approves the Joint Powers Agreement, authorizes the Board Chairman to execute the Agreement on behalf of the County, and authorizes the Executive Director of the CDC to submit the Agreement and one or more applications with the required Certifications, to execute all grant agreements and related documents, and to prepare, execute, and record all loan and related documents.

