

MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH

FEBRUARY 9, 2010

The State of California has made funding available through its Neighborhood Stabilization (NSP) Program, which is administered by the California Department of Housing and Community Development (HCD). On July, 7, 2009 the Board of Supervisors adopted a resolution authorizing the Community Development Commission (Commission) to act as the agent of the County in applying for and administering State NSP funds for targeted emergency assistance for the acquisition and redevelopment of foreclosed properties. Program activities would be conducted through the Commission's NSP Homebuyer program. The Commission's application was successful, and on November 12, 2009, a standard agreement in the amount of \$4,804,152 in State NSP funds to the County was executed.

After the grant agreement was already executed, HCD issued an Addendum to the guidelines for NSP Funded Housing and Rehabilitation Programs (Addendum). The Commission is required to execute this Addendum in order to receive State NSP funds and proceed with program implementation. In correspondence with HCD regarding the Addendum, the Commission voiced its concerns about potential hardships to prospective homebuyers as a result of Addendum requirements. These hardships include requiring homebuyers to wait to occupy their property until rehabilitation work is completed. This stipulation will require new low- to middle-income homebuyers to make rent, mortgage and monthly living expenses payments before they can occupy their homes. The Commission's existing grant agreement with HCD does not require the homebuyer to delay occupying their property.

Furthermore, because of start delays related to finalizing the Addendum, the Commission also requested a waiver to the State NSP use and obligation timetable, which requires 75% of program allocations to be used and obligated by March 31, 2010. The U.S. Department of Housing and Urban Development (HUD) has suggested a waiver of the March 31, 2010 deadline and an extension of the deadline until June 30, 2010 to be based upon performance.

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The Commission has a very successful track record of expending program funds according to State, federal and local requirements. The Commission's NSP 1 – Housing and Economic Recovery Program, which assists first time homebuyers with purchasing foreclosed homes, has been praised by HUD as the most successful in the State. This program has helped to alleviate the very severe foreclosure crisis in the County of Los Angeles.

Despite these successes, HCD denied the Commission's waiver request. The use and obligation timetable set forth by HCD will place an undue burden on the Commission.

**I, THEREFORE, MOVE** that the Board of Supervisors send a five-signature letter to Lynn L. Jacobs, Director of the California Department of Housing and Community Development (HCD), to respectfully request that HCD accept the County's program for use of State NSP funds as presented in the County's approved application; and also to request a waiver of the State NSP use and obligation timetable, which requires 75% of program allocations to be used and obligated by March 31, 2010, and an extension of the deadline until June 30, 2010 as suggested by the U.S. Department of Housing and Urban Development (HUD); and send copies of the letter to HUD, Governor Schwarzenegger, and the Los Angeles County Legislative Delegation.

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