



COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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Gloria Molina
Mark Ridley-Thomas
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Michael D. Antonovich
Commissioners

Sean Rogan
Executive Director

July 7, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors/Commissioners:

**ADOPT A RESOLUTION TO AUTHORIZE THE COMMUNITY
DEVELOPMENT COMMISSION TO APPLY FOR AND ADMINISTER
NEIGHBORHOOD STABILIZATION PROGRAM FUNDS
ON BEHALF OF THE COUNTY OF LOS ANGELES
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends the adoption of a resolution authorizing the Community Development Commission (Commission) to act as the agent of the Los Angeles Urban County (County) in applying for and administering funds from the State of California's Neighborhood Stabilization Program (State NSP). State NSP funds will provide targeted emergency assistance for acquisition and redevelopment of foreclosed properties that might otherwise become sources of abandonment and blight.

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Adopt and instruct the Chairman to sign a resolution authorizing the Community Development Commission to act as the agent of the County in all matters pertaining to the application for funds from the State of California's Neighborhood Stabilization Program (State NSP).

ADOPTED

Community Development Commission

3-D

JULY 7, 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

2. Find that adoption of the resolution is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Authorize the Executive Director to accept, administer, and incorporate up to \$4,804,152 in State NSP funds into the Commission's Fiscal Year 2009-2010 approved budget.
2. Authorize the Executive Director to accept any additional State NSP funding that may become available at a later date, to be included in future years' annual budget process.
3. Authorize the Executive Director to execute a grant agreement with the State of California and any subsequent amendments necessary to receive the State NSP funds.
4. Find that the authorization to receive and administer State NSP funds is not subject to CEQA because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This letter recommends the adoption of a resolution authorizing the Commission to act as the agent of the County in applying for and administering State NSP funds. The resolution is required by the State of California's Department of Housing and Community Development. The funds will be used for the NSP Homebuyer Program, and will provide targeted emergency assistance for acquisition and redevelopment of foreclosed properties that might otherwise become sources of abandonment and blight within the 47 participating cities and the unincorporated areas of the County.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. State NSP funds in an amount up to \$4,804,152 will be incorporated into the Commission's Fiscal Year 2009-2010 approved budget.

Based on the proposed budget, \$4,563,945 will be allocated to the County's NSP

Homebuyer Program and \$240,207 will be reserved for Commission administrative costs.

If any additional State NSP funds become available at a later date, they will be included in the Commission's annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 30, 2008, the U.S. Congress passed the Housing and Economic Recovery Act of 2008 (HERA). Title III of HERA created the Neighborhood Stabilization Program (NSP). The NSP provides targeted emergency assistance to every State and certain local grantees for the purchase of foreclosed or abandoned homes, and for the rehabilitation, resale, or redevelopment of these homes in order to stabilize neighborhoods and stem the decline of house values.

On November 25, 2008, the Board of Supervisors approved an Amendment to the 2008-2009 Action Plan (Action Plan) for the Los Angeles Urban County. This Amendment enabled the County to receive and administer NSP funds. The Action Plan contains the County's one-year plan to carry out housing and community development activities funded by the Community Development Block Grant Program. HERA provides that unless otherwise stated, NSP grants are considered Community Development Block Grant funds. The proposed additional State NSP funds are therefore consistent with the purposes set forth in the Action Plan.

The County received an allocation of \$16,847,672 under the federal NSP. The County is using these funds to assist low- to moderate-income, first-time homebuyers purchase abandoned and foreclosed properties through the NSP Homebuyer Program, as well as to create affordable rental housing through the NSP Scattered Sites Rental Program.

In April 2009, the State of California's Department of Housing and Community Development (HCD) announced the availability of an additional \$99,641,218 to local eligible grantees for the State NSP. California cities were required to submit their applications to HCD by June 15, 2009. California counties, including the County of Los Angeles (commonly referred to as Tier 2 applicants), are required to submit their applications by July 15, 2009. It is important to note that although the County's original allocation from HCD was only \$95,482, funds from cities that did not meet their deadline were rolled into the County's allocation. This brought the County's total estimated award to \$4,804,152.

As part of the application, the County is required to submit a certified resolution adopted by the Board of Supervisors authorizing the Commission to apply to the State NSP on behalf of the County. The resolution also authorizes the Commission to serve as the

agent of the County for administration of the allocated State NSP funds.

There is a short timeframe required for committing and spending State NSP funds, and HCD will strictly enforce its expenditure milestones; 75% of the funds must be committed to projects by December 31, 2009 and 100% of the funds must be committed by March 31, 2010. All of the funds must be entirely spent by September 30, 2011.

NSP Homebuyer Program

State NSP funds will be used for the NSP Homebuyer Program approved by the Board of Supervisors on November 25, 2008. The Program is designed to meet the needs of first-time homebuyers who are unable to qualify for a mortgage and/or obtain the necessary down payment without financial assistance. NSP funds will provide financial assistance through zero interest deferred loans secured by a Second Deed of Trust, as well as down payment and/or closing cost assistance. A grant will also be offered to rehabilitate the homes to decent, safe, and habitable conditions.

Participating homebuyers must have incomes that do not exceed 120% of area median income. Properties eligible for State NSP funds must have been foreclosed upon or abandoned. They must also be located within the target areas identified as having the greatest need within the Urban County, the 13 participating cities originally identified as areas of greatest need, and cities whose funds were rolled into the County's total allocation. A complete list of targeted areas is included in the County's State NSP application.

Any Program Income, defined as income generated by eligible NSP activities, will be spent in the Program as described in the Plan Governing Reuse, which is included in the State NSP application. Marketing efforts for the NSP Homebuyer Program include outreach to prospective homebuyers through lending institutions, homebuyer education seminars, housing fairs, and posting of information on the County Housing Resources Center and Commission websites.

ENVIRONMENTAL DOCUMENTATION

The adoption of this resolution and acceptance of State NSP funds is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because it is an administrative action and does not involve activities that will alter existing environmental conditions. This action is not subject to the provisions of the CEQA, pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

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IMPACT ON CURRENT PROJECTS

The State NSP-funded projects will benefit low-, moderate-, and middle-income residents of the unincorporated County and participating cities.

Respectfully submitted,

A handwritten signature in black ink that reads "Sean Rogan" followed by a horizontal line.

SEAN ROGAN
Executive Director

cc: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors