

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 SEP 15 PM 1:10

TO: Office of the City Administrator
ATTN: Deanna J. Santana
FROM: Community and Economic Development Agency
DATE: September 27, 2011
RE: A Report and Resolution Authorizing The City Administrator To Accept And Appropriate Funds Totaling \$2,070,087 From The U.S. Department of Housing and Urban Development (HUD) For Round Three of The Neighborhood Stabilization Program (NSP 3) Authorized By The Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act NSP 3).

SUMMARY

This item is a request for City Council approval of a resolution authorizing the City Administrator to accept and appropriate funds from the U.S. Department of Housing and Urban Development (HUD) totaling \$2,070,087 for round three of the Neighborhood Stabilization Program (NSP 3), authorized by the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act NSP 3).

FISCAL IMPACT

The resolution accepts and appropriates \$2,070,087 for the FY 2011-12 budget from the Dodd-Frank Act NSP 3 allocation from HUD. The grant funds from NSP 3 will be appropriated into HUD-CDBG (Fund 2108, Org 88949, Project to be determined).

BACKGROUND

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for the Neighborhood Stabilization Program (NSP) originally established under the Housing and Economic Recovery Act of 2008. HUD awarded formula-based grants to 270 states and selected local governments to mitigate the negative impact of the nation's economic decline and housing market collapse and to stabilize and revitalize communities/areas hit the hardest.

NSP 3 funds are allocated based on the number of foreclosures and vacancies in the 20 percent of U.S. neighborhoods (census tracts) with the highest rates of homes financed by a subprime mortgage, delinquent loans, or loans in foreclosure. The minimum grant amount is \$1 million for non-state grantees and the basic allocation is adjusted to ensure that every state receives a minimum of \$5 million. The net result is that these funds are highly targeted to communities with the most severe neighborhood problems associated with the foreclosure crisis.

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NSP 3 grantees must adhere to the same strict requirements that applied to NSP 1 and 2 grantees in administering the NSP program and use of the NSP funding, with the exception of the time period for use of funds. Under NSP 3, grantees have two years from the date HUD signed their grant agreements to expend 50% of these funds and three years to expend an amount equal to these allocations.

KEY ISSUES AND IMPACTS

As reported to the City Council in numerous prior reports, the City continues to suffer from a very high rate of foreclosures, particularly in East and West Oakland. While many foreclosed properties have since been resold, often with at least minimal rehabilitation, there are still a number of foreclosed properties that are unlikely to be returned to the housing supply without financial assistance from the City, as the costs of acquisition and rehabilitation often exceed the potential market value. These properties frequently become blighted and often attract criminal activity, creating problems for the surrounding neighborhood. High rates of foreclosed homes are also likely to serve as a disincentive to private investment in both residential and commercial properties.

PROGRAM DESCRIPTION

The City of Oakland has been allocated \$2,070,087 to continue implementation of the Neighborhood Stabilization Program (NSP).

In order to receive the NSP 3 allocation, in March 2011, the City of Oakland submitted to the HUD local office, a Substantial Amendment to the City's Consolidated Plan, outlining in very broad terms how NSP 3 funds would be used. A copy of the Substantial Amendment is contained in *Attachment A*. Key elements are summarized below.

Target Area

As a NSP3 grantee, the City of Oakland must again target funds to give priority emphasis and consideration to areas with greatest need based upon the same criteria HUD utilized to make funding allocations, as noted above. Based upon HUD criteria of a high risk factor of current and future foreclosures and the most current data on the foreclosure rates in Oakland, staff has again determined the areas with greatest need are areas within East and West Oakland. However, given the focus of NSP1 funds has been primarily East Oakland, NSP3 funds will be targeted to two areas in West Oakland. Please see the map attached for the specific areas that will be the target areas (*Attachment B*).

Use of Funds

Staff recommends continued use of the funds in the Neighborhood Stabilization Program which include the requirements set forth by HUD. The NSP 3 funds will provide additional financial assistance to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell or rent such homes and properties to low, moderate and middle income households.

This resolution does not authorize funds for any particular project. Staff recommendations for specific programs and projects will be presented to the City Council in separate actions.

Budget

Program Funding **\$1,863,079**

These funds will cover the cost of continuing the implementation of the NSP 3 program through loans and grants for acquisition and rehabilitation of foreclosed single-family and multifamily properties. At least 25% of all NSP 3 funds (\$518,000) must be used to purchase and rehabilitate housing for households whose incomes do not exceed 50% of area median income.

Administration **\$207,008**

These funds will cover staff and overhead costs to implement the program, including development, oversight and monitoring of contracts; and development and submission of required monthly performance reports to HUD.

TOTAL **\$2,070,087**

SUSTAINABLE OPPORTUNITIES

Economic: As noted in the report, these CDBG funds are for the purpose of addressing the problems faced by families and their communities in light of the foreclosure crisis and to ensure communities can mitigate the harmful effects of foreclosures.

Environmental: The activities funded address such issues as removal of blight and the abatement of environmental hazards such as lead-based paint and other hazardous building conditions. Housing rehabilitation programs encourage contractors to use green building techniques, including energy-efficient design, use of recycled building materials, and water-conserving fixtures and landscaping.

Social Equity: As noted in the report, these funds must be used to assist households whose incomes do not exceed 100 percent of the area median income with at least 25% for households whose incomes do not exceed 50% of area median income.

DISABILITY AND SENIOR CITIZEN ACCESS

These funds do not provide specific benefits or programs for disabled or senior citizens; however, if these individuals are in danger of losing their homes, assistance will be available to them.

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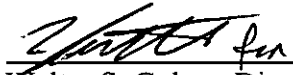
RECOMMENDATION AND RATIONALE

Staff recommends the City Council approve a resolution authorizing the City Administrator to accept and appropriate funds totaling \$2,070,087 for the Neighborhood Stabilization Program.

ACTION REQUESTED OF THE CITY COUNCIL

The Community and Economic Development Agency requests that the City Council accept this report and approve a resolution authorizing the City Administrator to accept and appropriate funds from the U.S. Department of Housing and Urban Development (HUD) totaling \$2,070,087 for round three of the Neighborhood Stabilization Program (NSP 3), authorized by the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act NSP 3).

Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

Prepared By:
Michele Byrd, Deputy Director
Housing and Community Development

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



Office of the City Administrator

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1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Byrd, Michele
Email Address	mbvrd@oaklandnet.com
Phone Number	510-238-3714
Mailing Address	250 Frank Ogawa Plaza, Suite 5313 Oakland, CA 94612

2. Areas of Greatest Need

Map Submission

A map of the target area is attached to this application.

The data report generated by the HUD NSP3 Mapping Tool is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:

The City relied primarily on HUD's NSP3 dataset to look at threshold eligibility and overall foreclosure risk. In addition, the City used data obtained from Realty Trac on completed foreclosures between 2007 and now to determine areas with the highest concentrations of foreclosures, and considered 2000 Census data and obtained from HUD on concentrations of low and moderate income households by tract and block group, poverty rates and unemployment rates to assess potential for a rise in home foreclosures. Consideration was also given to areas that had high percentages of homes financed by subprime loans.

There is substantial overlap between these factors, and large areas of the City would qualify under these criteria. Given the limited amount of funding and HUD's express desire that jurisdictions target NSP3 funds narrowly in order to have greater neighborhood impact, the City selected as its target area an area that is already an NSP1 target area but has not yet had significant NSP investment. This area has opportunities for investment in foreclosed multifamily housing that can provide rental units for very low income households. The area selected by the City is substantially the same as the area that is the subject of a pending application for a Choice Neighborhoods Planning Grant with the intent that NSP funds would be a component of more comprehensive revitalization efforts in that neighborhood.

Determination of Areas of Greatest Need

Describe how the areas of greatest need were established.

The City of Oakland, eight miles southeast of San Francisco, sitting on 19 miles of shoreline along the San Francisco Bay, includes 54 square miles of land and has a population of 400,000. The City of Oakland is divided up into seven districts.

The NSP regulations require that the City of Oakland target funds to give priority emphasis and consideration to areas with greatest need based upon the same criteria HUD utilized to make funding allocations. HUD has provided jurisdictions with data that includes a "risk factor" scored on a scale of 1 to 10. Using this data, staff has determined the areas with greatest need are areas within East and West Oakland. However, given the focus of NSP 1 funds has been primarily East Oakland, NSP3 funds will be targeted to two areas in West Oakland.

The City of Oakland has identified over 8,000 homes that were fully foreclosed and taken back by lenders between January 2007 and December 2010. These foreclosures have been most heavily concentrated in West Oakland and East Oakland, where there are multiple foreclosed homes on nearly every block. Many foreclosed properties are now becoming targets for vandalism and theft, including the removal of copper piping, appliances, cabinets and other items. If left unchecked, these properties will become magnets for crime, causing further declines in property values that could accelerate the foreclosure problem in a downward spiral.

While some foreclosed properties are reselling relatively quickly, in neighborhoods that were already dealing with problems of crime and relatively weaker housing markets, foreclosed homes are not moving as quickly. These neighborhoods are thus plagued by a combination of high rates of subprime lending, high foreclosure rates, and high risk of abandonment as homes remain vacant and unsold for many months.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	<p>Definition of "blighted structure" in context of state or local law.</p> <ul style="list-style-type: none"> (a) NSP definition: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health safety, and public welfare. (b) State context: California Health and Safety Code Section 33031(a)(1) describes physical conditions that cause blight: "Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities." (c) Local law context: The City of Oakland Municipal Code Chapter 8, Section 24 describes blight as the factors that affect the preservation of the livability, appearance, and social and economic stability of the city. Health and safety hazards and the impairment of property values which result from the neglect and deterioration of property.
Affordable Rents	<p>Affordable rents" follow the HOME program standards at 24 CFR 92.252 (a), (c), (e), and (f). Namely, the maximum rents will be the lesser of the fair market rent or 30% of 65% of AMI, with adjustments for the number of bedrooms in the unit, less a utility allowance. Affordable rents for units designated for households with incomes below 50% of AMI will be no more than 30% of 50% of AMI, adjusted for unit size. Such rents may be increased</p>

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	<p>annually after HUD updates fair market rents and median incomes. The minimum period of affordability is as follows:</p> <p>Rental Housing Activity <u>Minimum affordability period (years)</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center;">HOME Standards</th> <th style="width: 15%; text-align: center;">Oakland Standards</th> </tr> </thead> <tbody> <tr> <td colspan="3">Rehabilitation or acquisition of existing housing per unit amount of NSP funds</td> </tr> <tr> <td style="padding-left: 20px;">Under \$15,000</td> <td style="text-align: center;">5</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="padding-left: 20px;">\$15,000-\$40,000</td> <td style="text-align: center;">10</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="padding-left: 20px;">Over \$40,000 or rehabilitation involving refinancing</td> <td style="text-align: center;">15</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="padding-left: 20px;">New construction or acquisition of newly constructed housing</td> <td style="text-align: center;">20</td> <td style="text-align: center;">55</td> </tr> </tbody> </table> <p>The City will grant preference in the award of its NSP funds to projects that propose to maintain affordability for longer than the minimum period stated above.</p>		HOME Standards	Oakland Standards	Rehabilitation or acquisition of existing housing per unit amount of NSP funds			Under \$15,000	5	15	\$15,000-\$40,000	10	15	Over \$40,000 or rehabilitation involving refinancing	15	15	New construction or acquisition of newly constructed housing	20	55
	HOME Standards	Oakland Standards																	
Rehabilitation or acquisition of existing housing per unit amount of NSP funds																			
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New construction or acquisition of newly constructed housing	20	55																	

Descriptions

Term	Definition
Long-Term Affordability	<p>The City of Oakland will ensure continued affordability for NSP assisted housing in one of the following ways:</p> <p>(a) <u>Ownership Housing Deed Restriction Program</u>: Buyers of homes assisted with NSP funds will enter into a deed restriction recorded against title to the home. The deed restriction will restrict the appreciation that the homeowner may earn upon sale and will require that the home be sold to other low- or moderate-income buyers. The deed restriction will also require owner occupancy of the home. This type of deed restriction program will meet or exceed the minimum affordability standards of HUD's HOME program.</p> <p>(b) <u>Community Land Trust Program</u>: Some NSP assisted homes may be part of a Community Land Trust program. Under the Community Land Trust program, the assisted home will be sold to an eligible buyer and the land will be retained by a nonprofit Community Land Trust. The Community Land Trust will then lease the land to the eligible buyer, and the lease will restrict the appreciation that the homeowner may earn upon sale of the improvements and will require that the improvements be</p>

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	<p>sold to other low- or moderate-income buyers. The lease will also require owner occupancy of the home. This type of Community Land Trust program will meet or exceed the minimum affordability standards of HUD's HOME program.</p> <p>(c) <u>Rental Housing Regulatory Restriction Program</u>: The City will record a Regulatory Agreement against the property restricting occupancy to income-eligible households at affordable rents. Rents will be set at affordable rents as defined above. These restrictions will meet or exceed the minimum affordability standards of HUD's HOME program.</p>
<p>Housing Rehabilitation Standards</p>	<p>All housing rehabilitation activities assisted by NSP funds will meet federal Housing Quality Standards guidelines and City of Oakland building codes. All rehabilitation work will be subject to the City's Standards for Rehabilitation and Performance Standards and Specifications for Rehabilitation currently used for its regular housing rehabilitation programs. Standards for rehabilitation work are described in this section. Rehabilitation work items are defined according to program priorities established by the City of Oakland's Neighborhood Stabilization Program. A priority system is used to identify and clarify mandatory work items and other work items done to meet program goals. The priority system is based on the following three improvement categories:</p> <p><u>Category A</u>: Mandatory work items. Those items that threaten the health and safety of residents (e.g., basic structural, mechanical, electrical, and plumbing systems) and those items that constitute other program specific requirements (e.g., Lead Base Paint Remediation, Termite Repairs and Seismic Retrofitting).</p> <p><u>Category B</u>: Those items that are code deficiencies, but are not threatening health and safety, or that are incipient violations. (An example might be a hot water heater that is properly vented, but is within a year or two of its life expectancy). If sufficient dollars are available to address more than all Category A items, then Category B improvements may be undertaken.</p> <p><u>Category C</u>: Those items that are not code deficiencies, but instead, are improvements preferred by the owner. These items are considered General Property Improvements and improve the basic habitability of the premises.</p> <p>These rehabilitation standards for existing residential properties have been developed to provide minimum design and construction standards for Oakland's Neighborhood Stabilization Program. Intended to serve as definitive standards in carrying out Oakland's rehabilitation objectives and goals, these rehabilitation guidelines are drawn from all applicable local</p>

	<p>codes. They represent the minimum requirements of those codes and, as such, they are intended to provide a minimum acceptable level of rehabilitation for affected properties.</p> <p>The City of Oakland intends for the Rehabilitation Standards for Single and Multi-Family Dwellings to be used to:</p> <ol style="list-style-type: none"> 1. Assure improved housing that is livable, healthful, safe, and physically sound, and at the same time, is low enough in cost for present neighborhood residents to afford; 2. Provide an acceptable level for residential rehabilitation based on performance, with maximum flexibility to meet local conditions; 3. Encourage innovation and improved technology toward reducing construction costs; 4. Establish standards that will correct code violations, and will serve to identify eligible criteria for the rehabilitation program which will assist homeowners and contractors in developing scopes of work.
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4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

<p>Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.</p>
<p>Response: Total low-income set-aside percentage (must be no less than 25 percent): 25.00% Total funds set aside for low-income individuals = \$518,000</p>

Meeting Low-Income Target

<p>Provide a summary that describes the manner in which the low-income targeting goals will be met.</p>
<p>Response: The City of Oakland will expend at least 25% (approximately \$518,000 of the funds appropriated or otherwise made available under the NSP) to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income. This amount is 25% of the total grant amount, before any deduction for funds allocated to administration and planning.</p>

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income	
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dwelling units (i.e., ≤ 80% of area median income)?	Yes
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	16
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	50
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	50

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.
<p>Response:</p> <p>The City of Oakland posted a copy of the Substantial Amendment on its official website on February 11, 2011 for a period of 15 calendar days prior to submitting this plan to HUD.</p>

Summary of Public Comments Received.

There were no Public comments received during the 15 day period of being posted on the website.

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled “Activity Number 4,” “Activity Number 5,” “Activity Number 6,” and “Activity Number 7.” If you are unsure how to delete a table, see the instructions [above](#).

The field labeled “Total Budget for Activity” will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the “Performance Measures” component of the activity tables below.

Activity Number 1	
Activity Name	General Administration and Planning
Uses	Select all that apply:
	<input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation

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	<input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	CDBG eligibility activity: program administrative activities eligible under 24 CFR 570.206	
National Objective	Housing assisted with NSP funds will benefit low, moderate and middle income persons, as defined in the NSP notice—i.e., ≤ 120% of area median income).	
Activity Description	This activity addresses the two areas of greatest need in West Oakland. Assisted households will all be income-qualified persons, including those below 50% of area median income. Each activity administered will ensure continued affordability as described in Section G (3) below. Activities will include planning, outreaching to mortgages, structuring and administering financing, managing the NSP activities and projects as described below, issuing RFPs/Qs for appraisers, contractors, property managers, and/or developers, and reporting and monitoring on the NSP activities	
Location Description	All activities will take place in the area of greatest need described in Section 2.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$207,008
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$207,008	
Performance Measures	Achievement of the performance measures of all NSP activities outlined below.	
Projected Start Date	July 1, 2011	
Projected End Date	June 30, 2014	
Responsible Organization	Name	City of Oakland
	Location	250 Frank Ogawa Plaza, Suite 5313 Oakland, CA 94612
	Administrator Contact Info	(510) 238-3714 mbvrd@oaklandnet.com

Activity Number 2		
Activity Name	NSP Acquisition and Rehabilitation Revolving Loan Fund	
Use	Select all that apply:	
	<input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms	
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation	
	<input type="checkbox"/> Eligible Use C: Land Banking	
	<input type="checkbox"/> Eligible Use D: Demolition	
	<input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	(1) NSP eligible use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon; in order to sell, rent, or redevelop such homes and properties.	
	(2) CDBG eligibility activity: Acquisition, disposition, possible relocation, and direct homeownership assistance activities eligible under 24 CFR	

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	<p>570.201(a), (b), (i) and (n), as well as rehabilitation and preservation activities eligible under 570.202.</p>
<p>National Objective</p>	<p>Housing assisted with NSP funds will benefit low, moderate and middle income persons, as defined in the NSP notice—i.e., ≤ 120% of area median income).</p>
<p>Activity Description</p>	<p>This activity will provide financial assistance to nonprofit and for-profit entities to purchase and rehabilitate homes and residential properties that have been foreclosed upon, in order to sell or rent such homes and properties to low, moderate and middle income households. Assisted households will all be income-qualified persons, including those below 50% of area median income.</p> <p>The foreclosed-upon properties will be purchased at a discount from fair market value, in conformance with Section II.Q of the Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Homes Grantees under the Housing and Economic Recovery Act (HERA), 2008. The NSP will follow one of the discount methodologies discussed in Section IIQ, namely (i) to set purchase prices below the fair market value in an amount reflecting the expected carrying costs the seller/mortgagee is saving by selling to NSP, with an average discount across all NSP-purchased properties of at least 10% and a discount for each individual purchase of at least 5%, or (ii) to set purchases at fair market value with an average discount across all NSP-purchased properties of at least 15% and a discount for each individual purchase of at least 5%. Values will be established by appraisals conducted in accordance with the NSP regulations.</p> <p>The extent of assistance will depend on the amount time required to acquire, rehabilitate and sell or rent the property. Units intended for owner-occupancy will be sold at below market rate to income-qualified buyers using either the Ownership Deed Restriction Program or the Community Land Trust Program to ensure continuing affordability to low, moderate and middle income households. Units intended for renter occupancy will be restricted in accordance with the Rental Housing Regulatory Restriction Program.</p> <p>Acquisition and development subsidy will be provided to developers in the form of a loan bearing zero percent (0%) interest. For owner-occupied housing, the City may require that the NSP funds be repaid in part or in full upon completion of rehabilitation work and sale to an eligible buyer. For rental housing, the City may require that the NSP funds be repaid in part or in full upon completion of rehabilitation work and rental to eligible tenants, or the City may choose to retain the investment of NSP funds in the development for the term of the affordability restrictions. In such cases, the funds will be provided as deferred loans with a simple interest rate of zero percent (0%).</p> <p>These loans will be evidenced by one or more agreements designed to ensure</p>

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that the selected developer complies with the discount rate acquisition requirements and performs any necessary renovations to bring each home up to the program's habitability standards within a commercially reasonable timeframe. In addition, the agreements shall ensure that the developer markets the homes in a manner consistent with the program's affirmative marketing guidelines, provides or arranges for at least 8 hours of homebuyer repurchase counseling from a HUD certified counseling agency, and sells the home to an eligible buyer as outlined below.

The jurisdiction will provide funds for the acquisition, rehabilitation and redevelopment of the properties (which shall include related eligible development and activity delivery costs, sales and closing costs or marketing and rent-up costs, and reasonable developer fees in an amount established in advance by the City) to the developer. Any funds provided by the jurisdiction to the developer will be supported by a reasonable development budget approved by the jurisdiction. The jurisdiction will make efforts to ensure that the developer adequately leverages the NSP funds provided by the jurisdiction.

NSP funds provided for acquisition will be disbursed at closing and the City will establish a process for disbursing remaining funds as work is completed.

If any tenants are displaced through the acquisition and/or rehabilitation of projects with NSP funds, the City will adhere to the required relocation assistance under URA.

The City will ensure that the units are subject to one of the following three options:

Option 1 - Deed Restriction. The developer sells the home to an eligible buyer for an affordable price, which shall in no event be greater than the cost to acquire, rehabilitate and redevelop the home. If the affordable price is less than the cost to acquire, rehabilitate and redevelop the home, the City may provide funds (either local or possibly NSP funds) equal to the difference between the developer's eligible acquisition, rehabilitation and redevelopment costs and the affordable price. The City will determine or approve the affordable price. If the City selects this Option 1, then the City will require that the homes become part of the Ownership Deed Restriction Program activity described below.

Option 2 – Community Land Trust. The developer sells the home to an eligible buyer or a Community Land Trust organization for an affordable price, which shall in no event be greater than the cost to acquire, rehabilitate and redevelop the home. If the developer sells the home to an eligible buyer, It will convey only the improvements on the property to the homeowner. The land shall be conveyed to the Community Land Trust by developer (for nominal consideration). If the home is conveyed to the land trust, the land trust shall then sell the improvements only to the eligible buyer for an affordable price and the land trust shall retain the land, which it shall lease to the eligible buyer. If the affordable price is less than the cost to acquire,

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	<p>rehabilitate and redevelop the home, the City may provide the developer with funds (either local or possibly NSP funds) equal to the difference between the developer's eligible acquisition, rehabilitation and redevelopment costs and the affordable price. The City will determine or approve the affordable price. If the City selects this Option 2, then the City will require that the homes become part of the Community Land Trust Program activity described below.</p> <p>Option 3 –Regulatory Restriction. NSP-assisted units will be provided by the developer as rental housing to persons of very low income. If the City selects this Option 3, then the City will require that the homes become part of the Rental Housing Regulatory Restriction Program activity described below.</p> <p>The City of Oakland will utilize its Local Hiring policies and procedures to implement the vicinity hiring mandate, focusing these efforts within the target areas of greatest need.</p>	
Location Description	All activities will take place in the area of greatest need described in Section 2.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$1,863,079
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$1,863,079	
Performance Measures	Units acquired, rehabilitated and resold: 10 Low, moderate or middle income households assisted with housing: 10	
Projected Start Date	July 1, 2011	
Projected End Date	June 30, 2014	
Responsible Organization	Name	City of Oakland
	Location	250 Frank Ogawa Plaza, Suite 5313
	Administrator Contact Info	(510) 238-3714 mbvrd@oaklandnet.com

Activity Number 3	
Activity Name	Rental Housing Regulatory Restriction Program
Use	Select all that apply:
	<input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	<p>(1) NSP eligible use: establish finance mechanisms for purchase and redevelopment of foreclosed multi-family residential properties.</p> <p>(2) CDBG eligible activities: as part of an activity delivery cost for an eligible activity. (24 CFR 570.206) Rental housing activities: (24 CFR 570.201(a) and 570.202)</p>
National Objective	Housing assisted with NSP funds will benefit low, moderate and middle income persons, as defined in the NSP notice—i.e., ≤ 120% of area median income).

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Activity Description	<p>This activity will provide affordable rental housing opportunities for households earning not more than 50% of Area Median Income. All units assisted under this program will be subject to regulatory restrictions recorded as covenants running with the land to ensure continuing affordability.</p> <p>To implement this activity, the City will require developers of NSP-assisted rental housing to enter into a recorded Regulatory Agreement that imposes continuing obligations to manage and maintain the property as affordable rental housing for low income households. Consistent with the HOME Program requirements for "Low HOME Rent units," either (a) rents will be restricted to not more than 30% of 50% of AMI, with an adjustment for tenant-paid utilities, or (b) units that are assisted with project-based rental subsidies may have rents up to the maximum amount provided by the subsidy program provided that tenant incomes do not exceed 50% of AMI and the tenant-paid portion of rent plus a reasonable utility allowance does not exceed 30% of the tenant household's adjusted income. Occupancy shall be restricted to households with incomes not to exceed 50% of AMI with adjustments for household size. Incomes shall be recertified annually.</p> <p>The Regulatory Agreement will also impose requirements for ongoing management and maintenance of the property and compliance with all applicable requirements including non-discrimination, affirmative fair marketing and accessibility to persons with disabilities.</p> <p>Regulatory Agreements shall have a term of at least 15 years. Preference will be granted to projects that propose longer terms of affordability and deeper income targeting.</p> <p>The City of Oakland will utilize its Local Hiring policies and procedures to implement the vicinity hiring mandate, focusing these efforts within the target areas of greatest need.</p>	
Location Description	All activities will take place in the area of greatest need described in Section 2.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$0.00	
Performance Measures	(Enter all performance measures here)	
Projected Start Date	July 1, 2011	
Projected End Date	June 30, 2012	
Responsible Organization	Name	City of Oakland
	Location	250 Frank Ogawa Plaza, Suite 5313
	Administrator Contact Info	(510) 238-3714 mbvrd@oaklandnet.com

Activity Number 4	
Activity Name	Community Land Trust Program

ATTACHMENT A

<p>Use</p>	<p>Select all that apply:</p> <table border="1"> <tr> <td><input checked="" type="checkbox"/></td> <td>Eligible Use A: Financing Mechanisms</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Eligible Use B: Acquisition and Rehabilitation</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use C: Land Banking</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use D: Demolition</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use E: Redevelopment</td> </tr> </table>	<input checked="" type="checkbox"/>	Eligible Use A: Financing Mechanisms	<input checked="" type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation	<input type="checkbox"/>	Eligible Use C: Land Banking	<input type="checkbox"/>	Eligible Use D: Demolition	<input type="checkbox"/>	Eligible Use E: Redevelopment
<input checked="" type="checkbox"/>	Eligible Use A: Financing Mechanisms										
<input checked="" type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation										
<input type="checkbox"/>	Eligible Use C: Land Banking										
<input type="checkbox"/>	Eligible Use D: Demolition										
<input type="checkbox"/>	Eligible Use E: Redevelopment										
<p>CDBG Activity or Activities</p>	<p>(1) NSP eligible use: establish finance mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.</p> <p>(2) CDBG eligible activities: as part of an activity delivery cost for an eligible activity. (24 CFR 570.206)</p> <p>Homeownership assistance and preservation activities for homes and other residential properties. (24 CFR 570.201(a) and 570.202)</p>										
<p>National Objective</p>	<p>Housing assisted with NSP funds will benefit low, moderate and middle income persons, as defined in the NSP notice—i.e., ≤ 120% of area median income).</p>										
<p>Activity Description</p>	<p>This activity will provide affordable homeownership opportunities for households earning between 50% and 120% of Area Median Income. All homes assisted under this program will be part of a Community Land Trust program which will require that the homes remain affordable to low-, moderate- and middle-income households in perpetuity.</p> <p>To implement this activity, the City will require that properties be acquired and developed by a Community Land Trust or conveyed at an affordable price to the Community Land Trust upon completion of rehabilitation work. The Community Land Trust will convey the improvements to the eligible buyer for an affordable price. The affordable price shall be determined or approved by the City and will not exceed the costs of acquisition, rehabilitation and redevelopment of the home. The Community Land Trust will also establish standards for and review the terms of homebuyer mortgages to ensure that such mortgages will not jeopardize the affordability of the assisted home.</p> <p>Upon sale of the improvements to the homeowner, the homeowner and the Community Land Trust organization will enter into a long term lease of the land. This ground lease (the "CLT Lease") shall impose owner occupancy and resale price restrictions designed to ensure long-term affordability of the assisted homes to the target income group. The CLT Lease may also permit recapture of any subsidy provided to the homeowner (up to the market rate price of the unit) in the event the homeowner violates the affordability provisions in land lease.</p> <p>The CLT lease shall have a term of no less than 15 nor more than 99 years. At the time of each resale of an assisted home a new buyer, a new lease may be recorded in order to maintain affordability for the longest feasible time. Preference will be given to projects that impose longer periods of affordability or deeper income targeting.</p> <p>The City of Oakland will utilize its Local Hiring policies and procedures to</p>										

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	implement the vicinity hiring mandate, focusing these efforts within the target areas of greatest need.	
Location Description	All activities will take place in the area of greatest need described in Section 2.	
Budget	Source of Funding	Dollar Amount
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	(Other funding source)	\$
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Total Budget for Activity	\$0.00	
Performance Measures	(Enter all performance measures here)	
Projected Start Date	July 1, 2011	
Projected End Date	June 30, 2012	
Responsible Organization	Name	City of Oakland
	Location	250 Frank Ogawa Plaza, Suite 5313
	Administrator Contact Info	(510) 238-3714 mbyrd@oaklandnet.com

8. Certifications

Certifications for State and Entitlement Communities

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

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(7) Section 3. The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(8) Citizen participation. The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(9) Following a plan. The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) Use of funds. The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) The jurisdiction certifies:

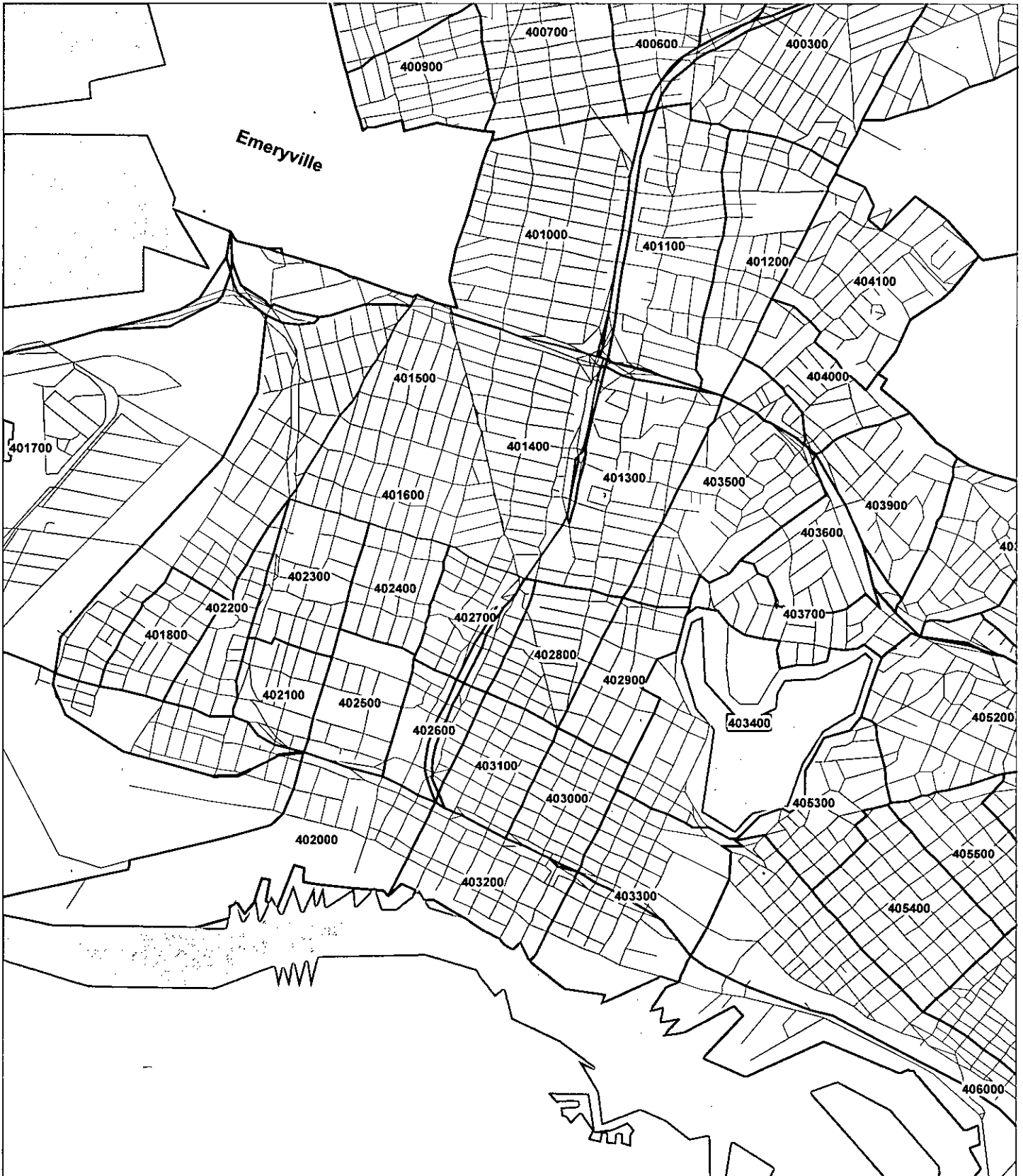
- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) Excessive force. The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) Compliance with anti-discrimination laws. The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

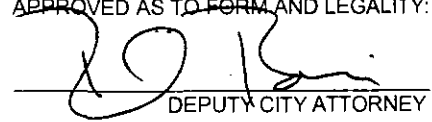
NSP3 Target Areas Oakland, 2011



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 SEP 15 PM 1:14

APPROVED AS TO FORM AND LEGALITY:


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

**RESOLUTION ACCEPTING AND APPROPRIATING FUNDS TOTALING
\$2,070,087 FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT (HUD) NEIGHBORHOOD STABILIZATION PROGRAM**

WHEREAS, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for the HUD Neighborhood Stabilization Program 3 (NSP 3) originally established under the Housing and Economic Recovery Act of 2008; and

WHEREAS, under NSP 3, HUD awarded grants to 270 states and selected local governments to mitigate the negative impact of the nation's economic decline and housing market collapse and to stabilize and revitalize communities/areas hit the hardest; and

WHEREAS, the City desires to accept the \$2,070,087 in NSP 3 funds that HUD has allocated to the City of Oakland to further implement the NSP; now therefore, be it

RESOLVED: That the City Council hereby accepts and appropriates HUD NSP 3 funds totaling \$2,070,087 and authorizes the City Administrator or her designee to amend the appropriated amounts for FY 2011/12 to reflect actual grant receipts for the programs identified in the final Consolidated Plan; and be it

FURTHER RESOLVED: That the NSP 3 funds shall be appropriated to the HUD-CDBG (Fund 2108, Org 88949, Project to be Determined); and be it

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Administrator, and/or his designee to use NSP 3 funds to further implement the Neighborhood Stabilization Program; and be it

FURTHER RESOLVED: That prior to execution, agreements shall be reviewed and approved as to form and legality by the City Attorney, and copies filed with the City Clerk; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to conduct negotiations, execute documents, and take any other action with respect to the NSP 3 funds consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF, and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California