CITY OF LONG BEACH
FY 2008-2009 ACTION PLAN
SUBSTANTIAL AMENDMENT

ALLOCATING FEDERAL RESOURCES OF:

Neighborhood Stabilization Program (NSP)

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) SUBSTANTIAL AMENDMENT

Jurisdiction(s): City Of Long Beach Jurisdiction Web Address: *http://www.longbeach.gov/cd/neighborhood_services/default.asp*	NSP Contact Person: Alem Hagos Address:444 W Ocean Blvd, Suite 1700 Long Beach, CA 90802 Telephone: 562/570-7403 Fax: 562/570-5248 Email: Alem_Hagos@longbeach.gov

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INTRODUCTION

To receive Community Development Block Grant (CDBG) funding from the Department of Housing and Urban Development (HUD), the City of Long Beach prepares an annual Action Plan that describes how the funding for low-income residents will be used. On July 15, 2008, the City Council approved the FY '09 Action Plan. The FY '09 Action Plan was the fourth annual implementation plan under the five-year 2005 – 2010 Consolidated Plan. The Plan is required to assess community needs and to prioritize the use of HUD grant funds received by the City to address identified needs by principally benefiting low income Long Beach residents.

Pursuant to Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA), HUD has established a new program called the Neighborhood Stabilization Program (NSP). The City is eligible to receive an additional $5,070,310 of federal funds, allocated to the NSP. Because this is a new program, the City must amend the FY '09 Action Plan in order to accommodate new NSP funding and all the elements of the original Action Plan are hereby incorporated into the supplemental document.

The NSP is intended to stabilize neighborhoods and stem the decline of housing values. The program calls for recipient cities and states to purchase and rehabilitate foreclosed or abandoned homes. Once these properties are rehabilitated, the City will sell them to qualified buyers that earn 120% or less of the average median income (AMI) salary. Because NSP funds must be allocated 18 months from receipt, the City Council will authorize the City Manager to execute all necessary documents and to acquire and dispose of properties related to the NSP

NSP funds will be used to maximize and complement the City's overall ongoing investment towards providing quality affordable housing to as many Long Beach residents as possible with a clear and pronounced effect of revitalizing and stabilizing Long Beach neighborhoods.

A. Areas of Greatest Need

Local governments are required to give priority emphasis and consideration of NSP funds to areas with the greatest need. The City has reviewed various commercially available data sources and the Comprehensive Housing Affordability Strategy (CHAS) data provided by HUD. These data sets have assisted the City in developing the strategies to best utilize funds provided in this Annual Action Plan Amendment.

The City's target areas for NSP program were developed pursuant to the HERA as outlined below:

- Greatest percentage of home foreclosure;
- Highest percentage of homes financed by a subprime mortgage related loan; and
- Areas identified as the most likely to face a significant rise in the rate of home foreclosures.

Analysis of Target Areas

Using First American CoreLogic and DataQuick data that goes back 18 months, the City has identified about 5,138 instances of foreclosures, pending auctions, default notices and sub-prime mortgages that are concentrated mainly in the central and northern portions of the City (see Exhibit A5). This is consistent with the demographic nature of those areas. The central and north neighborhoods of the City are heavily resided by low-income residents and are completely within the current CDBG area.

Data is made available at the Census Tract Block Group (CTBG) level for the entire country. The City of Long Beach began its needs assessment in response to the housing crisis (high number of foreclosed, vacant properties beginning to have adverse effects on neighborhoods) by identifying the CTBG in the City with income levels at or below 120% Area Median Income (AMI). For purposes of this Substantial Amendment, the low, moderate and middle-income areas will be noted as "LMMI" (at least 51% of the residents in LMMI areas have incomes at or below 120% AMI). This data was provided by HUD and can be found on their website: http://www.huduser.org/publications/commdevl/nsp_target.html.

Of the 364 Long Beach CTBGs provided by HUD, only 188 of them met the eligibility under Housing and Economic Recovery Act of 2008 (HERA), as areas which would satisfy the requirement that NSP funds be used to serve persons earning less than 120% AMI. The eligibility of areas for the City of Long Beach utilizing Neighborhood Stabilization Program (NSP) funding restrictions is shown in Exhibit A1.

HUD CHAS Data Definitions

Estimated Foreclosure Abandonment Risk Score (Est. FARS) –Provides a score at the census block group level on a scale from 0 to 10. A score of 0 indicates that HUD data suggests a very low risk of residential properties that potentially will be abandoned or foreclosed upon, whereas a 10 suggests a very high risk.

Predicted 18-Month Underlying Problem Foreclosure Rate – Provides a score at the census tract level on a scale from 0 to 12. A score of 0 indicates that HUD data suggests a very low risk of residential properties that potentially will be foreclosed upon, whereas a score of 12 suggests a very high risk.

HMDA High Cost Loan Rate – Federal Reserve Home Mortgage Disclosure Act (HMDA) data on the percentage of all loans made between 2004 and 2006 that are high cost at the census block group level.

OFHEO CBSA Home Price Decline Since Peak – Office of Federal Housing Enterprise Oversight (OFHEO) data on the decline in home values as of June 2008 compared to peak home values since 2000 at the county level.

The data for City of Long Beach was evaluated and a priority ranking system for those CTBGs most at risk of becoming blighted due to large numbers of vacant foreclosed units was developed. A visual representation of these impacts is shown in Exhibits A1 – A4.

The HUD - CHAS data, in addition to a breakdown of income levels by CTBG, provides the following information that assisted in prioritizing areas of greatest need :

- Estimated foreclosure/abandonment risk score (1 to 10 with 10 being the highest risk)–City of Long Beach data ranged from 1 to 10; (Exhibit A2)
    - This data indicates that out of the 188 NSP eligible CTBGs, 167 of them have a risk score that is greater than or equal to 7.
        - *Priority given to neighborhoods with a risk factor of 7,8,9,or 10.*
- Rate of high cost loans (2004 – 2006) City of Long Beach data ranged from 0.0% to 66.7%; (Exhibit A3)
    - This data indicates that out of the 188 NSP eligible CTBGs, 154 of them contain a housing stock in which 25% or more of homes hold a sub prime mortgage.

        - *Priority given to neighborhoods (CTBGs) with rate of high cost loan greater than 25% at CTBG level.*

- Predicted 18-month underlying problem foreclosure rate (this rate does not provide the actual level of foreclosures in an area, but rather predicts what the foreclosure risk might be going forward). – City of Long Beach data ranged from 0.0% to 13.5%; (Exhibit A4)

    - This data indicates out of 188 eligible CTBGs, 149 of them have risk score of greater than 7%.

        - *Priority given to neighborhoods with predicted foreclosure rate of greater than 7%.*

- Office of Federal Housing Enterprise Oversight (OFHEO) data on the decline in home values as of June 2008 compared to peak home values since 2000 at the county level. – City of Long Beach rate is – 14.3%;

- Unemployment rate (as of June 2008) City of Long Beach rate is 7.8%; and

- Residential vacancy rate (as of June 2008) ranged from 0.0% to 5.3%.

As can be seen in Exhibit A1, the eligible areas are concentrated in the North, West and South quadrants of the City. When overlaid against Exhibits A2, A3, A4, and A5, it becomes clear that the areas of greatest need are concentrated in North and Central Long Beach, as well as some neighborhoods in the West and Southern sections of the City.

Foreclosures are also apparent, albeit less contiguous and severe, throughout the City (Exhibit 5). However, it is assumed that market forces coupled with the City's Code Enforcement activities will reduce the effects of foreclosure in these neighborhoods.

Identified Program Target Areas

Based on the NSP established criteria, the City will target areas of Central and North Long Beach. However, in order to maximize use of resources in lessening foreclosure effects on identified areas of greatest need, the City will consider other local needs and resource availability to further focus the areas in which NSP funds will be used. This will allow the purpose of NSP to be fully met and its remedy maximized and felt in the identified distressed areas.

By using the existing Vacant Property Ordinance Program, the City has been monitoring the length of time it takes for properties to come out of foreclosure

through normal market intervention. In some areas of the City, foreclosures are quickly resolved. In other areas, foreclosures linger without resolution and create neighborhood nuisance and blight. The degree of strength of normal market intervention has been taken into consideration during the evaluation of areas of greatest need.

Within both identified areas of greatest need, North and Central Long Beach, lies an area, where on June 1, 2004, the City passed a resolution that adopted the Housing Action Plan (HAP) for fiscal years 2005 – 2009. HAP areas have been identified through the City of Long Beach Vacant Property Ordinance Program as areas with foreclosed properties that benefit less from normal market intervention.

Furthermore, based on the goals of HAP (to maximize investment towards providing quality affordable housing to as many Long Beach residents as possible with a clear and pronounced effect of revitalizing and stabilizing Long Beach neighborhoods), NSP funds will be mainly used in the three (3) HAP areas. In addition, the Second Mortgage Assistance Program offered in the HAP areas will allow the City to assist qualified buyers in purchasing these homes.

B. DISTRIBUTION AND USE OF FUNDS

The City will distribute NSP funds to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by sub prime mortgage loans, and areas identified by the City as likely to face a significant rise in the rate of home foreclosures. Accordingly, the City will meet the requirements set forth in Section 2301 (c)(2) of HERA when expending NSP funds.

The City will ensure that 100% of NSP funds will be used to benefit individuals and households with incomes below 120% of area median income. In addition, at least 25% of NSP funds will be used to benefit individuals and households with incomes below 50% of the area median income.

The initial NSP allocation, minus program administration will be obligated to the acquisition and disposition of residential properties that have been abandoned or foreclosed-upon within the statutory 18-month period as set forth in Section 2301(c)(1) of HERA.

Most of the activities eligible under the NSP represent a subset of the eligible activities under 42 U.S.C. 5305(a). Certain CDBG-eligible activities correlate to specific NSP-eligible uses and vice versa. The City will undertake the following NSP activities to:

- Allow funds to be used for establishing financing mechanisms for purchase and redevelopment of foreclosed homes;
- Purchase and rehabilitate properties that have been abandoned or foreclosed;
- Establish land banks for foreclosed homes;
- Demolish blighted structures;
- Redevelop demolished or vacant properties; and
- Administer NSP.

1. Purchase and Rehabilitate Single-Family Residential Properties That Have Been Abandoned or Foreclosed-Upon and Resale to Qualifying Homebuyers. (NSP-1)

- The City will expend NSP funds under the category "purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed-upon, in order to or redevelop such homes and properties." This category permits the City to expend NSP funds on the following CDBG-eligible activities under 24 CFR 570.201:

  - (a) Acquisition
  - (b) Disposition
  - (c) Relocation
  - Rehabilitation (570.202)

Resale price cannot exceed the aggregate of the acquisition, rehabilitation, and delivery cost.

To implement the activity, the City will leverage other housing resources in order to establish financing mechanisms. This financing mechanism will be overseen by the Long Beach Housing Development Company (LBHDC). LBDHC is a housing agency that promotes neighborhood stabilization through increased home ownership opportunities, principally for the benefit of persons and families of low and moderate income. These leveraged funds through LBHDC's Second Mortgage Assistance will mainly be used to provide an "affordability gap" soft second mortgage to buyer occupants of foreclosed homes. See Appendix A for more detailed information on the Second Mortgage Assistance Program.

The City will also publish a Request For Qualification (RFQ) in order to solicit area construction companies that will rehabilitate purchased foreclosed properties to meet safety, health, and code standards before disposition. The expenditure for rehabilitation will be funded directly through NSP funds.

The disposition of rehabilitated abandoned/foreclosed residential properties may generate program income. The City will recapture and

reuse program income until July 30, 2013 as stated in Section 2301(d)(4). Program income received after July 30, 2013, will be returned to the US Treasury.

The City will continually reallocate program income toward acquisition and housing rehabilitation as approved by HUD in the FY 2008-2009 Annual Action Plan.

2. Purchase and Rehabilitate Multi-Family Residential Properties That Have Been Abandoned or Foreclosed-Upon and Transfer to Qualifying Nonprofit Housing Agencies (NSP-2)

- The City will expend NSP funds under the category "purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed-upon, in order to or redevelop such homes and properties." This category permits the City to expend NSP funds on the following CDBG-eligible activities under 24 CFR 570.201:

    - (a) Acquisition
    - (b) Disposition
    - (c) Relocation
    - Rehabilitation (570.202)

For NSP funds that must target households at or below 50% of the Area Median Income, the City is proposing an acquisition, rehabilitation, and rental activity. As with the activity described above, the City will leverage funds with the City's Housing Trust Fund (HTF) to implement this portion of NSP. Project specific proposals will be submitted for the acquisition/transfer activity.

Terms: Rents cannot exceed 30% of the tenants' income and must remain at this affordable rate for a minimum of twenty years. Affordability periods may be longer depending on the project. Please see Section C2.

3. Acquisition/ Demolition/ Redevelopment Activity (NSP-3)

- The City will expend NSP funds under the category "establishing land banks for foreclosed homes; demolishing blighted structures; or redeveloping demolished or vacant properties". This category permits the City to expend NSP funds on the following CDBG-eligible activities under 24 CFR 570.201:

    - (a) Acquisition
    - (b) Disposition
    - (c) Relocation
    - New Housing Development (24 CFR 570.202)

- Public Facility Development (24 CFR 570.207)

In certain instances, the condition of specific residential properties may warrant demolition instead of rehabilitation. In such cases where the rehabilitation costs are close to the acquisition cost, staff would consult with City Code Enforcement Officials regarding the structural soundness of the property and other neighborhood issues. If deemed appropriate, demolition will occur. Plans to develop the parcel, according to NSP requirements, would commence within the allowable time period given for such an activity.

4. NSP Administration (NSP-4)

The City will expend up to 10% of its NSP funds including program income under the category of "establish mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared equity loans for low and moderate-income homebuyers." This category permits the City to expend NSP funds on activity delivery costs associated with CDBG-eligible activities as defined in 24 CFR 570.206.

C. Definitions and Descriptions

1. Definition of "Blighted Structure" In Context of State or Local Law

The California Health and Safety Code Section 33031 describes physical conditions that cause blight related to structures as:

33031 (a)
(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration 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.

(2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.

33031 (b)
(3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
(7) A high crime rate that constitutes a serious threat to the public safety and welfare.

The Long Beach Municipal Code references blighted structures to buildings or conditions, which will impair or destroy the quality of life, to the

detriment of the city, through the deterioration of property and business values for adjacent properties. Long Beach Municipal Code references to the source, condition, prevention, elimination or spread of “Blight” appear in Sections 18.21.010, 18.21.020, 18.20.030 for the monitoring of vacant buildings; Section 8.56 for the abatement of graffiti on buildings; Section 10.46.010 for the abatement of abandoned and wrecked vehicles; Section 21.10.020 for the protection and preservation of the city’s cultural heritage; and Section 21.27.050 as a reason for the abandonment or revocation of a property’s non-conforming rights.

In addition, the overall “spirit” of all of the regulatory codes used in Code Enforcement are designed and written, so as to provide standards, which in their application and enforcement will eliminate blighted structures and conditions in whatever capacity it may appear.

2. Definition of “Affordable Rents”

The generally accepted affordability standard or "Affordable Rent" is rent that does not exceed 30% of the household’s income. The CDBG program does not mandate the exact rent to be applied to NSP properties. Jurisdictions are, however, allowed to determine the rent standard to be applied and may adopt rent limits similar to those used for the HOME Program. Whichever standard is approved, the rents must be truly affordable to low- and moderate-income households.

Section 50053 of the California Health and Safety Code, defines "affordable rents" as rents that do not exceed a certain percentage of the area median income, by income category, adjusted for family size appropriate for the unit.

HOME Affordable Rents:

Maximum HOME rent for a low-income household renting a 3-bedroom unit in the Long Beach area is $1,247 per month. For a very low-income household the maximum HOME rent is $985 per month. Note that since HOME funds can not be used for moderate-income households, HOME does not publish an affordable rent standard for this income category.

A comparison of the Health and Safety Code and HOME rents indicates that the Health and Safety Code rents would provide a more affordable rent. However, the HOME rents, although still considered affordable, would provide a higher rent to the property owner, which may be needed to make the project work financially (See Appendix D).

3. Describe How The Grantee Will Ensure Continued Affordability For NSP Assisted Housing

To ensure the continued affordability of projects funded by the NSP, affordability covenants will be recorded against the property, thereby restricting the properties for rental or purchase by low-and moderate-income households. For rental projects, the restriction period could range from 5 to 20 years depending on the amount of the NSP investment. For-sale properties would be restricted for a period of 30 years. Additionally, the City will annually monitor these properties to ensure compliance with the occupancy requirements.

4. Describe Housing Rehabilitation Standards That Will Apply To NSP Assisted Housing

Housing Rehabilitation Standards that will apply to NSP assisted activities will include:

- The Uniform Housing Code;
- Current Standards as set forth and applied to new construction work in the State of California Model Building, Electrical, Mechanical and Plumbing Codes;
- City of Long Beach Municipal Code Title 18, Section 18.24.190 Prohibited Uses and Maintenance;
- City of Long Green Building Policy - LEED Green Building Rating System;
- Lead Based Paint – Description and applicable control for any home built prior to 1978.

D. Low Income Targeting

The City of Long Beach will make at least 25% of the City's NSP allocation, as required, available for acquisition/rehabilitation/rental as described in Section B2.

E. Acquisitions and Relocation

The City of Long Beach will purchase foreclosed properties that are abandoned or vacant.

F. Public Comment

On October 15, 2008, the Community Development Advisory Commission conducted a Public Hearing to solicit public comment on the amendment to the FY 2008 - 2009 Action Plan. The Commission voted unanimously to recommend the City Council approval of the amendment to the FY 2008 – 2009 Action Plan. Notices regarding the Public Hearing and the availability

of the draft Action Plan were published in the *Press Telegram*, the *Angkor Borei* (Cambodian Language) and *Impacto* (Spanish Language). In addition, the program announcement was posted on the Community Development website. All of the public comments received at the public hearing and during the public comment period, October 22 to November 5, 2008, will be included in the Amended Action Plan, along with copies of written responses from staff (See Appendix C).

G. Activity Description

Neighborhood Stabilization Program Activity Description

1. **Activity Name:** Purchase and Rehabilitate Single-Family Residential Properties That Have Been Abandoned or Foreclosed-Upon and Resale to Qualifying Homebuyers. (NSP-1)

2. **Activity Type and Similarity to CDBG Regulations:**. The City will expend NSP funds under the category "purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed-upon, in order to or redevelop such homes and properties." This category permits the City to expend NSP funds on the following CDBG-eligible activities under 24 CFR 570.201: (a) Acquisition, (b) Disposition, (c) Relocation, and Rehabilitation (570.202)

3. **National Objective:** Beneficiaries will be restricted to low-, moderate-, and middle-income clientele, as defined by NSP Notice. All participants will be restricted to the income levels below 120% as announced by HUD for this purpose (Appendix B-NSP AMI).

4. **Location Description:** Housing Action Plan (HAP) areas located in North and Central Long Beach (see Exhibit A2 through A5). Census tracts for these areas are as follows:

Central HAP Area	**Census Tracts**	573002	573201	573202	573300
	Census Block Groups	1,2	1,2	1,2,3	1,2

Washington School HAP Area	**Census Tracts**	575401	575402
	Census Block Groups	1,2,3,4	1,2

North Long Beach King School HAP Area	**Census Tracts**	570401
	Census Block Groups	1,2,3,4

5. **Activity Description:** This activity is for acquisition/rehabilitation/resale to first time homebuyers. The tenure of the beneficiary is home ownership. Should there be an affordability gap while implementing this activity, the City will use LBHDC's Second Mortgage Assistance in order to establish financing mechanisms that will allow to narrow the affordability gap. The amount of the assistance will depend on the household's debt capacity.

This financing mechanism will be overseen by the Long Beach Housing Development Company (LBHDC), a non-profit housing agency. See Appendix A for a detailed description of the Second Mortgage Assistance Program (term assistance, continued affordability, and range of interest rate). The City will also publish Request For Qualification (RFQ) in order to solicit area construction companies that will rehabilitate purchased foreclose properties to meet safety, health, and code standards before disposition. The expenditure for rehabilitation will be funded directly through NSP funds. Resale price cannot exceed the aggregate of the acquisition, rehabilitation, and delivery cost. The disposition of rehabilitated abandoned or foreclosed residential properties may generate program income. The City will recapture and reuse program income until July 30, 2013 as stated in Section 2301(d)(4). Program income received after July 30, 2013, will be returned to the US Treasury. The City will continually reallocate program income toward acquisition and housing rehabilitation as approved by HUD in the FY 2008-2009 Annual Action Plan.

6. **Performance Measurements:** The performance measurement outcome will be measured by the number of affordable housing units made available. This activity is not intended to serve any households below 50% AMI. The anticipated number to be served is estimated at 14. At this time, the beneficiary group income will be categorized broadly as 51 – 120 percent AMI.

7. **Budget:** $2,263,279

8. **Responsible Organization:** City of Long Beach Community Development Department will be the lead entity, 444 W Ocean Blvd, Suite 1700, Long Beach, CA 90802. NSP/CDBG Program Coordinator: Alem Hagos, 562/570-7403, Alem_Hagos @longbeach.gov. Additional partners will be utilized for a variety of functions (code inspection, rehabilitation, financing, resale, loan processing and underwriting, property management, escrow/title, etc.).

9. **Projected Start Date:** Before the end of January, 2009

10. **Projected Ends Date:** Continued NSP activities using program income through July, 2013.

11. **If Activity Provides Financing:** NSP funds will not be used to provide Financing. LBDHC's Second Mortgage Assistance Program will be used to provide necessary financing.

12. **If Activity Includes Acquisition of Real Property:** Initial acquisition by the City will average 15% below current appraised value.

Neighborhood Stabilization Program Activity Description

1. **Activity Name:** Purchase and Rehabilitate Multi-Family Residential Properties That Have Been Abandoned or Foreclosed-Upon and Transfer to Qualifying Nonprofit Agencies. (NSP-2).

2. **Activity Type:** Acquisition/rehabilitation/rental; CDBG 24 CFR 570.201(a), acquisition (a) and 570.202, rehabilitation.

3. **National Objective:** Beneficiaries will be restricted to low-, moderate-, and middle-income clientele, as defined by NSP Notice. All participants will be restricted to the income levels below 120% as announced by HUD for this purpose (see Appendix B – NSP AMI). All participants will be restricted to the income levels below 50% as announced by HUD.

4. **Location Description:** Housing Action Plan (HAP) areas located in North and Central Long Beach (see Exhibit A2 through A5). Census tracts for these areas are as follows:

Central HAP Area

Census Tracts	573002	573201	573202	573300
Census Block Groups	1,2	1,2	1,2,3	1,2

Washington School HAP Area

Census Tracts	575401	575402
Census Block Groups	1,2,3,4	1,2

North Long Beach King School HAP Area

Census Tracts	570401
Census Block Groups	1,2,3,4

5. **Activity Description:** This activity is specifically for households earning less than 50% AMI. Under this activity the City is proposing an acquisition, rehabilitation, and rental activity. As with the activity described above, the City will leverage the funds with the City's Housing Trust Fund (HTF) to implement this portion of NSP. Project specific proposals will be submitted for the acquisition/transfer activity. Rents cannot exceed 30% of the tenants' income and must remain at this affordable rate for a minimum of 20 years. Affordability periods may be longer depending on the project.

6. **Performance Measurements:** It is initially anticipated that 8 affordable housing units may be made available to families earning up to 50% AMI through this activity.

7. **Budget:** $1,300,000

8. **Responsible Organization:** City of Long Beach Community Development Department will be the lead entity, 444 W Ocean Blvd, Suite 1700, Long Beach, CA 90802. NSP/CDBG Program Coordinator: Alem Hagos, 562/570-7403, Alem_Hagos @longbeach.gov. Additional partners will be utilized for a variety of functions (code inspection, rehabilitation, resale, leveraging, loan processing and underwriting, property management, escrow/title, etc.) .

9. **Projected Start Date:** Before the end of January, 2009.

10. **Projected Ends Date:** Activity will be completed before June 30, 2010.

11. **If Activity Provides Financing:** NSP funds will be leveraged with the City's HTF funds to maximize performance to benefit low-income households.

12. **If Activity Includes Acquisition of Real Property:** Initial acquisition by the City will average 15% below current appraised value.

Neighborhood Stabilization Program Activity Description

1. **Activity Name:** Acquisition/ Demolition/ Redevelopment Activity (NSP-3)

2. **Activity Type:** This category permits the City to expend NSP funds on the following CDBG-eligible activities under 24 CFR 570.201: (a) Acquisition, (b) Disposition, (c) Relocation, and 570.207 Public Facility Development.

3. **National Objective:** Beneficiaries will be restricted to low-, moderate-, and middle-income clientele, as defined by NSP Notice. All participants will be restricted to the income levels below 120% as announced by HUD for this purpose (see Appendix B - NSP AMI).

4. **Location Description:** Housing Action Plan (HAP) areas located in North and Central Long Beach (see Exhibit A2 through A5). Census tracts for these areas are as follows:

Central HAP Area	**Census Tracts**	573002	573201	573202	573300
	Census Block Groups	1,2	1,2	1,2,3	1,2

Washington School HAP Area	**Census Tracts**	575401	575402
	Census Block Groups	1,2,3,4	1,2

North Long Beach King School HAP Area	**Census Tracts**	570401
	Census Block Groups	1,2,3,4

5. **Activity Description**: This activity is for acquisition/demolition/ redevelopment of foreclosed, abandoned, and/or blighted residential properties that would require more funds to rehabilitate than to demolish and land bank. In certain instances, the condition of a specific residential property may warrant demolition instead of rehabilitation. In such cases where the rehabilitation costs are close to the acquisition cost, staff would consult with City Code Enforcement officials regarding the structural soundness of the property and other neighborhood issues. If deemed appropriate, demolition will occur. Plans to develop the parcel, according to NSP requirements, would commence within the allowable time period given for such an activity.

6. **Performance Measurements:** It is estimated that three sites will be ready for future redevelopment that will benefit NSP AMI areas by creating open space, parks, or other public facilities.
7. families earning less than 120% AMI and/or areas that is resided by persons earning less than 120% AMI.

8. **Budget:** $1,000,000

9. **Responsible Organization:** City of Long Beach Community Development Department will be the lead entity, 444 W Ocean Blvd, Suite 1700, Long Beach, CA 90802. NSP/CDBG Program Coordinator: Alem Hagos, 562/570-7403, Alem_Hagos @longbeach.gov. Additional partners will be utilized for a variety of functions (code inspection, property management, escrow/title, etc.) .

10. **Projected Start Date:** Before the end of January, 2009.

11. **Projected Ends Date:** Developable sites will be ready before June 30, 2010.

12. **If Activity Provides Financing:** NSP funds will be used for acquisition and demolition. No financing is provided for this activity.

13. **If Activity Includes Acquisition of Real Property:** Initial acquisition by the City will average 15% below the current appraised value.

Neighborhood Stabilization Program Activity Description

1. **Activity Name:** NSP Administration (NSP-4)

2. **Activity Type:** This category permits the City to expend NSP funds on activity delivery costs associated with CDBG-eligible activities as defined in 24 CFR 570.206.

3. **National Objective:** Beneficiaries will be restricted to low-, moderate-, and middle-income clientele, as defined by NSP Notice. All participants will be restricted to the income levels below 120% as announced by HUD for this purpose (see Appendix B - NSP AMI).

4. **Location Description:** Housing Action Plan (HAP) areas located in North and Central Long Beach (see Exhibit A2 through A5). Census tracts for these areas are as follows:

Central HAP Area

Census Tracts	573002	573201	573202	573300
Census Block Groups	1,2	1,2	1,2,3	1,2

Washington School HAP Area

Census Tracts	575401	575402
Census Block Groups	1,2,3,4	1,2

North Long Beach King School HAP Area

Census Tracts	570401
Census Block Groups	1,2,3,4

5. **Activity Description:** The City will expend up to 10% of its NSP funds including program income under the category of establish mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared equity loans for low and moderate income homebuyers. This category permits the City to expend NSP funds on activity delivery costs associated with CDBG-eligible activities as defined in 24 CFR 570.206.

6. **Performance Measurements:** Not applicable for administration

7. **Budget:** $507,031

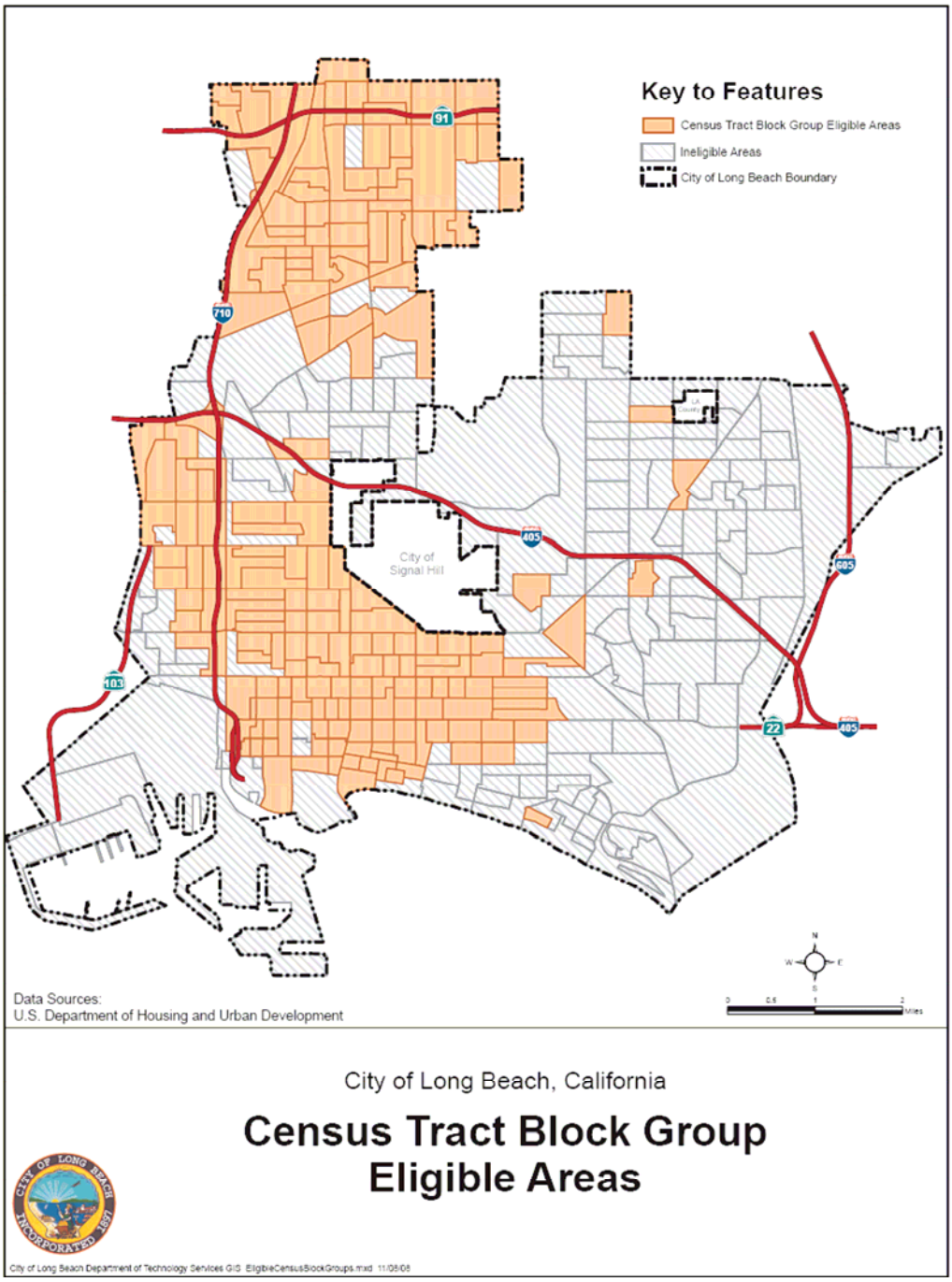
8. **Responsible Organization:** City of Long Beach Community Development Department will be the lead entity, 444 W Ocean Blvd, Suite 1700, Long Beach, CA 90802. NSP/CDBG Program Coordinator: Alem Hagos, 562/570-7403, Alem_Hagos @longbeach.gov. Additional partners will be utilized for a variety of functions (code inspection, rehabilitation, resale, leveraging, loan processing and underwriting, property management, escrow/title, etc.)

9. **Projected Start Date:** Before the end of January, 2009

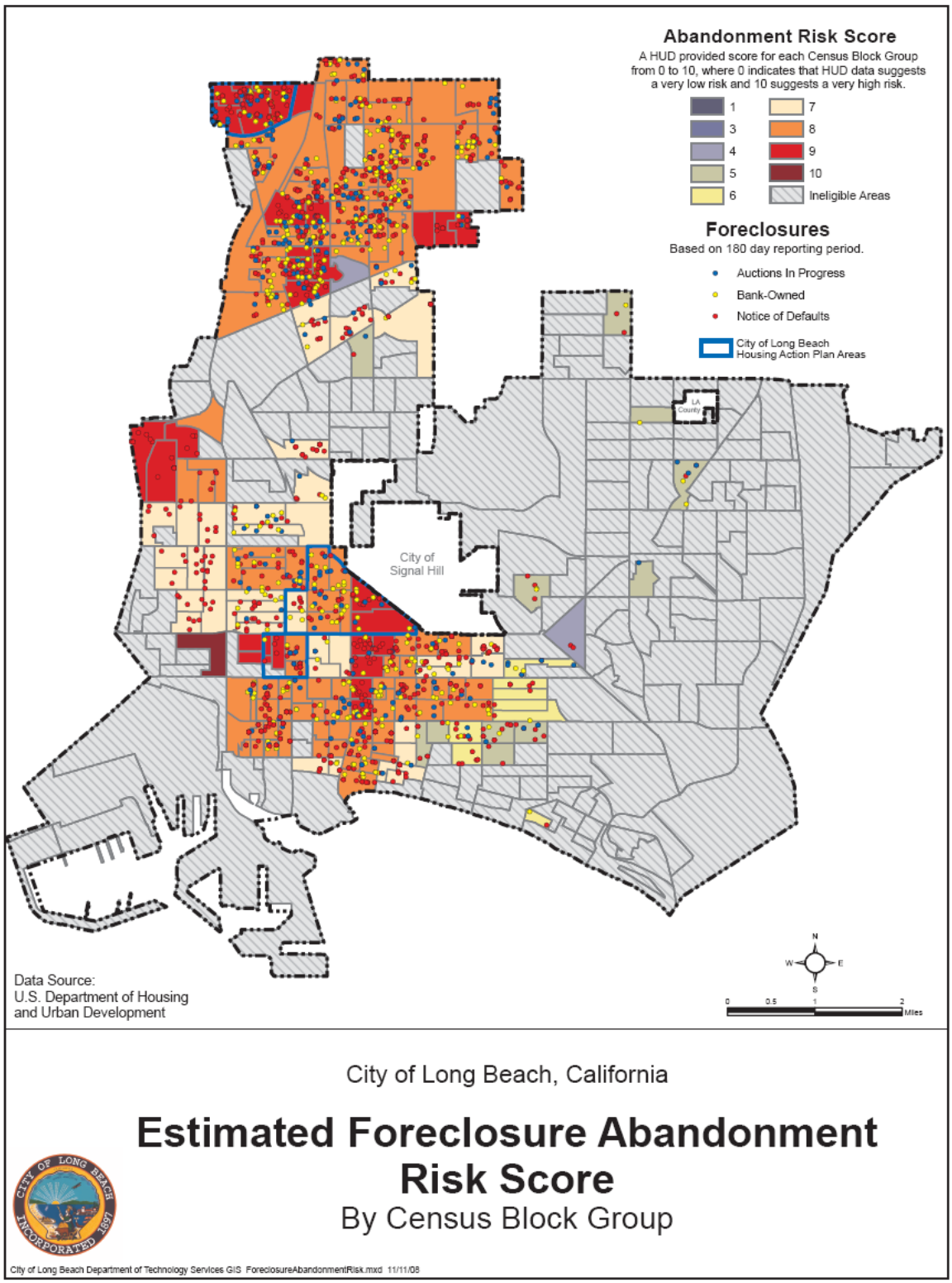
10. **Projected Ends date:** Continued NSP activities using program income through July 2013.

H. Exhibits A1-A5

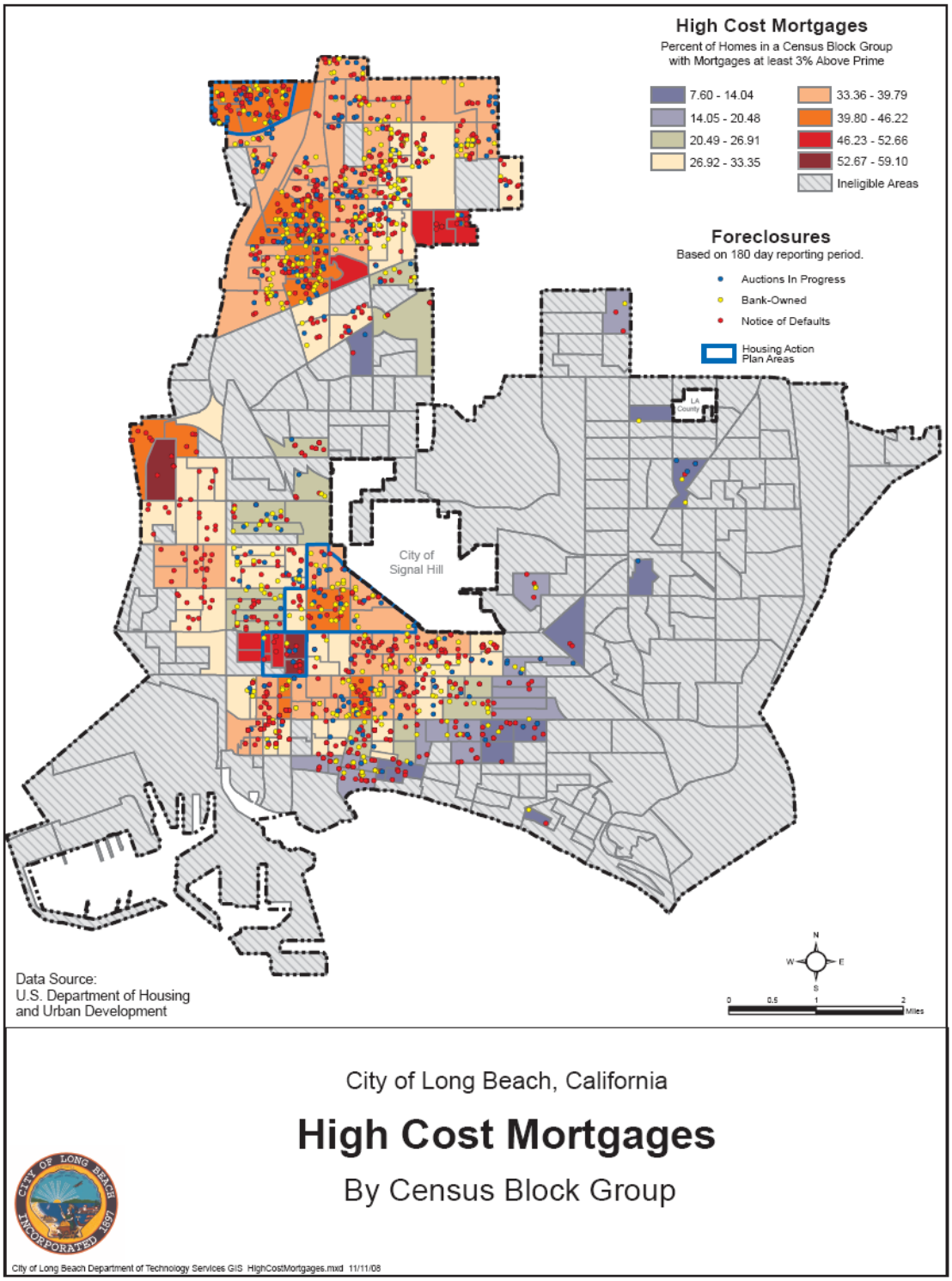
A-1. Eligible Areas



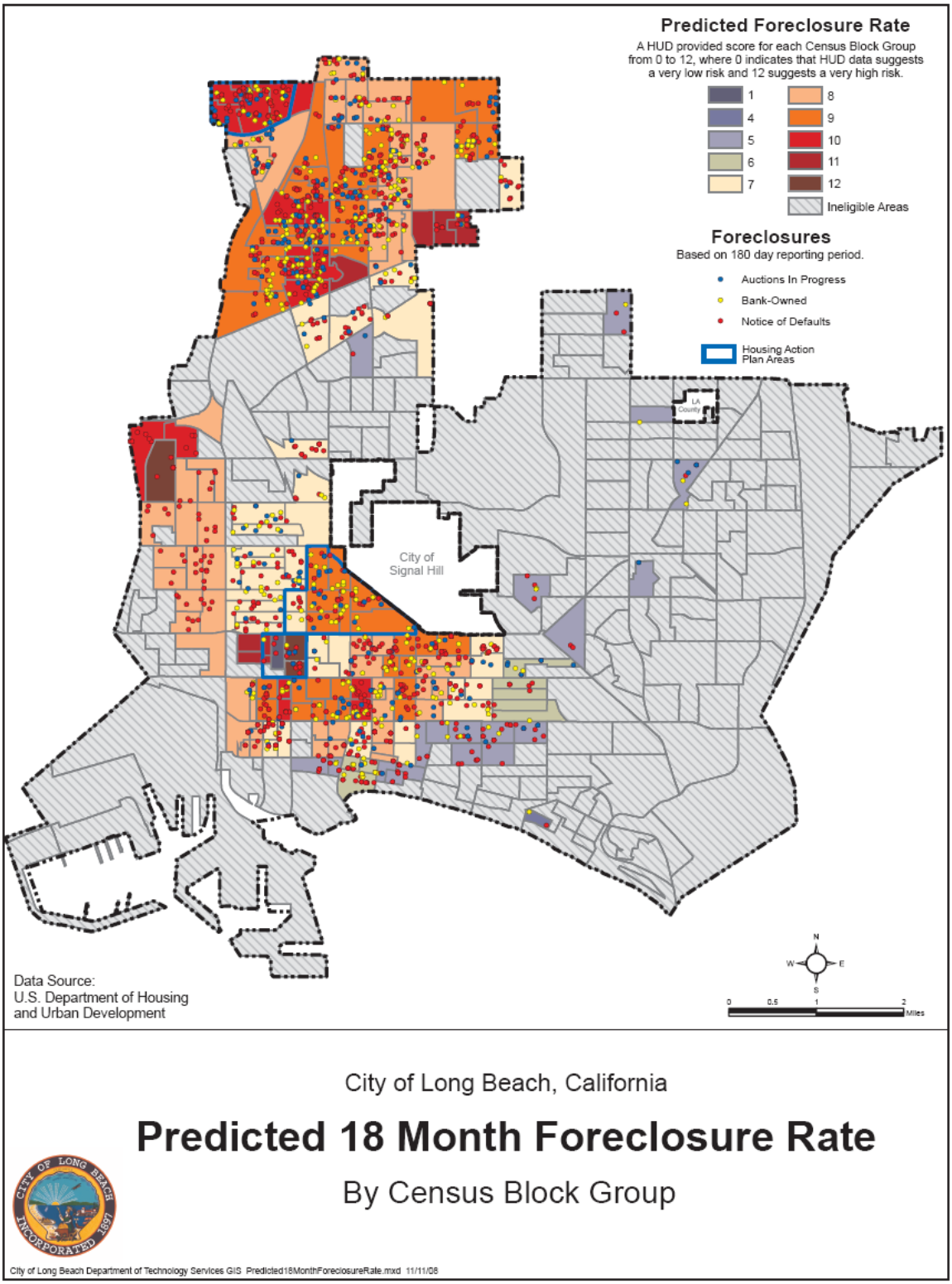
A-2. Estimated Foreclosure Abandonment Risk Score



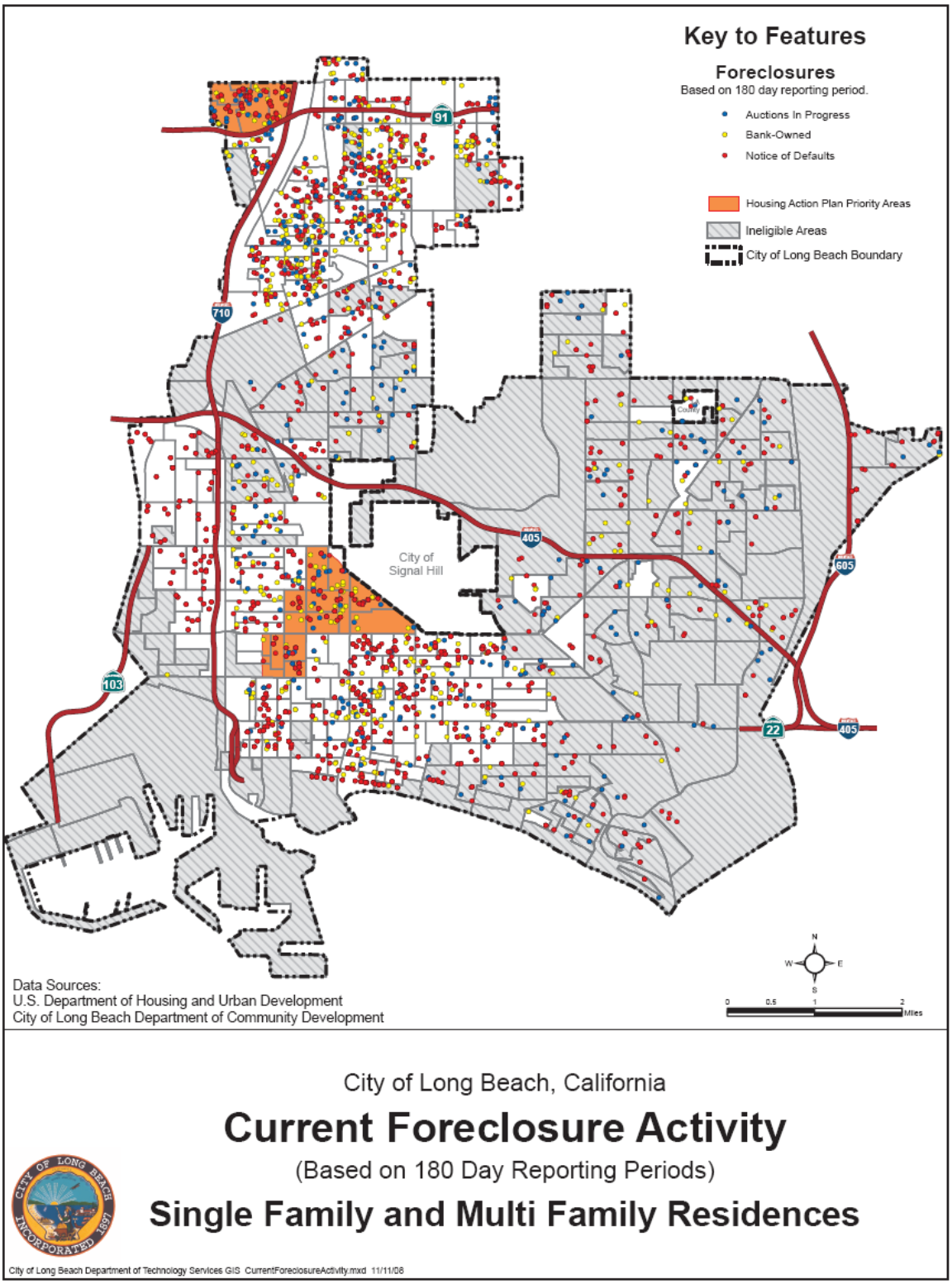
A-3. High Cost Mortgages



A-4. Predicted 18 Month Foreclosure Rate



A-5. Current Foreclosure Activity



I. Appendix

A. Second Mortgage Assistance Program

The Long Beach Housing Development

THE LONG BEACH HOUSING DEVELOPMENT COMPANY
SECOND MORTGAGE ASSISTANCE PROGRAM

PURPOSE

To promote neighborhood stabilization through increased home ownership opportunities, principally for the benefit of persons and families of low- and moderate-income.

GENERAL DESCRIPTION

Second mortgage assistance in the form of a secured subordinate mortgage with contingent, deferred interest. Loan proceeds may only be used toward the purchase price of a single-family residence, condominium, or townhome located within the City of Long Beach Redevelopment Project Areas.

FINANCING PROVISIONS

- **Second Mortgage Assistance Amount:** The Long Beach Housing Development Company's (LBHDC) Second Mortgage Assistance Program is designed to be gap financing. The loan amount is computed as the difference between the purchase price and the sum of the largest first trust deed mortgage deemed affordable to the Borrower and Borrower's down payment.
- **Interest Rate:** Contingent, deferred interest in the form of equity sharing equal to the percentage which the Second Mortgage Assistance represents of the original purchase price, reduced for each full year which the Borrower owns and occupies the property. All interest is forgiven after 30 years of continuous occupancy.
    - Equity Share = Second Mortgage Assistance/Purchase Price x (Sales Price - Purchase Price)
    - Interest Due = Equity Share - Forgivable Interest.
- **Interest Penalty:** Eligibility for a reduction in equity sharing will be forfeited in the event any of the following occur:
    - Discovery of fraudulent information provided by Borrower; or
    - Violation of any of the following conditions as set forth in the Promissory Note:
        - The Borrower must continuously occupy the property as his or her principal residence;
        - The property must at all times be maintained in compliance with local laws;
        - The property must be used only as a single family residence; and
        - No occupant of the property may engage in drug related criminal activities or engage in violent acts.
- **Collateral:** Promissory Note, secured by Second Deed of Trust.
- **Fees to Borrower:** None.
- **Term:** Thirty (30) years or the earliest date that any of the following occur:
    - The date the property is sold or title is transferred;
    - The date the property is no longer occupied by Borrower; and
    - The date the first mortgage loan is refinanced (except as approved by the LBHDC).
    - Any violations of the conditions set forth above under "Interest Penalty".
- **Monthly Payment:** None.

- **Down Payment:** Borrower must contribute at least 1% of the purchase price from their personal funds. Subject to approval by the first trust deed lender, Borrower's Down Payment in excess of the required 1% may consist of any combination of gifts, grants or unsecured loans.
- **Insurance:** Fire hazard insurance, covering total debt secured on the property, is required. A Loss- Payable Endorsement, naming the City of Long Beach, the LBHDC and first trust deed lender, must be obtained.
  - **Maximum Purchase Price:** $332,500 for condominiums/townhouses; $500,650 for single-family homes (subject to change based on HUD guidelines).
- **Escrow Processing:** All purchases must be processed through an escrow company that is approved by Lender and City.

BORROWER ELIGIBILITY REQUIREMENTS

- **First Time Buyer:** Borrower must meet the following first time buyer requirements:
  - Persons who have not owned a home in the last three years; or
  - Persons who previously owned a home with his or her spouse but no longer hold title due to divorce.

- **Household Income:** Projected annual income of all adult members of Borrower's household cannot exceed the following thresholds (adjusted annually according the income schedule in effect at time of application adopted pursuant to Title 25, Section 6932 of the California Code of Administrative Regulations):

Household Size	Low-Income Limit	Moderate-Income Limit	Household Size	Low-Income Limit	Moderate-Income Limit
1	$ 42,450	$ 50,300	5	$ 65,500	$ 77,500
2	$ 48,500	$ 57,400	6	$ 70,350	$ 83,300
3	$ 54,600	$ 64,600	7	$ 75,200	$ 89,000
4	$ 60,650	$ 71,800	8	$ 80,050	$ 94,800

(NOTE: The figures shown above are current as of 6/08)

- **Long Beach Resident or Employee:** Borrower must currently live or work in Long Beach or show evidence of a job offer in Long Beach.

- **Homebuyer Education Certificate**: Borrower must complete an 8-hour Homebuyer Education Class.

- **Financial Capacity:** Borrower must qualify for a 30-year fixed rate, first trust deed mortgage, in an amount not less than 30% of the purchase price, from an institutional lender approved by the LBHDC. Co-signers who will not reside in the property are not permitted.

- **Pre-Purchase Occupancy:** Eligible property must either be vacant or occupied by the seller or Borrower or a tenant who has given written notice of his or her intention to move voluntarily prior to the time the LBHDC receives a completed application and eligibility determination from the first trust deed lender; otherwise, existing tenants may be entitled to relocation assistance. Such assistance, if any is required, must be paid by either the seller or Borrower through escrow.

- **Code Compliance:** Eligible property must comply with local land use and building regulations and federal Housing Quality Standards. At the LBHDC's discretion, and in all cases where the property is sold "as is," a code compliance inspection and/or report of building records will be obtained prior to close of escrow. Where necessary, the LBHDC loan approval will be made contingent upon effecting necessary repairs.

B. NSP AMI

NSP Area Median Income (AMI)

FY 2008 Income Limits for 50%							
1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household	6 Person Household	7 Person Household	8 Person Household
$26,550	**$30,300**	**$34,100**	**$37,900**	**$40,950**	**$43,950**	**$47,000**	**$50,000**
FY 2008 Income Limits for 120%							
1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household	6 Person Household	7 Person Household	8 Person Household
$63,650	**$72,750**	**$81,850**	**$90,950**	**$98,250**	**$105,500**	**$112,800**	**$120,000**

C. Public Notices and Comments

Public Notices

LONG BEACH
PRESS-TELEGRAM

300 Oceangate
Long Beach, CA 90844

PROOF OF PUBLICATION
(2015.5 C.C.P.)

STATE OF CALIFORNIA

County of Los Angeles

I am a citizen of the United States, and a resident of the county aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of the Long Beach Press-Telegram, a newspaper of general circulation printed and published daily in the City of Long Beach, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, on the date of March 21, 1934, Case Number 370512. The notice, of which the annexed is a true printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit.

Oct. 1, 2008

The Long Beach Press-Telegram, a newspaper of general circulation, is delivered to and available in, but not limited to the following cities: Long Beach, Lakewood, Bellflower, Cerritos, Downey, Norwalk, Artesia, Paramount, Wilmington, Compton, South Gate, Los Alamitos, Seal Beach, Cypress, La Palma, Lynwood, San Pedro, Hawaiian Gardens, Huntington Park, La Mirada, Santa Fe Springs, Carson.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Long Beach, LA Co. California
this 1 day of Oct 2008

signature

Proof of Publication of

Public Notices 52 | Public Notices 52 | Public Notices 52

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING: On Wednesday, October 15, 2008, at 10:00 a.m., the City of Long Beach Community Development Advisory Commission (CDAC) will conduct a Public Hearing in the **City Council Chambers in City Hall at 333 West Ocean Boulevard, Long Beach.**

The City of Long Beach is seeking public input on a proposed Amendment to its 2008-2009 Action Plan, the fourth annual implementation plan under the five-year 2005-2010 **Consolidated Plan** (Consolidated Plan). The Plan is required by the U.S. Department of Housing and Urban Development (HUD) to assess community needs and to prioritize the use of HUD grant funds received by the City to address identified needs by principally benefiting low income Long Beach residents.

The City is proposing to amend the Action Plan in order to incorporate HUD's new Neighborhood Stabilization Program (NSP) to the City's 2008-2009 Action Plan. Under the NSP the City of Long Beach will receive additional funds from HUD in order 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. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008 (HERA). The proposed amendment will require a reevaluation and/or strengthening of the current proposed programs identified in the 2008-2009 Action Plan that address the removal of blight and stabilization of neighborhoods and the creation of new programs that meet HERA requirements.

Starting October 15, 2008 copies of the Action Plan amendment will be posted on the City's web page, www.longbeach.gov.

There will be a fifteen day public comment period, October 16, 2008 through October 31, 2008. All public comments should be submitted to Angela Reynolds, Manager, Neighborhood Services Bureau, City of Long Beach, 444 West Ocean Boulevard, Suite 1700, Long Beach, California 90802, Angela_Reynolds@longbeach.gov. All public comments will be included in the final proposed Action Plan Amendment as a condition of the City Council's final approval, scheduled for November 18, 2008.

Pub: Oct 1, 2008(11) PT (105948/576997)

CONSTAOMIN / 2 35002 / 07AOM

CL-07-2066 Legal Affadavit

LONG BEACH
PRESS-TELEGRAM

300 Oceangate
Long Beach, CA 90844

PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA

County of Los Angeles

I am a citizen of the United States, and a resident of the county aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of the Long Beach Press-Telegram, a newspaper of general circulation printed and published daily in the City of Long Beach, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, on the date of March 21, 1934, Case Number 370512. The notice, of which the annexed is a true printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit.

Oct. 22, 2008

The Long Beach Press-Telegram, a newspaper of general circulation, is delivered to and available in, but not limited to the following cities: Long Beach, Lakewood, Bellflower, Cerritos, Downey, Norwalk, Artesia, Paramount, Wilmington, Compton, South Gate, Los Alamitos, Seal Beach, Cypress, La Palma, Lynwood, San Pedro, Hawaiian Gardens, Huntington Park, La Mirada, Santa Fe Springs, Carson.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Long Beach, LA Co. California
this 22 day of Oct. 2008.

signature

Proof of Publication of

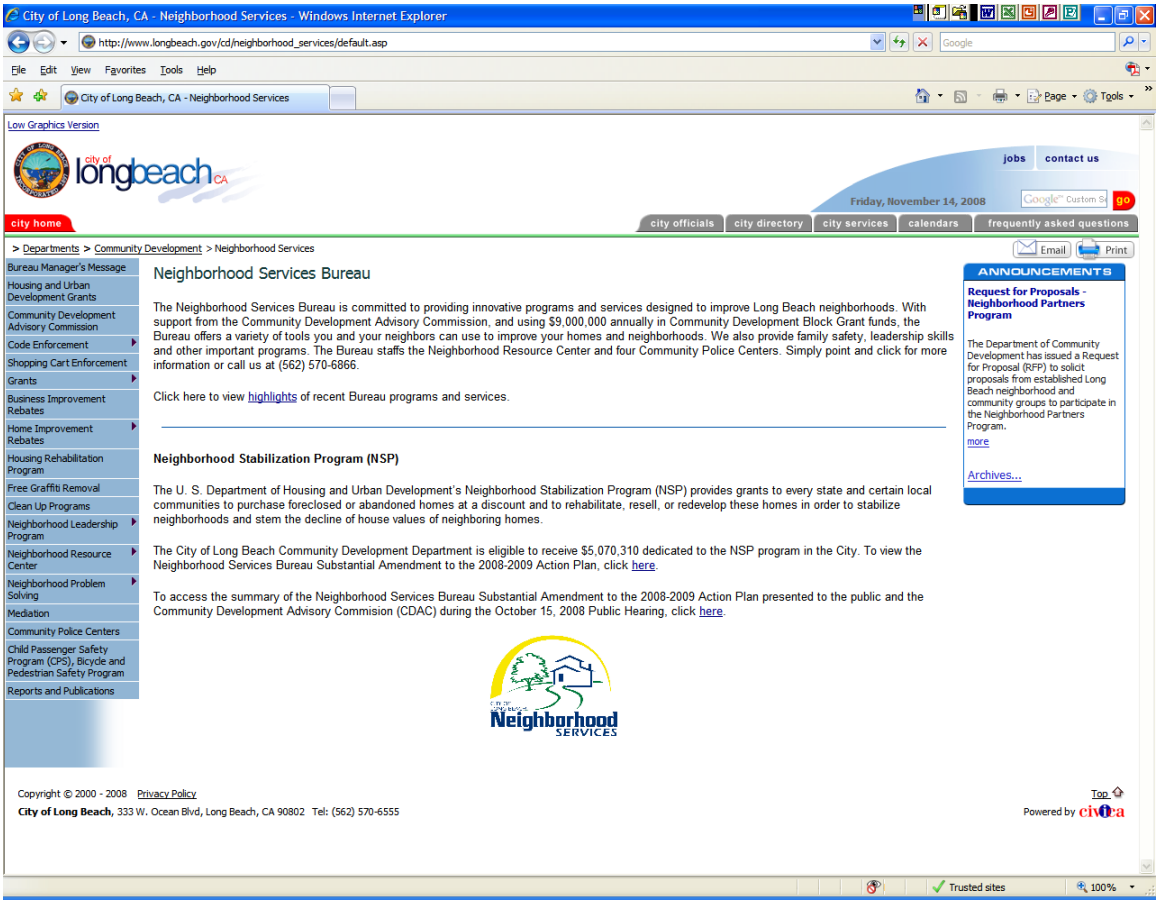
Public Notices 52 | Public Notices 52 | Public Notices 52

NOTICE

The City is amending the 2008 - 2009 Action Plan in order to incorporate U.S. Department of Housing and Urban Development's (HUD) new Neighborhood Stabilization Program (NSP). Under the NSP the City will receive additional funds from HUD in order to purchase foreclosed or abandoned homes to reduce blight. The public comment period for reviewing the draft amendment to the Action Plan will be held from October 22, 2008 to November 6, 2008.

A copy of the draft amendment will be available to the public at the Neighborhood Resource Center, 425 Atlantic Avenue, Long Beach, CA 90802 and Main Public Library, 101 Pacific Avenue, Long Beach, CA 90802. A copy of the draft amendment can be obtained by contacting Alem S. Hagos, CDBG Coordinator at (562) 570-7403 or can be downloaded from the Neighborhood Services website: www.longbeach.gov/cd/neighborhood_services/default.asp.
Pub. Oct 22, 2008 (11) PT (124094/592426)

CL-07-2066 Legal Affadavit


City of Long Beach, CA - Neighborhood Services - Windows Internet Explorer
http://www.longbeach.gov/cd/neighborhood_services/default.asp
File Edit View Favorites Tools Help
City of Long Beach, CA - Neighborhood Services
Low Graphics Version
city of longbeach CA
jobs
contact us
Friday, November 14, 2008
city home
city officials
city directory
city services
calendars
frequently asked questions
> Departments > Community Development > Neighborhood Services
Email
Print
Bureau Manager's Message
Housing and Urban Development Grants
Community Development Advisory Commission
Code Enforcement
Shopping Cart Enforcement
Grants
Business Improvement Rebates
Home Improvement Rebates
Housing Rehabilitation Program
Free Graffiti Removal
Clean Up Programs
Neighborhood Leadership Program
Neighborhood Resource Center
Neighborhood Problem Solving
Mediation
Community Police Centers
Child Passenger Safety Program (CPS), Bicycle and Pedestrian Safety Program
Reports and Publications
Neighborhood Services Bureau
The Neighborhood Services Bureau is committed to providing innovative programs and services designed to improve Long Beach neighborhoods. With support from the Community Development Advisory Commission, and using $9,000,000 annually in Community Development Block Grant funds, the Bureau offers a variety of tools you and your neighbors can use to improve your homes and neighborhoods. We also provide family safety, leadership skills and other important programs. The Bureau staffs the Neighborhood Resource Center and four Community Police Centers. Simply point and click for more information or call us at (562) 570-6866.
Click here to view highlights of recent Bureau programs and services.
Neighborhood Stabilization Program (NSP)
The U. S. Department of Housing and Urban Development's Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes at a discount and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.
The City of Long Beach Community Development Department is eligible to receive $5,070,310 dedicated to the NSP program in the City. To view the Neighborhood Services Bureau Substantial Amendment to the 2008-2009 Action Plan, click here.
To access the summary of the Neighborhood Services Bureau Substantial Amendment to the 2008-2009 Action Plan presented to the public and the Community Development Advisory Commision (CDAC) during the October 15, 2008 Public Hearing, click here.
Neighborhood SERVICES
ANNOUNCEMENTS
Request for Proposals - Neighborhood Partners Program
The Department of Community Development has issued a Request for Proposal (RFP) to solicit proposals from established Long Beach neighborhood and community groups to participate in the Neighborhood Partners Program.
more
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City of Long Beach, 333 W. Ocean Blvd, Long Beach, CA 90802 Tel: (562) 570-6555
Top
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Public Comment Received During the NSP Public Hearing

COMMUNITY DEVELOPMENT ADVISORY COMMISSION
PUBLIC HEARING MEETING
October 15, 2008

The Public Hearing meeting of the Community Development Advisory Commission was held on October 15, 2008 at City Hall in the City Council Chambers, 333 W. Ocean Boulevard. The meeting was called to order at 10:05 a.m. by Chair Hill.

1. ROLL CALL

Chair Hill
Vice-Chair Knopf

Commissioner Greenfeld-Wisner
Commissioner Ibbetson
Commissioner Goldberg
Commissioner Shelton
Commissioner Giesey
Commissioner Ward
Commissioner Taeleifi

MEMBERS ABSENT

Commissioner Kim*
Commissioner McCarthy*
Commissioner Perez*
Commissioner Grisolia*

***Received notification of absence**

Let the record show that a quorum is present.

STAFF PRESENT

Angela Reynolds, Neighborhood Services Bureau Manager
Lei Ronca, Neighborhood Improvement Officer
Alem Hagos, Development Project Manager
Martha Villacres, Development Project Manager
Gilberto Contreras, Assistant Administrative Analyst
Chantara Nop, Neighborhood Services Specialist
Enzo Casana, Administrative Intern
Michele York, Clerk Typist
Carmen Olivares, Recording Secretary

OTHERS PRESENT

Dale Hutchinson, Housing Services Bureau
Jack Smith, LBHDC
Sandra Krowell, HLB
Mike Marshall

2. APPROVAL OF THE MINUTES OF THE SEPTEMBER 17, 2008 REGULAR MEETING OF THE COMMUNITY DEVELOPMENT ADVISORY COMMISSION.

Commissioner Greenfeld-Wisner made a **MOTION TO APPROVE THE MINUTES OF THE SEPTEMBER 17, 2008 REGULAR MEETING OF THE COMMUNITY DEVELOPMENT ADVISORY COMMISSION.**

Commission Goldberg seconded the motion.

Commissioner Giesey stated that her comment was not accurately portrayed.

Commissioner Shelton abstained.

Commissioner Vice-Chair Knopf abstained.

MOTION WAS PASSED.

3. CHAIR'S REMARKS

Chair Hill did not have any announcements.

4. NEIGHBORHOOD STABILIZATION PROGRAM PRESENTATION – ANGELA REYNOLDS

Chair Hill announced that Angela Reynolds would present the Neighborhood Stabilization Program (NSP).

Angela Reynolds stated that the U.S. Department of Housing and Urban Development (HUD) established a program, called the Neighborhood Stabilization Program (NSP), which provides funds to be used to stabilize neighborhoods and stem the decline of housing values due to the recent increase in abandoned and foreclosed properties nation-wide.

Angela disseminated two handouts. The first handout is a FAQ, which HUD's staff is compiling on their website almost daily.
The second handout, which Angela disseminated, were the contents of an NSP Acton Plan Substantial Amendment, A-G, which are the technical parts which staff needs to answer in order to do an Amendment to the Action Plan.

Angela stated that the reason for a Public Hearing is to discuss NSP, inform the Commissioners before voting, and to move it to City Council and ultimately to HUD by December 1, 2008.

Angela gave a PowerPoint presentation on the Neighborhood Stabilization Program (NSP). The Action Plan FY 09 must be amended in order to incorporate the new NSP. The NSP is authorized under Title III, Division B of the Housing and Economic Recovery Act of 2008 (HERA), signed by the President on July 30, 2008.

Under the NSP, the City would receive $5,070,310 in additional funds from HUD in order to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The NSP is treated as CDBG funds.

Angela highlighted the requirements of the NSP Program touching on the following:

- HUD's Formula Methodology
- What will this money do?
- What are the requirements?
- Housing Action Plan Areas
    - North Long Beach King School Focus Area
    - Washington School Focus Area
    - Central Focus Area
- Summary Draft of Proposed Activities
    - CDBG Allocation $5,070,310
    - Purchase/rehabilitate one multi-unit building with rents restricted to 50% of median, $1,300,00
    - Purchase/Demolish (3 Parcels), $1,000,000
    - Purchase/rehabilitate (7 Parcels) foreclosed homes/condos for resale to 120% of median first time home buyers, $2,263.279
    - Administration/planning (10%), $507,031

Examples of properties, which could qualify under the NSP guidelines, were presented at the meeting. Angela explained that several existing programs would be used to help support the NSP goals including the City's Vacant Building Ordinance and the Second Mortgage Assistance Program. She then discussed the Program timelines and the recommended action of the Commission.

See attached.

Discussion ensued.

5. **PUBLIC COMMENTS**

SANDRA KROWELL

My name is Sandra Krowell. I am at 5280 Atherton Street and I came to learn and I had no idea I was going to comment but whenever Housing Trust Funds raises its lovely head, I get excited. I am not sure why you would consider putting this money into Housing Trust Funds. For one thing, what's being looked at now are stable sources of funding and this would be a one time only. The other thing is, I'm not sure that it falls under the category of new units because that's what the Housing Trust Funds aims to do. Now, as far as the spirit of the Housing Trust Funds, this money fits in very nicely because there is a certain amount that is devoted to the extremely low-income people. That is what the original concern where the Housing Trust Funds was and we got at least 50 percent there. But I would think that you would not want to get into and mess with all the technical stuff for just a one time only deposit but handle it some other way. I am actually talking against funds going into the Housing Trust Funds, but for those reasons. Thank you.

Chair Hill closed the public session.

Commissioner Goldberg made a motion to approve FY 09 Draft Action Plan Amendment regarding the Neighborhood Stabilization Program and forward to the City Council for its approval.

Commissioner Shelton seconded the motion.

No abstentions. Motion carried unanimously.

Comment Received Via E-mail

----- Forwarded by Angela Reynolds/CD/CLB on 10/27/2008 04:10 PM -----

"Sean E. Zullo"

10/27/2008 06:17 AM

To Angela_Reynolds@longbeach.gov

cc Ramon Aguilar LBCouncilDist2 <Ramon_Aguilar@longbeach.gov>, Suja Lowenthal 2ndDistCouncil <Suja_Lowenthal@longbeach.gov>

Subject Neighborhood Stabilization Plan - Public Comment

Angela

I was looking over the Draft Action Plan for RSP, and I had a few comments. My understanding of this grant program is limited, so some of these questions may not be relevant to this program.

1. Will the city release RFPs to solicit vendors for the rehab work on the acquired properties targeted by the renovation portion of this grant?
2. if so when should that take place>
3. will local and small business preference be extended to those applying?
4. Are HUD Section 3 business also preferred vendors for this work?
5. Would the City entertain proposals for the use of these properties? For cleared properties? Community Gardens, pocket parks, dog park? Green spaces?
6. What about proposals that leverage other funding sources? I'm thinking about DMH funds for operating subsidies. This would allow for sustainability of operating expenses.
7. Proposals that serve disadvantaged residents? Mental Health? Substance Use Recovery? Homeless youth? Use limited to a that consistent with residential property...
8. Looks like the turn-around time for this needs to be quick. 18 months.... What plan is in place for quick roll-out of these funds? TAY development of Palace Motel on Anaheim is still sitting vacant for what, 2 yrs + ?
9. Use of this program could be coupled with 10 yr plan to end homeless objectives?
10. Community Committee convened specifically to work with the City on answering these questions with the intent of bring everything back to City counsel with implementation proposal?
11. NSP could provide opportunity to address a few city concerns simultaneously. I would look to this possibility.
12. If used to assist homeless, could this use be used to satisfy the requirement to provide homeless services to acquire the national guard property for the new police station?

Just a few comments....

Sean E. Zullo NCRS, CPRP, CCDC, CFC, COADC
Founder, Exec. Director
Choices Recovery Services-Drug and Alcohol Treatment/Mental Health Rehabilitation
O-562.590.9010 F-562.590.8045
www.choicesoflongbeach.com
www.youtube.com/user/seanzullo

Response to Comment Received Via E-mail

Alem Hagos/CH/CLB

10/31/2008 04:03 PM

To seanzullo
cc Angela Reynolds/CD/CLB@CLB
Subject NSP

Hi Sean:
In order to respond to your detail inquiry of October 27 in a comprehensive manner I am jotting down the following:

Currently as it is being develop NSP will be used for:

1. Acquiring, rehabilitating and selling (for qualified buyers) foreclosed single housing units in area of greatest need,
2. Acquiring and demolishing foreclosed and/or abandoned properties for creating developable land for public use and/or low income housing project,
3. Acquiring, rehabilitation and transferring (preferably to non profit housing agency) one multi-unit housing unit for very low income renters, and
4. for allowable use of administration expenditure.

In the proposed Plan approximately $2.26 million will be used to create a financial mechanism for acquisition and rehabilitation of 7 single family housing units. During selling (to qualified buyers) stage, the City may use other housing resources to bridge the gap in financing using various second mortgage assistance programs.

In the proposed Plan approximately $1.3 million will be used to acquire, rehab and made available one multi-unit unit rental housing (about 10 units) for renters that earn 50% or less area median income.

In the proposed Plan approximately $1 million will be used to purchase 3 parcels (vacant or blighted) and land bank for the future development of affordable housing or for another public benefit.

Your ideas may be considered as these three parcels are being developed as long as the nature and purpose of the development is consistent with NSP/CDBG regulation and with regulations of other resources that will be used to develop the parcels.

Having said that, I will attempt to answer you inquiry one by one:

1. Will the city release RFPs to solicit vendors for the rehab work on the acquired properties targeted by the renovation portion of this grant? ***The City will release RFQ to solicit vendors for rehab.***
2. if so when should that take place>
It will be done the when the City receives and enters in to grant agreement with HUD.
3. will local and small business preference be extended to those applying?
Yes. It is the City's policy to consider local businesses first.
4. Are HUD Section 3 business also preferred vendors for this work?
Individual project rehab expenses is estimated to be below the Section 3 threshold.
5. Would the City entertain proposals for the use of these properties? For cleared properties? Community Gardens, pocket parks, dog park? Green spaces?
Yes, please refer to the proposed land banking project above.

6. What about proposals that leverage other funding sources? I'm thinking about DMH funds for operating subsidies. This would allow for sustainability of operating expenses.
So far the City is planning other housing resources for bridging a gap in financing during resale of the foreclosed and rehabbed single family homes.
7. Proposals that serve disadvantaged residents? Mental Health? Substance Use Recovery? Homeless youth? Use limited to a that consistent with residential property...
NSP's main purpose is to reduce the effects of foreclosures in neighborhoods. However, one of the above projects will address housing units for very low income renters (below 50% of area median income).
8. Looks like the turn-around time for this needs to be quick. 18 months.... What plan is in place for quick roll-out of these funds? TAY development of Palace Motel on Anaheim is still sitting vacant for what, 2 yrs + ?
The Plan is outlined above. One project under this plan is to purchase foreclosed and/or blighted properties for future public use development.
9. Use of this program could be coupled with 10 yr plan to end homeless objectives?
NSP's objective is very straight forward, in that it aims to reduce the negative effects of foreclosure in neighborhoods. We encourage you to elaborate your idea and submit as further public input.
10. Community Committee convened specifically to work with the City on answering these questions with the intent of bring everything back to City counsel with implementation proposal?

CDAC has conducted one a public hearing on October 15, 2008. As advertise in Press Telegram, public input period is opened until November 6, 2008. The City welcomes input from any agency or resident.
11. NSP could provide opportunity to address a few city concerns simultaneously. I would look to this possibility.
Please submit your input as we will consider all ideas while developing the Plan.
12. If used to assist homeless, could this use be used to satisfy the requirement to provide homeless services to acquire the national guard property for the new police station?
Please refer to the project intended use above.

Please call me if you would like more information about NSP,

Thank you

Alem B Hagos
Development Project Manager
City of Long Beach*Neighborhood Services Bureau
562-570-7403
Alem_Hagos@longbeach.gov

Service First
Safety Always

D. HOME Rent Table

U.S. DEPARTMENT OF HUD 02/2008		**2008 HOME PROGRAM RENTS**						
STATE: CALIFORNIA								
	PROGRAM	**EFFICIENCY**	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**	**6BR**
Los Angeles-Long Beach, CA HUD Metro FMR Area								
	LOW HOME RENT LIMIT	663	710	852	985	1098	1213	1326
	HIGH HOME RENT LIMIT	843	904	1087	1247	1371	1494	1618
	For Information Only:							
	FAIR MARKET RENT	863	1041	1300	1746	2101	2416	2731
	50% RENT LIMIT	663	710	852	985	1098	1213	1326
	65% RENT LIMIT	843	904	1087	1247	1371	1494	1618

E. NSP Budget

N E I G H B O R H O O D S T A B I L I Z A T I O N P R O G R A M

P R O P O S E D B U D G E T

CDBG Allocation	$ 5,070,310
Purchase/ rehabilitate one 8-10-unit building with rents restricted to 50% of median	$ 1,300,000
Purchase/demolish blighted properties	$ 1,000,000
Purchase/ rehabilitation of foreclosed homes/ condos for resale to 120% of median to first-time homebuyers	$ 2,263.279
Administration/planning	$ 507,031

F. Certifications

CERTIFICATIONS

(1) **Affirmatively furthering fair housing**. The jurisdiction 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-lobbying**. The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(3) **Authority of Jurisdiction**. 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.

(4) **Consistency with Plan**. The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

(5) **Acquisition and relocation**. The jurisdiction 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.

(6) **Section 3**. The jurisdiction 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.

(7) **Citizen Participation**. The jurisdiction 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.

(8) **Following Plan**. The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months**. The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds ≤ 120 of AMI**. The jurisdiction will comply with the requirement 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.

(11) **Assessments.** 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: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) 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 non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws**. 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.

(14) **Compliance with lead-based paint procedures**. The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws**. The jurisdiction will comply with applicable laws.

Signature/Authorized Official

11/21/08
Date

City Manager
Title

APPROVED AS TO FORM
11-19 20 08
ROBERT E. SHANNON, City Attorney
By
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

APPLICATION FOR FEDERAL ASSISTANCE

OMB Approved No. 3076-0006 Version 7/03

1. TYPE OF SUBMISSION: Application ☐ Construction ☑ Non-Construction	Pre-application ☐ Construction ☐ Non-Construction	**2. DATE SUBMITTED** 10/01/08	Applicant Identifier B-08-MC-06-0522
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY 8/15/08	Federal Identifier

5. APPLICANT INFORMATION

Legal Name: City of Long Beach	Organizational Unit: Department: Community Development Department
Organizational DUNS: 557398141	Division: Neighborhood Services Bureau
Address: Street: 444 W Ocean Boulevard, Suite 1700	**Name and telephone number of person to be contacted on matters involving this application (give area code)** Prefix: Mr. / First Name: Alem
City: Long Beach	Middle Name S.
County: Los Angeles	Last Name Hagos
State: CA / Zip Code 90802	Suffix:
Country: U.S.A	Email: Alem_Hagos@longbeach.gov
6. EMPLOYER IDENTIFICATION NUMBER *(EIN)*: 95-6000733	Phone Number (give area code) 562/570-7403 / Fax Number (give area code) 562/570-5248

8. TYPE OF APPLICATION: ☐ New ☐ Continuation ☑ Revision. If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) [A] [ ] Other (specify)	**7. TYPE OF APPLICANT:** (See back of form for Application Types) C Municipal. Other (specify)
	9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-218. TITLE (Name of Program): Labor Management Cooperation Program	**11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:** Neighborhood Stabilization Program (NSP) To stabilize neighborhoods and reduce the effects of foreclosure. Please see amended 2008 -2009 Action Plan for a list of proposed projects.
12. AREAS AFFECTED BY PROJECT *(Cities, Counties, States, etc.)*: City of Long Beach NSP eligible areas	
13. PROPOSED PROJECT Start Date: 10/01/08 / Ending Date: 7/31/2013	**14. CONGRESSIONAL DISTRICTS OF:** a. Applicant 37,39 and 46 / b. Project 37,39 and 46

15. ESTIMATED FUNDING:		**16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?**
a. Federal	$ ** 13,724,525 .00	a. Yes. ☐ THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:
b. Applicant	$ .00	
c. State	$ .00	
d. Local	$ .00	b. No. ☑ PROGRAM IS NOT COVERED BY E. O. 12372
e. Other	$ .00	☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
f. Program Income	$ 400,000 .00	**17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?**
g. TOTAL	$ 14,124,525 .00	☐ Yes If "Yes" attach an explanation. ☑ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative

Prefix: Mr.	First Name: Patrick	Middle Name: H.
Last Name: West		Suffix:
b. Title: City Manager		c. Telephone Number (give area code): 562/570-6916
d. Signature of Authorized Representative		e. Date Signed: 11/21/08

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Standard Form 424 (Rev.9-2003)
Prescribed by OMB Circular A-102

** Amount consists of the FY'09 CDBG entitlement of $8,654,215 and an NSP award of $5,070,310

APPROVED AS TO FORM
11-19 20 08
ROBERT E. SHANNON, City Attorney
By _____
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

G. Checklist

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes **X** No☐. Verification found on page **5-8**.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes **X** No☐. Verification found on page **8-11**.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
  Yes **X** No☐. Verification found on page **11**.

- a definition of "affordable rents,"
  Yes **X** No☐. Verification found on page **12**.

- a description of how the grantee will ensure continued affordability for NSP assisted housing,
  Yes **X** No☐. Verification found on page **13**.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?
  Yes **X** No☐. Verification found on page **13**.

D. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
  Yes **X** No☐. Verification found on page **10,13**.

- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
  Yes **X** No☐. Verification found on page **10,13,42**.
  Amount budgeted = $**1,300,000**.

E. ACQUISITIONS & RELOCATION

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes ☐ No **X** (If no, continue to next heading)
Verification found on page **13 (Section E)**.

If so, does the substantial amendment include:

- 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?
  Yes☐ No☐. Verification found on page _____.

- 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)?
  Yes☐ No☐. Verification found on page _____.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
  Yes☐ No☐. Verification found on page _____.

F. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction's usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes **X** No☐. Verification found on page **31**.

Is there a summary of citizen comments included in the final amendment?
Yes **X** No☐ Verification found on page **34**.

G. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
  Yes **X** No☐. Verification found on page **15-22**.

- correlated eligible activity under CDBG,
  Yes **X** No☐. Verification found on page **15-22**.

- the areas of greatest need addressed by the activity or activities,
  Yes **X** No☐. Verification found on page **15-22**.

- expected benefit to income-qualified persons or households or areas,
  Yes **X** No☐. Verification found on page **15-22**.

- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
  Yes **X** No☐. Verification found on page **17,42**.

- appropriate performance measures for the activity,
  Yes **X** No☐. Verification found on page **15-22**.

- amount of funds budgeted for the activity,
  Yes **X** No☐. Verification found on page **15-22,42**.

- the name, location and contact information for the entity that will carry out the activity,
  Yes **X** No☐. Verification found on page **15-22**.

- expected start and end dates of the activity?
  Yes **X** No☐. Verification found on page **15-22**.

- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,
  Yes **X** No☐. Verification found on page **15-22**.

- If the activity provides financing, the range of interest rates (if any),
  Yes☐ No **X**. Verification found on page:**(other housing resources will be used for financing.)**

- If the activity provides housing, duration or term of assistance,

  Yes **X** No☐. Verification found on page **10 B2,28** .

- tenure of beneficiaries (e.g., rental or homeownership),
  Yes **X** No☐. Verification found on page **15,17** .

- does it ensure continued affordability?
  Yes **X** No☐. Verification found on page **15,17,28**.

H. CERTIFICATIONS

The following certifications are complete and accurate:

(1) Affirmatively furthering fair housing	Yes **X**	No☐
(2) Anti-lobbying	Yes **X**	No☐
(3) Authority of Jurisdiction	Yes **X**	No☐
(4) Consistency with Plan	Yes **X**	No☐
(5) Acquisition and relocation	Yes **X**	No☐
(6) Section 3	Yes **X**	No☐
(7) Citizen Participation	Yes **X**	No☐
(8) Following Plan	Yes **X**	No☐
(9) Use of funds in 18 months	Yes **X**	No☐
(10) Use NSP funds ≤ 120 of AMI	Yes **X**	No☐
(11) No recovery of capital costs thru special assessments	Yes **X**	No☐
(12) Excessive Force	Yes **X**	No☐
(13) Compliance with anti-discrimination laws	Yes **X**	No☐
(14) Compliance with lead-based paint procedures	Yes **X**	No☐
(15) Compliance with laws	Yes **X**	No☐