

RESOLUTION NO. 2011-087

Adopted by the Sacramento City Council

February 15, 2011

APPLICATION FOR NEIGHBORHOOD STABILIZATION PROGRAM FUNDING ROUND THREE (NSP3); APPROVAL OF GUIDELINES FOR ACTIVITIES TO BE UNDERTAKEN AS PART OF NSP3; SUBSTANTIAL AMENDMENTS TO THE 2010 ACTION PLAN AND THE SHRA BUDGET

BACKGROUND

- A. The Sacramento Housing and Redevelopment Agency (SHRA) annually serves as the designee for the City of Sacramento (City) to administer community development grants originating from U.S. Department of Housing and Urban Development (HUD).
- B. On October 23, 2007, the Sacramento City Council approved the 2008-2012 Consolidated Plan. The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy for meeting those needs.
- C. On October 21, 2008, the Sacramento City Council approved the 2009 One-Year Action Plan containing the Substantial Amendment to the Consolidated Plan establishing the Neighborhood Stabilization Program (NSP).
- D. On February 24, 2009, the City Council authorized SHRA to amend and submit changes to the NSP in the 2009 One-Year Action Plan to HUD, authorized the City Manager and SHRA Executive Director to execute agreements and contracts with the appropriate entities to carry out the NSP; and authorized SHRA to establish and implement the Vacant Property Program and the Property Recycling Program to undertake NSP activities.
- E. On June 16, 2009, the Sacramento City Council authorized SHRA to release a Request for Qualifications (RFQ) for the rehabilitation and resale of foreclosed properties purchased through the Property Recycling Program and to convene an evaluation committee to review the qualifications and proposals and provide a recommendation on the selection of qualified builders to participate in the rehabilitation and resale of foreclosed properties.
- F. On October 27, 2009, the Sacramento City Council approved the selection of the Volume Builder and Mission Driven Community Partners for participation in the Property Recycling Program. Additionally, on October 27, 2009, the City Council approved the 2010 One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities of the Consolidated Plan as required by (HUD).

- G. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for the Neighborhood Stabilization Program, known as NSP3, that was originally established under the Housing and Economic Recovery Act of 2008 (HERA).
- H. HUD released formula and regulations for the new allocation of CDBG under NSP3 as prescribed by HERA on October 19, 2010, and an amendment to the 2010 One-Year Action Plan for NSP funding must be submitted to HUD no later than March 1, 2011.
- I. HUD allows and encourages NSP3 recipients to submit joint request in order to streamline the review process and implement a comprehensive strategy. SHRA anticipates filing the application to HUD under the name of the County of Sacramento to be administered by SHRA on behalf of the City of Sacramento and the County of Sacramento.
- J. One-time community development grants from HUD which are to be administered directly by the recipient are required to secure environmental clearance; SHRA is designated as the general unit of local government and is authorized to submit a determination of environmental clearance on their behalf.
- K. A noticed public hearing soliciting comments on the amendments to the 2010 One-Year Action Plan was held by the Sacramento Housing and Redevelopment Commission on February 2, 2011.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.
- Section 2. The Substantial Amendment to the 2010 Action Plan for NSP3 funds and the corresponding Implementation Guidelines contained within the staff report accompanying this resolution is approved.
- Section 3. The City Manager and SHRA are authorized to execute the NSP3 Memorandum of Understanding (MOU) (Exhibit A) with the County of Sacramento.
- Section 4. SHRA is authorized to submit to HUD the Substantially Amended 2010 Action Plan and to Administer NSP3 on behalf of the City of Sacramento and the County of Sacramento in accordance with the joint request established under the MOU.
- Section 5. SHRA and its constituent entities are authorized for the NSP3 PRP to use the existing Volume Builders and Mission Driven Community partners previously competitively selected through the Property Recycling Program's (PRP) Request for Qualifications (RFQ) established under NSP1 for participation.

- Section 6. The Property Recycling Program is modified to enable SHRA to purchase, accept and/or transfer ownership of NSP-eligible properties from third party entities to further the goals of NSP.
- Section 7. The Property Recycling Program is modified authorizing SHRA and constituent entities to purchase, accept and/or transfer ownership of NSP eligible properties among SHRA and constituent entities to further the goals of NSP.
- Section 8. SHRA is authorized to utilize the HUD approved Housing Authority Section 32 properties to undertake rehabilitation activities and resale consistent with the guidelines of the Property Recycling Program.
- Section 9. The Executive Director is authorized to terminate the NSP1 revolving loan fund accounts for the Vacant Properties Program and the Property Recycling Program in the process of closing out NSP1, as approved by HUD.
- Section 10. SHRA is authorized to reprogram NSP1 Program Delivery Funds to the Property Recycling Program for the acquisition and rehabilitation of eligible properties.
- Section 11. SHRA is authorized to expand the eligibility for participation in the Community Development Block Grant (CDBG) Single Family Rehabilitation Loan Program as approved in the 2010 Action Plan to include rehabilitation conducted by NSP development partners on single family residences for subsequent sale to owner-occupants.
- Section 12. NSP Vacant Property Program Preferred Builder participants and Property Recycling Program Volume Builders and Mission Driven Community Partners are eligible to participate in the Community Development Block Grant (CDBG) Single Family Rehabilitation Loan Program is approved.
- Section 13. SHRA is authorized to accept additional funding consistent with the PRP guidelines and Agency policies.
- Section 14. The modifications to the Property Recycling Program Guidelines set out in Exhibit B which is attached to this resolution are approved.
- Section 15. The modifications to the Vacant Property Program Guidelines set out in Exhibit C which is attached to this resolution are approved.
- Section 16. The Executive Director, or designee, is authorized to amend the Agency budget to allocate City of Sacramento NSP3 funds.
- Section 17. SHRA is authorized to execute agreements and such additional documents, as approved by SHRA Counsel, and to take such additional actions as necessary to implement the authorized contracts and this resolution.

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Exhibit A – NSP3 MOU

Exhibit B – Property Recycling Program Guidelines

Exhibit C – Vacant Property Program Guidelines

Adopted by the City of Sacramento City Council on February 15, 2011 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy.

Noes: None.

Abstain: None.

Absent: Mayor Johnson.



Bonnie Pannell, Vice-Mayor

Attest:



Shirley Concolino, City Clerk

NSP3 – Memorandum of Understanding
County of Sacramento
City of Sacramento
Sacramento Housing and Redevelopment Agency

NEIGHBORHOOD STABILIZATION PROGRAM 3 MEMORANDUM OF UNDERSTANDING for the
COUNTY of SACRAMENTO, the CITY of SACRAMENTO, and the
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

This Memorandum of Understanding (MOU) is made and entered into this ____ day of _____ 2011, by and among the COUNTY OF SACRAMENTO, hereinafter called "COUNTY", the CITY OF SACRAMENTO, hereinafter called "CITY", and the SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, hereinafter called "SHRA."

WHEREAS, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional one-time allocation of \$1 billion for the Neighborhood Stabilization Program, known as NSP3, that was originally established under the Housing and Economic Recovery Act of 2008 (HERA); and

WHEREAS, HUD released its formula and regulations for the new allocation of CDBG under NSP3 as prescribed by HERA on October 19, 2010; and

WHEREAS, the COUNTY received a formula allocation of \$4,595,671 and the CITY received a formula allocation of \$3,762,329 in NSP3 funding and an amendment to the County and City 2010 One-Year Action Plans for NSP funding must be submitted to HUD no later than March 1, 2011 to receive NSP3 funding; and

WHEREAS, NSP3, administered by the US Department of Housing and Urban Development (HUD), aims to stabilize neighborhoods impacted by foreclosure by removing significant blight from neighborhoods and providing housing for low- to moderate-income households through acquisition, land banking, demolition, rehabilitation and mortgage assistance for vacant and/or foreclosed properties; and

WHEREAS, HUD allows NSP3 recipients to submit joint request to HUD in order to streamline the review process and for the purpose of receiving and administering NSP3 funds consistent with program requirements; and

WHEREAS, SHRA annually serves as the designee for the COUNTY and CITY to administer community development grants originating from U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, one-time community development grants from HUD which are to be administered directly by the recipient are required to secure environmental clearance; SHRA is designated as the general unit of local government and is authorized to submit a determination of environmental clearance on their behalf; and

WHEREAS, the COUNTY and the CITY desire to submit a joint request for NSP3 funds consistent with the terms of this MOU, and

WHEREAS, the COUNTY and CITY desire to designate authority to the COUNTY to act on behalf of the COUNTY and the CITY as the lead applicant for purposes of the NSP3 request for funds; and

WHEREAS, the COUNTY's NSP3 formula allocation of \$4,595,671 and the CITY's NSP3 formula allocation of \$3,762,329 will not be merged for purposes of implementing the program, but will be spent within each respective jurisdiction; and

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Sacramento Housing and Redevelopment Agency

WHEREAS, the COUNTY and the CITY desire to grant SHRA, which serves as a joint staffing agency for administration of public social services programs in both the COUNTY and the CITY, authority to administer the NSP3 program on behalf of the COUNTY and the CITY.

THEREFORE, it is agreed that:

1. Purpose: The COUNTY, CITY, and SHRA will cooperate for the purposes of submitting a joint request to HUD for NSP3 funds and undertaking or assisting in undertaking NSP3 eligible activities identified in the attached Substantially Amended 2010 CDBG Action Plan, attached hereto as Exhibit A and incorporated herein by reference, including but not limited to acquisition, land banking, demolition, rehabilitation and redevelopment of vacant and/or foreclosed properties.
2. MOU Representative: COUNTY shall be the lead applicant for purposes of the NSP3 funds. COUNTY shall delegate its administrative responsibilities under the MOU to SHRA, which shall act as the program administrator.
3. SHRA's Administration Responsibility: SHRA, as NSP3 program administrator on behalf of the COUNTY and the CITY, shall have the overall responsibility under the NSP3 and in the view of the U.S. Department of Housing and Urban Development (hereinafter "HUD") and the right under this MOU: 1) to ensure that the NSP3 Program is carried out in compliance with all the requirements of NSP3 and in substantial compliance with the Substantially Amended 2010 CDBG Action Plan; 2) to determine the adequacy of performance under project agreements and procurement contracts; 3) to assume all responsibility for environmental review, decision-making, and action for proposed projects within the COUNTY and CITY's jurisdictions in accordance with the requirements of 24 CFR Part 58; and 4) to submit documents to HUD as required for participation in the NSP3 Program.
4. NSP3 Funding Allocation and Administration: The NSP3 allocation available to the COUNTY, and CITY will reflect the award criteria in the Notice of Formula Allocations (NOFA). In the event that awarded NSP3 funds are less than that identified by HUD in the NOFA and requested in the Substantially Amended 2010 CDBG Action Plan joint request for funds for a category of program activities, SHRA shall allocate NSP3 funds on a pro-rata basis proportionate to the requested amount. Otherwise, the COUNTY's NSP3 formula allocation of \$4,595,671 less 10 percent for Administration will be wholly spent within the jurisdiction of the unincorporated COUNTY which falls within the proposed NSP3 target areas and the CITY's NSP3 formula allocation of \$3,762,329 less 10 percent for Administration will be wholly spent within the jurisdiction of the CITY which falls within the proposed NSP3 target areas.
5. Approval Authority and Responsibility for COUNTY and CITY Activities:
 - a) SHRA shall develop recommendations for the COUNTY Board of Supervisors' and CITY Council's consideration and approval concerning the composition of the joint funding request for NSP3.
 - b) As the program administrator for the COUNTY and CITY, SHRA shall allocate the NSP3 funds among approved program activities consistent with the Substantially Amended 2010 CDBG Action Plan and the recommendations of COUNTY and CITY. If necessary to meet NSP3 requirements funds may be re-allocated among programs. In preparation for any re-allocation that affects programs in the COUNTY or CITY, SHRA shall seek the advice and consent of the COUNTY or CITY as applicable. Allocation of NSP3 funds to

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for the change to be effective.

- 11. Counterparts: This MOU may be executed in one or more counterparts, and by facsimile, each one of which shall be deemed to be an original, equally admissible in evidence, but all of which shall constitute one and the same instrument.
- 12. Severability: If any term, condition, or covenant of this MOU is declared of determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this MOU shall not be affected thereby and the MOU shall be read and construed without the invalid, void or unenforceable provision(s).
- 13. Entire MOU: This MOU contains the entire agreement between the parties with respect to the subject matters contained herein and supersedes all prior understandings, whether written or oral, with respect thereto.
- 14. Interpretation of MOU: The headings within this MOU are for the purpose of reference only and shall not limit or otherwise affect any of the terms of this MOU. The parties have had an equal opportunity to participate in the drafting of this MOU; therefore, the normal construction as against the drafting party shall not apply to this MOU.
- 15. Governing Law and Forum. This MOU shall be construed in accordance with the laws and judicial decisions of the State of California and venue for any legal or equitable action shall be in the Superior Court of Sacramento County, regardless of wherever else venue may lie.

IN WITNESS WHEREOF, the parties hereto have executed this MOU on the _____ day of _____, 2011.

COUNTY OF SACRAMENTO

APPROVED AS TO FORM

By: _____
County Executive

I hereby certify that the
County Executive was duly
authorized to execute this
document on behalf of the
County of Sacramento by a
majority vote of the Board of
Supervisors on
_____.

ATTEST:

NSP3 – Memorandum of Understanding
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Sacramento Housing and Redevelopment Agency

CITY OF SACRAMENTO

By: _____
City Manager

I hereby certify that the City
Manager was duly authorized
to execute this document on
behalf of the City of
Sacramento by a majority
vote of the City Council on
_____.

City Attorney

ATTEST:

APPROVED AS TO FORM

NSP3 – Memorandum of Understanding
County of Sacramento
City of Sacramento
Sacramento Housing and Redevelopment Agency

SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY

By: _____
Executive Director

I hereby certify that the
Executive Director was duly
authorized to execute this
document on behalf of the
Sacramento Housing and
Redevelopment Agency by a
majority vote of the
Sacramento Housing and
Redevelopment Commission
on _____.

ATTEST:

APPROVED AS TO FORM

Agency Counsel

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activities in the COUNTY and CITY shall be subject to the SHRA's determination that the proposed activities meet all NSP3 funding requirements, including the expenditure of at least twenty-five percent of the funding on activities that will be affordable to very-low income households, and can be performed within deadlines imposed by NSP3 funding.

6. Program Delivery Responsibility for the COUNTY and CITY: SHRA shall provide all services necessary to deliver NSP3 programs to the COUNTY and CITY including but not limited to: administration of all approved NSP3 programs, review of construction contracts and cost breakdowns; monitoring of construction progress; review and approval of disbursement requests; set up and maintenance of all activities in the Disaster Recovery Grant Reporting (DRGR) database; maintenance of all required fiscal systems in accordance with federal requirements; and providing all monitoring and record keeping required by notices.
7. Program Income: The COUNTY and CITY will each receive all revenue that may result from NSP3 activities within their respective jurisdictions during the term of this MOU. This includes all program income, recaptured funds, and repayments as defined in 24 CFR § 570.500 Revenue will be tracked by SHRA and returned for use within the COUNTY or CITY on subsequent NSP or CDBG activities in accordance with federal requirements.
8. Hold Harmless Provisions:
 - a) Neither SHRA, nor any of its officers or employees, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by the COUNTY or CITY under this MOU. It is also understood and agreed that the COUNTY and CITY shall fully indemnify, defend and hold SHRA harmless from any liability imposed for injury to persons or property occurring by reason of anything done or omitted to be done by the COUNTY or CITY respectively, under or in connection with any work, authority or jurisdiction delegated to the COUNTY or CITY under this Agreement.
 - b) The COUNTY and CITY and any of their officers or employees, shall not be responsible for any damage or liability occurring by reason of anything done or omitted to be done by SHRA under this MOU. It is also understood and agreed that SHRA shall fully indemnify, defend and hold the COUNTY and CITY harmless from any liability imposed for injury to persons or property occurring by reason of anything done or omitted to be done by SHRA under or in connection with any work, authority or jurisdiction delegated to SHRA under this MOU.
9. Term: This Agreement shall go into effect immediately upon the signature of all parties and shall continue in full force and effect until all activities funded for Federal fiscal years during which the COUNTY or CITY are participating jurisdiction in the NSP3 joint request are completed pursuant to applicable federal regulations. In any event, the terms shall be for no less than three years from the award of the grant under the NOFA. In the event either the COUNTY or CITY does not receive funding under the NOFA, the obligations and benefits of this MOU by and for each party shall be terminated. In the event that either the COUNTY or CITY does not receive funding under the NOFA because the category of program activities it identified does not receive funding, the obligations and benefits of this MOU by and for such party shall be terminated.
10. Minor Amendments: Should it become necessary to change the language of the MOU to meet HUD approval, without making changes that alter the intent of the MOU, such changes may be made administratively with the written consent of the County Executive of the COUNTY, the City Manager of the CITY and the Executive Director of SHRA. All parties must consent for the change in order



INVESTING IN COMMUNITIES

February 24, 2009
 Revised: February 15, 2011
 801 12th Street, Sacramento, CA 95814 (916) 440-1320

Neighborhood Stabilization Program

Sacramento Property Recycling Program

(PROGRAM GUIDELINES)

Property Recycling Program

The Sacramento Property Recycling Program (PRP) focuses on stabilizing neighborhoods through strategic investments and partnerships. The PRP aims to transform the most impacted neighborhoods, streets and properties; those areas where the market alone cannot ensure change. Working with governmental, non-profit and for-profit partners, the PRP provides access to properties and funding to remove the blight of foreclosures and vacant properties through redevelopment activities, acquisition, rehabilitation and rental of affordable housing, and acquisition and rehabilitation of single family homes for sale throughout Sacramento. The PRP is complimentary to the other programs funded under the Neighborhood Stabilization Program (NSP), all of which seek to reduce the impacts of foreclosures.

- 1.0 Administration.** The Property Recycling Program is administered by the Sacramento Housing and Redevelopment Agency (SHRA). SHRA is a joint powers authority of the City and County of Sacramento, and the recipient and administrator of the NSP funding. SHRA's primary role in the PRP is acquisition of properties and disposition to the appropriate Community Partner (see Section 7.0). SHRA's affiliated entities, the Redevelopment Agencies of the City and County of Sacramento and the Housing Authorities of the City and County may also serve as the purchaser of properties.
- 2.0 Eligible Areas.** All activities under the PRP will be for properties located in the NSP target areas, with a priority on areas that are characterized by significant code violations/actions, disproportionate foreclosure activity and/or other blighting conditions. See the attached map of the NSP target areas.
- 3.0 Eligible Properties.** Through the PRP, SHRA and its affiliated entities are authorized to purchase or receive as donation foreclosed residential and/or vacant properties within the NSP target areas. SHRA and its constituent entities are authorized to transfer surplus vacant properties or vacant residential structures within NSP target areas for rehabilitation and resale. NSP regulations regarding acquisition of properties at a discount from market appraised value will be applicable both on a property level and on a portfolio level. The current market appraised value is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60-days from the date of the final offer. Properties that are donated to SHRA require a before rehab appraisal before the properties is disposed to a third party entity.
- 4.0 Affordability.** All residential units resulting from the acquisition, rehabilitation or construction through PRP activities must house families at or below 120% of area median income (AMI). Affordability definitions are based on the area median income (AMI) for the Sacramento Metropolitan Statistical Area (MSA) as established by the US Department of Housing and Urban Development (HUD). SHRA may leverage other funding sources that potentially could restrict or reduce AMI requirements. The median income is subject to change annually.

Properties purchased through the PRP are presumed to be "naturally affordable" based on the location and market conditions of the targeted areas (24 CFR 92.254(a)(5)(i)(B)). Units that will be sold (either initially or through a lease to own program) as a result of PRP activities must be sold to a family whose income does not exceed 120% of AMI (adjusted for family size) but will not require a long term affordability covenant unless required by additional funding sources. Rental units resulting from PRP activities will include long term affordability covenants that restrict income and occupancy to families at or below 50% AMI, consistent with HOME rent standards (24 CFR 92.252) and will be subject to additional affordability requirements of the

SHRA Multi-family Lending and Mortgage Revenue Bond Policies or Investment Property Program. In the instance of a multi-unit property, these affordability requirements will apply to the number of units proportionally assisted with NSP funding.

5.0 Property Acquisition. Under the PRP, SHRA can acquire residential and/or vacant properties that are located in a target area for one of three eligible activities, described in Section 6.0. In addition to purchases through local brokers, realtors and other publicly accessible routes, SHRA has established a relationship with the National Community Stabilization Trust (NCST). NCST allows partner governmental entities to view and acquire foreclosed properties within the NSP target areas at a significant market discount, prior to the properties being actively listed. SHRA may receive properties through donations that may be included for rehabilitation or land banking. All property acquired under the PRP is subject to the federal Uniform Relocation Act (49 CFR Part 24), as applicable.

6.0 Eligible Activities. The PRP includes three distinct activities, each of which is described in detail below.

6.1 Redevelopment. Properties that support a larger site assemblage effort of the City or County Redevelopment Agency or Housing Authority or that are severely dilapidated to the point necessitating demolition, will be acquired through the PRP. Properties under this activity may require an intermediate hold strategy in accordance with a long-term plan that can be fully implemented once the market can support the additional investment. As such, demolition and land banking activities are viable intermediate actions that can bring an immediate impact with the potential for an even larger benefit in the future.

6.1.1 Demolition. Activities requiring demolition will be in conjunction with one of the following three strategies: land banking, change of use, or new construction. Demolition and new construction activities will require additional environmental determinations under the National Environmental Protection Act (NEPA) and the California Environmental Quality Act (CEQA). SHRA will complete a programmatic replacement housing plan that will identify units that will be created in the City and County in order to replace the maximum number of units that may be demolished in the Target Areas under the program.

6.1.2 Land Banking. Land banking activities will be in support of efforts where Agency intervention was necessary to prevent further deterioration of a neighborhood or in coordination with larger projects. No property placed in the land bank can be held by SHRA for more than ten years, as outlined under NSP.

6.1.3 Redevelopment. SHRA will partner with non-profit and for-profit developers to construct housing units on vacant properties. These properties that are purchased with NSP funds will be developed with new construction. SHRA may also partner with governmental agencies to utilize properties for a public use.

6.2 Rehabilitation and Resale of Single Family Housing. Existing single family (1-4 units) properties that are foreclosed upon and/or vacant may be disposed of to a Community Partner (see Section 7.0 below) to rehabilitate and sell. SHRA may require the Community Partner to provide a percentage of acquisition cost at the time of disposition to offset overall Agency funding commitment. SHRA will carry back the remaining cost of the acquisition until the property is sold to an eligible buyer. These properties will primarily come through the NCST, and, as such, will require expedient inspection, appraisal and purchase negotiations. SHRA and its constituent entities may transfer surplus vacant properties or vacant residential structures to NSP Community Partners for the purposes of rehabilitation and resale. Pre-approved Community Partners will be required to comply with all requirements of the NSP Property Recycling Program, including rehabilitation standards, payment of Prevailing Wages, and lead based paint requirements.

6.3 Rehabilitation of Rental Housing. Existing properties that are vacant and/or foreclosed upon may be acquired by SHRA for disposition to a Rental Housing Developer (see Section 7.4 below). SHRA and its constituent entities may rehabilitate vacant rental properties and may return the property to SHRA rental inventory and its constituent entities. SHRA may also fund the rehabilitation of such projects; however, a rental rehabilitation project must comply with all requirements of the SHRA Multi-Family Lending and Mortgage Revenue Bond Policies or Investment Property Program including management standards and resident service requirements. NSP rehabilitation standards will be used for the construction of the properties. NSP restrictions will be placed on the proportionate number of

units funded with NSP money (e.g. if half of the project cost is funded with NSP, half of the units will be restricted by NSP). NSP units in rental properties must be affordable to families at or below 50% AMI. Properties may also be acquired and rehabilitated for long-term rental housing by the Housing Authority.

7.0 Community Partners. For multi-family and single-family properties acquired for rehabilitation and rent or resale, SHRA will work with a variety of pre-approved community partners. There are four types of Community Partners, described below, that SHRA will work with, subject to successful qualification, to ensure broad access to properties and nimble recycling of properties.

7.1 Mission-Driven Organizations. These are non-profit organizations that have an existing program and track record of rehabilitating or constructing single family homes, with a larger community purpose or goal. Such missions may include job training, youth empowerment, affordable housing, community reinvestment, etc. Partnerships among existing non-profit organizations are encouraged if needed to amass the appropriate experience.

7.1.1 Selection. SHRA will issue a Request for Qualifications (RFQ) for qualified Mission-Driven Community Partners. The RFQ will require information on past performance, community purposes, financial capacity and type(s) of properties desired. Approval under the RFQ is a pre-requisite for participation as a Mission-Driven Community Partner.

7.1.2 Property Access. Approved Mission-Driven Community Partners will be provided access to homes or vacant properties that are the consistent with the Partner expertise and that match with the particular community needs. Should more than one Mission-Driven Community Partner request the same property, SHRA will offer it first to the partner who has not received a property and second to the partner needing the least financial assistance. Should the Mission-Driven Community Partner not want the properties offered, they will be offered to the volume builder(s) or VPP participants, in that order.

7.1.3 Financial Assistance. Mission-Driven Community Partners may be offered the rehabilitation loan and developer fee assistance under the Vacant Properties Program. In addition, based on SHRA staff review of the partner's financial capacity, the property may be offered at a discount from the SHRA purchase price or as a donation, if needed to support a reduced sales price based on the partner's mission or to support the cost of training or other community components of the partner's mission. If a property is offered to a Mission-Driven Partner as a donation, then SHRA will not provide a developer fee.

7.2 Volume Builders. These are non-profit or for-profit single family builders who have the financial capacity to rehabilitate at least 10 scattered homes at a time, including the ability to provide capital for purchase, rehabilitate and the ability to support carrying costs on the homes and the ability to provide sufficient labor.

7.2.1 Selection. SHRA will issue a Request for Qualifications (RFQ) for qualified Volume Builder Community Partners. The RFQ will require information on past construction and rehabilitation projects, financial capacity and projected volume capacity. SHRA anticipates selecting one Volume Builder Community Partner who can efficiently and expeditiously acquire, rehabilitate and sell the majority of units purchased under the NCST. Approval under the RFQ is a pre-requisite for participation as a Mission-Driven Community Partner.

7.2.2 Property Access. All properties not appropriate for or not desired by the Mission-Based Community Partner(s) will be offered to the Volume Builder Community Partner(s).

7.2.3 Financial Assistance. Homes will be sold to the Volume Builder Community Partner(s) at a price determined by SHRA, not to exceed the price paid for property. The partner(s) may be offered a rehabilitation loan and developer fee assistance under the Vacant Properties Program.

7.3 Vacant Property Program Participants. These are the single family developers/builders approved through the Vacant Property Program RFQ process.

7.3.1 Selection. The Vacant Property Program has a separate application process to become a "Preferred Builder." Approval under this application process will be deemed approval under the PRP.

- 7.3.2 Property Access.** Any property not acquired by the Mission-Driven or Volume Builder Community Partners will be offered to the VPP participants on a first-come, first-serve basis.
- 7.3.3 Financial Assistance.** Homes will be sold to the VPP Community Partner(s) at the same price when purchased by SHRA. The partner(s) will be offered the same rehabilitation loan and developer fee assistance under the Vacant Properties Program.

7.4 Rental Housing Developers. These are non-profit, for-profit, governmental entities or the Housing Authority that develop rental properties, with experience in constructing, rehabilitating, operating and/or maintaining affordable rental housing. As multi-family properties become available that are not suitable for the Housing Authority, SHRA will release property specific Request for Proposals (RFP) to obtain the best developer and project for the particular site. Financial assistance will be considered consistent with SHRA Multi-family Lending and Mortgage Revenue Bond Policies or Investment Property Program.

8.0 Disposition Process. Properties purchased for demolition and redevelopment or rental housing objectives, unless utilized by the Housing Authority, will be disposed of by the Redevelopment Agency through a public process. SHRA and its constituent entities may transfer surplus vacant properties or vacant residential properties to Volume Builder/Mission Builder Community Partners. The Disposition and Development Agreement (DDA) for the properties will be subject to legislative approval.

Properties purchased for rehabilitation and re-sale to owner occupants will be disposed of to pre-selected Mission Driven or Volume Builder Community Partners, described in Section 7.1 – 7.2, above. Concurrent with the acquisition from NCST, SHRA will “triage” the property to determine the best end use, and work with the identified Community Partners on their interest and capacity in the property. It is expected that at the time of SHRA’s close of escrow on the property, they will be positioned to immediately transfer the property to the identified Community Partner through a Disposition and Development Agreement (DDA). SHRA may require the Volume Builder Community Partner(s) to provide a percentage of acquisition cost at the time of disposition to offset to overall Agency funding commitment. SHRA will carry back the remaining cost of the acquisition until the property is sold to an eligible buyer. If a Mission Driven or Volume Builder Community Partner(s) do not acquire the property, SHRA will offer the properties to the Vacant Property Program Participants through a bid process, with disposition through a property specific DDA.

After rehabilitation of single family for sale homes, Community Partners will be responsible for the sale of the homes to income eligible buyers, consistent with standards of the Property Recycling Program. Maximum sales prices may not exceed the total of acquisition, rehabilitation, and disposition costs. Disposition costs may include real estate commissions and closing costs but these costs shall not exceed 10 percent of the sales price. Homes must be sold to homeowner occupants making no more than 120% of area median income, adjusted for family size who have completed 8 hours of HUD approved homebuyer education counseling and who have attained a fixed rate, 30 year first mortgage.



INVESTING IN COMMUNITIES

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 801 12th Street, Sacramento, CA 95814 (916) 440-1318

Neighborhood Stabilization Program

Sacramento Vacant Properties Program

(PROGRAM GUIDELINES)

Vacant Properties Program

The Vacant Properties Program will promote the acquisition and rehabilitation of foreclosed, single-family vacant homes in targeted areas of the City and County of Sacramento for sale to owner-occupants. Vacant properties are unoccupied homes that have proceeded through Trustee Sale or ownership has transferred to a bank, lending institution, or private equity lender qualifying the property as Real Estate Owned (REO). Participating developers may receive a loan for the rehabilitation of qualified homes and will receive a developer fee upon sale of the home to qualified buyers. The program may be modified or changed based on funding requirements and regulations.

Participation. Submit “over-the-counter” application for designation as “Preferred Builder” to Sacramento Housing and Redevelopment Agency (SHRA), 801 12th Street, Sacramento, CA 95814. Once designated a Preferred Builder, participants are eligible to apply for funding under the program.

Developer Fee. Participating developers shall receive a developer fee of \$30,000 for each home successfully completed if no rehabilitation loan is provided by SHRA. If participating developers receive a rehabilitation loan, the developer fee is to be \$20,000 for each home successfully completed. Payment of developer fee is provided upon approved completion and sale of home to income qualified owner-occupant.

Eligible Properties. Properties must be purchased **after** the “Preferred Builder” has submitted their application and successfully been accepted into the Vacant Property Program. Need at minimum \$15,000 worth of rehabilitation (but not more than \$60,000 without prior SHRA approval). Approval is contingent upon SHRA inspection and construction/rehabilitation standards.

Eligible Areas. Neighborhood Stabilization Program (NSP) target areas have been identified for NSP1 and NSP3 funding allocations. Eligible target area boundaries can be viewed on SHRA’s website at:
<http://www.shra.org/RecoveryActPrograms/NSPNeighborhoodStabilizationPrograms.aspx>

Construction Requirements. Applicants shall follow Housing Quality Standards (HQS) and shall complete the SHRA Existing Home Checklist. Green building standards are also required and included in the Checklist. Lead based paint clearance and prevailing wage requirements apply.

Loan Provisions. There shall be no interest accrued on the loan. The loan may be partially forgivable if the total acquisition, rehabilitation, and disposition costs exceed the sale price. Initial home sales must start at the after rehabilitation appraisal. All properties must be aggressively marketed; upon the request of the Preferred Builder, SHRA may consider a price reduction to the home after 30 days of the unit being on the market.

Sales Price. Maximum sales prices will not exceed the total of acquisition, rehabilitation, and disposition costs. Acquisition of the property out of foreclosure must be at no more than the current market appraised value at the time of purchase. The current market appraised value is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103. Disposition costs may include real estate commissions and closing costs but shall not exceed 10 percent of the sales price. The loan shall include a provision to forgive the difference in acquisition, rehabilitation, and disposition costs and actual sales price. All property scopes of work will be approved by SHRA and inspected to meet construction requirements prior to sale.

Eligible Sales. Homes must be sold to homeowner occupants making no more than 120% of area median income, adjusted for family size, and who have completed 8 hours of HUD approved homebuyer education counseling.

Eligible Applicants. Developers interested in the Vacant Properties Program must:

- have experience in rehabilitating or constructing and selling at least Five single-family homes;
- can demonstrate to the satisfaction of SHRA financial resources or funding commitments sufficient to meet acquisition and holding costs;
- be a licensed general contractor or work with a licensed general contractor, either as an employee or through agreement, be in good standing with the Contractor State Licensing Board and not listed on the federally debarred contractor list;
- have SHRA required insurance coverage;
- have no code enforcement violations on property owned within the last three years;
- demonstrate that work meets or exceeds SHRA construction standards;
- provide at least two client/sub-contractor references; and
- SHRA has the right to remove participants based on noncompliance with provision of program.

Eligible Home Purchasers. Purchasers of the rehabilitated homes must:

- have a household income not to exceed 120% of the area median income adjusted for family size;
- have completed HUD approved homebuyer counseling courses; and
- Enter into a fixed rate 30 year loan. Adjustable rate loans are discouraged but maybe eligible subject to review by SHRA.