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OAKLAND

2009 JUL -2 PM 7: 58

# CITY OF OAKLAND



CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

Office of the City Administrator  
Dan Lindheim  
City Administrator

(510) 238-3301

July 7, 2009

Oakland City Council  
Oakland, California

President Brunner and Members of the Council:

**RE: Supplemental Report and Resolution on the Neighborhood Stabilization Program 2 Grant, Under the American Recovery and Reinvestment Act of 2009, Authorizing the City Administrator to Apply for, Accept, and Appropriate up to \$25 Million for the Purpose of Assisting in the Redevelopment of Abandoned and Foreclosed Homes**

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## SUMMARY

This supplemental report and resolution authorizes the City Administrator to apply for, accept and appropriate up to \$25 million of the Neighborhood Stabilization Program 2 Grant for purposes of assisting in the redevelopment of abandoned and foreclosed homes in Oakland. The competitive grant funding is made available by the Department of Housing and Urban Development (HUD) as part of the American Recovery and Reinvestment Act (ARRA) of 2009, which allocated \$1.93 billion for this grant program. Local governments, nonprofits and consortia of non-profits are eligible to apply for funding. The Neighborhood Stabilization Program (NSP) provides grants to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of housing values of neighboring homes.

## KEY ISSUES AND IMPACTS

The NSP2 grant will provide the opportunity for the City to build upon its efforts under NSP1. Staff has been working with grantees and applicants from NSP1 who met eligibility requirements but were not recommended for funding due to monetary constraints. Given the highly competitive nature of this grant program, staff has attempted to coordinate a joint application process that will build and expand upon the programs that the Council approved in NSP1. Please see *Attachment A* for a spreadsheet that provides information, project description, number of

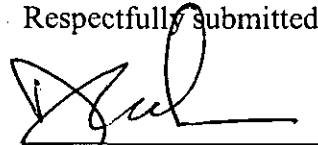
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units, amount and the target area and the population for each organization the City of Oakland is including in its NSP2 application, which is due to HUD on July 17, 2009.

**ACTION REQUESTED OF THE CITY COUNCIL**

The Council is requested to accept this report and approve a resolution authorizing the City Administrator to apply for NSP2 grant funds.

Respectfully submitted,



Dan Lindheim  
City Administrator

Attachment A: NSP2 Application Summary


## NEIGHBORHOOD STABILIZATION PROGRAM -2 APPLICATION SUMMARY

AGENCY	PROJECT DESCRIPTION	# of Units	AMOUNT	TARGET AREA/POPULATION
<b>HOMEOWNERSHIP</b>				
<b>Allen Temple Housing Economic Development Corporation</b>	To aggressively and effectively purchase, renovate and resell the foreclosed and vacant houses within the East Oakland/Elmhurst area as quickly as possible utilizing a revolving loan fund.	105 units per cycle	\$ 5,000,000.00	East Oakland/Elmhurst District; 60-80% AMI; 15 Year Affordability
<b>Urban Strategies Council</b>	Additional funds to continue the acquisition, rehabilitation and reselling of vacant foreclosed properties to low-to-moderate income families in the neighborhoods most heavily impacted utilizing a land trust model.	100 units	\$ 8,000,000.00	Citywide; 50-80% AMI; Affordability in Perpetuity
<b>Neighborhood Energy Retrofit &amp; Housing Rehabilitation Program</b>	Revolving loan fund will provide 0% construction loans, not to exceed \$150,000, deferred for one year or due upon sale for the rehabilitation and energy retrofits of one to four unit foreclosed, vacant properties. Eligible borrowers are to include non-profit and for profit organizations. Preference will be given to Local Business Enterprises.	50 units per cycle	\$ 4,000,000.00	Citywide; Up to 120% AMI; 15 year Affordability
<b>RENTAL</b>				
<b>Drasin Manor</b>	As part of the OCHI portfolio, Neuva Vista is in jeopardy of being lost as an affordable housing resource unless it can be repositioned under new nonprofit ownership. These funds will assist in acquisition and rehabilitation of the development	26 units	\$ 1,900,000.00	2530 International Blvd. 50% AMI or Below
<b>Marin Way Court Apartments</b>	As part of the OCHI portfolio, Neuva Vista is in jeopardy of being lost as an affordable housing resource unless it can be repositioned under new nonprofit ownership. These funds will assist in acquisition and rehabilitation of the development	20 units	\$ 1,600,000.00	2000 International Blvd. 50% AMI or Below
<b>Nueva Vista</b>	As part of the OCHI portfolio, Neuva Vista is in jeopardy of being lost as an affordable housing resource unless it can be repositioned under new nonprofit ownership. These funds will assist in acquisition and rehabilitation of the development	30 units	\$ 900,000.00	3700 International Blvd. 50% AMI or Below
<b>Amber Tree Garden Apartments</b>	This property is currently in foreclosure. The property has not been maintained to a habitable condition and is severely abandoned. These funds will be used for the acquisition of the building to allow for the rehabilitation for immediated improvements to the building	61 units	\$ 1,850,000.00	2555-2567 Foothill Blvd. 50% or Below
<b>Administration</b>	The administration of the NSP-2 grant which includes project management for the loan fund recipients, development of contracts, monitoring of contracts, payment of invoices and submission of performance reports to HUD.		\$ 1,750,000.00	Citywide
<b>TOTAL APPLICATION</b>			\$ 25,000,000.00	

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APPROVED AS TO FORM AND LEGALITY:

  
CITY ATTORNEY

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C. M. S.

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**Resolution Authorizing the City Administrator, On Behalf Of the City of Oakland, To Apply For, Accept, and Appropriate Up To \$25 Million In Grant Funds From the American Recovery and Reinvestment Act of 2009 (Federal Government's "Stimulus Package") Neighborhood Stabilization Program 2 (NSP2) Grant for the Purpose of Assisting in the Redevelopment of Abandoned and Foreclosed Homes**

**WHEREAS**, on February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (Federal Government's "Stimulus Package"); and

**WHEREAS**, it is anticipated that the U.S. Government will award grant funds from the American Recovery and Reinvestment Act of 2009 (Federal Government's "Stimulus Package") to state and local governments to stimulate the economy by creating and preserving jobs; and

**WHEREAS**, the City of Oakland may be eligible to receive a portion of the grants funds; and

**WHEREAS**, due the urgent economic conditions, the federal government is releasing information on an ongoing basis regarding application deadlines and the criteria for funding and the types of programs, projects that will qualify for the funding and the Mayor, City Administrator and the City Council wish to be in the best posture (1) to be apprised of and updated regarding developments regarding the Stimulus Package and the City's options and (2) to prepare and complete and revise as necessary timely grant applications and (3) to obtain the maximum amount of grant funds for which the City of Oakland may be eligible; and

**WHEREAS**, a part of Federal Government's Stimulus Package provides \$1.93 billion of the American Recovery and Reinvestment Act of 2009 to carry out the Neighborhood Stabilization Program (NSP); and

**WHEREAS**, on May 6, 2009, the U. S. Department of Housing and Urban Development (HUD) released the implementation notice of the NSP2; and

**WHEREAS**, the City desires to apply for up to \$25 million through competitive process for NSP2 funds along with Allen Temple Housing Economic Development Corporation and Urban Strategies Council; and

**WHEREAS**, HUD is requiring all applicants to submit to the HUD Washington office by July 17, 2009, an application for funding; and

**WHEREAS**, the City has published a draft summary of the application and has provided for a public comment period of ten (10) days according to HUD requirements

**WHEREAS**, there is a desire to use the NSP2 funds for the purposes of acquiring, rehabilitating and reselling foreclosed properties; now therefore be it

**RESOLVED**: that the City Council hereby authorizes the City Administrator or his designee to apply for, accept and appropriate grant funds from the American Recovery and Investment Act of 2009 (Federal "Stimulus Package") for the NSP2 for the purpose of assisting in the redevelopment of abandoned and foreclosed homes; and, be it

**FURTHER RESOLVED**: That the City Council hereby authorizes and directs the City Administrator, and/or his designee, to take any actions necessary to execute and submit the documents mentioned above to HUD and any other materials that may be required to secure HUD approval of the City's NSP2 application; and be it

**FURTHER RESOLVED**: That NSP2 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 the NSP2 funds as described in the attachment to this resolution; 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 project and the allocation of NSP2 funds consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

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

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California