



# TOWN OF APPLE VALLEY

## TOWN COUNCIL STAFF REPORT

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To: Honorable Mayor and Town Council Date: September 25, 2012

From: Lori Lamson, Community Development Dept. Item No: 13

Subject: **AMENDMENT #2 TO THE FIVE YEAR CONSOLIDATED PLAN – 2010-2011 FOURTH YEAR ACTION PLAN TO INCORPORATE PROPOSED CHANGES TO THE NEIGHBORHOOD STABILIZATION PROGRAM 3 (NSP 3) FUNDS**

T.M. Approval: \_\_\_\_\_ Budgeted Item:  Yes  No  N/A

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### RECOMMENDED ACTION:

That the Town Council approve the proposed amendment to its 2010-2011 Action Plan to incorporate the proposed changes to the Neighborhood Stabilization Program 3; and authorize and direct the Town Manager to execute any necessary contract related documents on behalf of the Town.

### SUMMARY:

The Dodd-Frank Wall Street Reform and Consumer Protection Act appropriated \$1 billion in a third round of Neighborhood Stabilization Program funds to all states, along with a number of counties and local communities struggling to reverse the effects of the foreclosure crisis. Funding is targeted as emergency assistance to state and local governments to acquire, redevelop or demolish foreclosed properties. On Wednesday, September, 8, 2010, Town staff received notification from the U.S. Department of Housing and Urban Development (HUD) that the Town of Apple Valley would receive approximately \$1,463,014. In order to receive these funds, the Town prepared an additional action plan for the Neighborhood Stabilization Program 3 (NSP 3) and amended the 2010-2011 in March of 2011. At this time, a second amendment is proposed to incorporate an additional NSP activity in the Action Plan.

## **CONSOLIDATED PLAN SUMMARY**

The Consolidated Plan is a comprehensive five-year strategy (2007-2012) that addresses the use of Federal grant/entitlement funds for the purpose of meeting the goals of providing decent housing, a suitable living environment and expanded economic opportunities, principally for low- and moderate-income persons.

The Consolidated Plan combines the application and reporting requirements for four Federal formula grant programs. It replaces the Comprehensive Housing Affordability Strategy (CHAS) and consolidates applications for the Community Development Block Grant (CDBG), Home Investment Partnerships Act (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA), Neighborhood Stabilization Program 1 (NSP 1) and the most recent addition of the Neighborhood Stabilization Program 3 (NSP 3).

The Consolidated Plan is composed of three parts: 1). The first section of the Consolidated Plan evaluates the Housing and Community Development needs of the Apple Valley/Victorville Consortium. This includes an assessment of housing needs for extremely low, very low, and, low- and moderate-income families, including the needs of homeless individuals and families. In addition, a housing market analysis was completed that includes a review of housing; 2). Based on this information, a five-year strategic plan was developed, which includes priorities for assisting categories of residents by income level, objective statements, proposed programs, as well as accomplishments that are expected to be achieved in the next five years; 3). An annual Action Plan provides a one-year investment plan, which outlines the intended use of resources, descriptions of activities to be undertaken, and the specific objectives and priority needs to be addressed. The proposed amendment to the Consolidated Plan – Fourth Year Action Plan will add an additional activity to the Neighborhood Stabilization Program 3 (NSP 3).

### **COMMUNITY DEVELOPMENT BLOCK GRANT/ (CDBG)/NEIGHBORHOOD STABILIZATION PROGRAM 3 (NSP 3)**

The Federal Housing and Community Development Act of 1974, as amended, provides Federal Community Development Block Grant funds for projects that promote the development of viable, urban communities by providing decent housing and suitable living environments and expanding economic activities, principally for persons of low- and moderate-income. The Dodd-Frank Wall Street Reform and Consumer Protection

Act provides \$1 billion in funds that are generally to be construed as CDBG program funds for CDBG entitlement communities to use for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties.

### **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) PROJECT FUNDING**

**Proposed Funding:** The Town received \$1,463,014 in Neighborhood Stabilization Program 3 grant funds for FY 2010-2011. Per HUD regulations, jurisdictions are required to expend 50 percent of the grant within two (2) years (3/7/13) and 100 percent of the grant within three (3) years (3/7/14). Furthermore, 25% of the grant allocation or \$365,754 must be set-aside for households at 50% of Area Median Income (AMI) or less. Due to ever-changing market conditions, the Neighborhood Stabilization Program 3 (NSP 3) will continue to need to maintain a level of flexibility by permitting the transfer of funds between eligible activities as well as amending the boundaries of one or more neighborhoods without requiring a substantial amendment. These changes may be made administratively, depending on the location, size and scope of the project(s).

**Existing Projects:** The current Neighborhood Stabilization Program 3 (NSP 3) activities are outlined below:

Acquisition/New Construction for Multi-Residential Uses	854,000
Acquisition/Rehabilitation for Multi-Residential Uses	357,713
Down Payment Assistance	105,000
Program Administration (10% Cap)	146,301
Program Allocation	\$1,463,014

**Proposed Projects:** The proposed changes to the Neighborhood Stabilization Program 3 (NSP 3) activities are outlined below:

Acquisition/New Construction for Multi-Residential Uses	300,000
Acquisition/Rehabilitation for Multi-Residential Uses	357,713
Down Payment Assistance	105,000
Acquisition/Rehabilitation for Single Family Uses	554,000
Program Administration (10% Cap)	146,301
Program Allocation	\$1,463,014

By adding an activity for Acquisition/Rehabilitation for Single-Family Uses, the Town will be able to utilize funds to acquire and rehabilitate single-family homes for the purposes of providing affordable home ownership opportunities. In addition, it will expand the NSP scope of services and assist the Town in meeting the NSP deadlines for expenditures. Based upon the foregoing, staff recommends adoption of the form motion.