

Action Plan

Grantee: Richmond, CA

Grant: B-11-MN-06-0006

LOCCS Authorized Amount: \$ 1,153,172.00
Grant Award Amount: \$ 1,153,172.00
Status: Reviewed and Approved

Estimated PI/RL Funds:

Total Budget: \$ 1,153,172.00

Funding Sources

Funding Source	Funding Type
HOME	Other Federal Funds
CDBG	Other Federal Funds
CalHome	State Funds
Land Value	Other Local Government Funds

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of Richmond Housing and Community Development Division proposes to allocate funding through the Richmond Neighborhood Stabilization Program Corporation for the purchase and rehabilitation of single family units under this activity. Activity 13 allocates for acquisition of single family units, their rehabilitation and disposition through sale to qualified 50% AMI household. Activity 11 allocates funding for foreclosed vacant lots where the City can develop new housing. Activity 12 targets acquisition and rehabilitation of multi-family units that may be used as rental if buyers are not secured.

The City of Richmond's NSP 3 program targets low income families at 50% AMI (Set aside). NSP 1 targeted both Set Aside and LMMI families. Given the expected change in the real estate market, the City wants to focus its resources in helping new homeowners, especially those with limited income. NSP 3 wants to increase supply of multi-family and single family units. NSP 3 wants to also capture vacant lots for new construction using HOME funding and private investors. Again, all units will be for 50% AMI.

City is concentrating NSP 3 on areas that coincide with the locations of recent City investment, including homes rehabilitated with NSP 1 funds, which help support sustained neighborhood stabilization. The area of greatest need are census tracts corresponding with North Richmond 3650.02, Belding 3730, Woods 3750, Iron Triangle 3760 and 3770, Santa Fe 3790, Pullman 3810. The City also wants to invest in areas benefited by Healthy Communities.

How Fund Use Addresses Market Conditions:

The market conditions in the target areas include high foreclosure, high vacancy, high rental ratios, low and falling property values. Overall these neighborhoods are characterized by older housing stock with deferred maintenance and under investment.

For this reason, NSP 3 addresses these conditions by bringing occupancy to vacant units, increasing home ownership, and stabilizing the community one home at a time. NSP 3 also considers construction of new units if such development can serve as catalyst in a well defined area. Staff has identified a few locations where HUD funding has been used in the past and where construction has not taken place. After we acquire properties, our contractors will rehab these units according the NSP Rehab Standards. Once completed, the units will be marketed according to the NSP Marketing Plan. Homeowners will receive home buyer education and with energy efficiency upgrades, we expect these new owners to maintain their homes for the long term and join the American Dream.



Ensuring Continued Affordability:

For rental developments, the City will require the property manager or owner to verify that resident qualify upon move-in. For new construction of rental units, incomes will also be recertified on an annual basis. A monitoring report will be due to RNSC annually.

For homeownership the City will explore the possibility of creating a community land trust to hold land, sell improvements and enter into 99-year land leases with buyers, accompanied by covenants restricting the resale to income-qualified buyers capping requiring affordable resale prices. In addition, the City will implement a Recapture Approach.

Recapture Approach. The City will provide financial assistance to buyers of newly constructed homes and if needed to buyers of rehabilitated homes. The assistance will be deferred until title transfer or repayment, at which point it will be due and payable (i.e. "recaptured") with interest. The length of affordability will depend on the amount of NSP funds provided, consistent with the HOME standards.

OWNERSHIP: up to \$15,000- 5 years; \$15,000-\$40,000- 10 years; over \$40,000- 20 years. RENTAL: 20 years affordability period.

The City will enforce the recapture provision requirements in our contractual agreement with our subrecipient who will then pass the requirement to the purchaser of the NSP assisted unit in the form of a deed or land covenant that runs concurrently with the affordable period. Proceeds from the sale of properties using NSG 3 funds will be recaptured and returned to the City. These funds will be considered program income and used for future housing development project.

Originally, the City of Richmond proposed a second option: Presumed Affordability. HUD approved this option in our NSP 1 action plan. This option recognizes that homes in our target areas sell significantly at lower values than surrounding markets within the City. Richmond has an excessively high inventory of vacant homes that are affordable without subsidies or assistance to middle income buyers. This reality gives buyers affordability restriction-free homes for comparable prices as those with restrictions. It is predictable and logical that a buyer will prefer a restriction-free home.

HUD staff communicated to the City in late August 2011 that this option was unacceptable for NSP 3. For this reason, we will only use the Recapture Approach. We will discontinue the Presumed Affordability Approach until HUD staff has had the opportunity to better analyze the reality of different real estate markets and catch up with market trends.

Definition of Blighted Structure:

a. NSP definition: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

b. State context: California Health and Safety Code Section 33031(a)(1) describes physical conditions that cause blight: [Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by 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.]

c. Local law context: The Richmond Community Redevelopment Agency summarized blighting conditions in Table II-2 of the Richmond 10-B Nevin Plan Amendment dated June 2005. Factors that may be correlated to physical blighting conditions echo the State Health and Safety Code cited above, namely deficient and deteriorated buildings that are unsafe or unhealthy, as evidenced by deterioration and/or dilapidation, the age of buildings, lead paint hazards, household income, asthma, and unreinforced masonry construction.

Definition of Affordable Rents:

[Affordable rents] follow the HOME program standards at 24 CFR 92.252 (a), (c), (e), and (f). Namely, the maximum rents will be the lesser of the fair market rent and up to 30% of the adjusted income of a family earning 65% of AMI, with adjustments for the number of bedrooms in the unit, less a utility allowance. Affordable rents for units designated for households with incomes below 50% of AMI will be no more than 30% of 50% of AMI, adjusted for unit size. Such rents may be increased annually after HUD updates fair market rents and median incomes. The minimum period of affordability is consistent with HOME standards: < \$15,000- 5 years. \$15,000-\$40,000- 10 years. > \$40,000 or rehabilitation involving refinancing- 15 years. New construction or acquisition of newly constructed housing: 20 -55 (The 55-year affordability period allows such newly constructed or acquired rental units to count as low/moderate income production units under California Community Redevelopment Law).

Although HUD has increased focus on rentals through NSP 3 and we face depressed home values which make it realistic for households to purchase homes and enter homeownership without overburden themselves financially. For qualified buyers, mortgages may be the same of similar to rental costs. If homes do not sell within the determined timeframe, we will transition units to rentals.

If a unit can not be sold for a price that will recover the development cost, the City or its affiliate nonprofit corporation Richmond Neighborhood Stabilization Corporation (RNSC) may retain ownership for up to five years and rent the unit to an income-qualified household on an annual lease basis. RNSC will contract with a third-party property manager for all such rental properties.

This analysis showed that homes in the Areas of Greatest Need are likely to stay affordable to low-, middle- and moderate-income buyers for at least ten years. The City will reevaluate the market trends in 2012 to update projected sales prices and determine if presumed affordability continues to be an appropriate method of providing long-term affordability.

Housing Rehabilitation/New Construction Standards:

City will work with consulting firm, TDA to establish NSP housing rehabilitation and new construction standards for NSP 3.

Vicinity Hiring:

All NSP3 subrecipients, contractors and subcontractors will be required to demonstrate efforts to achieve Vicinity Hiring during the contracting and rehabilitation process through the following actions: placing signs or posters regarding hiring in prominent places within the development; distributing employment flyers to the residents at these developments, posting employment flyers in the area of the developments; maintaining a log of all applicants and indicate the reasons why vicinity residents who applied were not hired; retaining copies of any employment applications completed by public housing Section 8 certificate or voucher holders or other Section 3 residents; sending a notice about vicinity hiring and Section 3 training and employment requirements and opportunities to vicinity labor organizations or to worker representatives with whom the firm has agreements. Contractors and subcontractors will be required to post this information in Spanish and English.



The City will provide 1:1 training to selected partners. These efforts are to provide for the hiring of qualified employees who reside in the vicinity of NSP3 projects and contracts with qualified small businesses that are owned and operated by persons residing within the target area vicinity. Subrecipients, contractors and subcontractors will be required to complete the "NSP3 Vicinity Hiring" form.

Procedures for Preferences for Affordable Rental Dev.:

Richmond faces depressed home values which make it realistic for households to purchase homes and enter homeownership without overburdening themselves financially. For qualified buyers, mortgages may be the same of similar to rental costs. If homes don't sell within the determined timeframe, we will transition units to rentals.

If a unit can not be sold for a price that will recover the development cost, the City or its affiliate nonprofit corporation Richmond Neighborhood Stabilization Corporation (RNSC) may retain ownership for up to five years and rent the unit to an income-qualified household on an annual lease basis. RNSC will contract with a third-party property manager for all such rental properties.

We have determined based on data analysis that Areas of Greatest Need are likely to stay affordable to low-, middle- and moderate-income buyers for at least ten years.

Grantee Contact Information:

Patrick Lynch
(510) 307-8140

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
Admin	NSP 3 ADMIN	10	Administration
Land	Vacant Land Acq	11	Acquisition of vacant land
Multi Unit	Set Aside Multi	12	Acquisition Rehab
Single Units	Set Aside Single	13	Acquisition Rehab



Activities

Project # / Title: Admin / NSP 3 ADMIN

Grantee Activity Number: 10
Activity Title: Administration

Activity Type:

Administration

Project Number:

Admin

Projected Start Date:

07/01/2011

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Environmental Assessment:

UNDERWAY

Benefit Report Type:

NA

Activity Status:

Under Way

Project Title:

NSP 3 ADMIN

Projected End Date:

03/01/2015

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 115,317.00

Other Funds Total: \$ 0.00

Total Funds Amount: \$ 115,317.00

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Richmond Neighborhood Stabilization Program

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed
Richmond Neighborhood Stabilization Program	Unknown	\$ 115,317.00

Location Description:

administration

Activity Description:



Administration of NSP 3. These funds will be used to mitigate costs associated with administration of the Neighborhood Stabilization Program. Staff time allocations for administrative purposes include all tasks related to the administration of the grant including but not limited to reporting, planning, evaluation, accounting and funder communication.

Project # / Title: Land / Vacant Land Acq

Grantee Activity Number: 11
Activity Title: Acquisition of vacant land

Activity Type:

Acquisition - general

Project Number:

Land

Projected Start Date:

01/01/2013

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Environmental Assessment:

COMPLETED

Benefit Report Type:

Direct (Households)

Activity Status:

Under Way

Project Title:

Vacant Land Acq

Projected End Date:

01/01/2014

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 0.00

Other Funds Total: \$ 0.00

Total Funds Amount: \$ 0.00

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Owner Households	2	2		100.00
# of Households	2	2		100.00
# of Permanent Jobs Created	2	2		100.00

Proposed Accomplishments

	Total
# of Singlefamily Units	2
# of Housing Units	2
# of Parcels acquired voluntarily	2
# of Properties	2



Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Richmond

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Richmond

Organization Type

Local Government

Proposed

\$ 27,374.28

Location Description:

659 4th Street

Activity Description:

Acquisition of two lots at 659 4th Street. A third lot has been purchased with HOME funds. City will develop at least two single family units on the land. If market conditions allow for multiunit development, then the City shall pursue the creation of the maximum number of units based on zoning, supply and financing.

Project # / Title: Multi Unit / Set Aside Multi

Grantee Activity Number: 12

Activity Title: Acquisition Rehab

Activity Type:

Acquisition - general

Activity Status:

Under Way

Project Number:

Multi Unit

Project Title:

Set Aside Multi

Projected Start Date:

01/01/2013

Projected End Date:

01/01/2014

Project Draw Block by HUD:

Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:

Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:

Not Blocked

Total Budget: \$ 546,997.00

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Other Funds Total: \$ 0.00

Total Funds Amount: \$ 546,997.00

Environmental Assessment:

UNDERWAY



Benefit Report Type:

Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	4	4		100.00
# of Households	4	4		100.00

Proposed Accomplishments	Total
# of Multifamily Units	4
# of Housing Units	4

Activity is being carried out by Grantee: **Activity is being carried out through:**

No

Organization carrying out Activity:

Richmond Neighborhood Stabilization Program

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed
Richmond Neighborhood Stabilization Program	Unknown	\$ 449,733.50

Location Description:

411 23rd Street. Four units. One bedroom/One bath. Purchased 12-2012.

Activity Description:

The City of Richmond Housing and Community Development Division and its Richmond Neighborhood Stabilization Program Corporation allocate funding for activity #12 for the identification, purchase, rehabilitation and sale of multiunit apartments.

The City is allocating all the funds for this activity for 50% AMI families.

The City of Richmond’s Code Enforcement Department, which is a division of the Richmond Police Department, has identified over eighty properties and vacant lots which are abandoned and attract negative activities and crime into residential communities. The City’s Code Enforcement and Housing Divisions are working closely under the guidance of the City Manager’s office, to acquire foreclosed properties under the NSP 3 program.

The City of Richmond believes that providing safe, affordable, rental units is imperative to the vitality of our city. Just as an example of the importance of rental properties is our 84% rental properties along the 1st Street Corridor. This high percentage is not the exception and it reflects similar trends throughout the City.

The City will prioritize acquiring multiunit buildings in strategic locations in Richmond. Once we identify such properties, we will determine the level of rehabilitation and the feasibility of selling the property. Equally important will be to determine how the property will be managed in case a sale is not feasible. The City will identify third parties that may be responsible for managing and maintaining the units as rental properties.

As the City rehabilitates units, it will apply all requirements set by HUD and the City.

Project # / Title: Single Units / Set Aside Single



Grantee Activity Number: 13
Activity Title: Acquisition Rehab

Activity Type:
 Acquisition - general

Project Number:
 Single Units

Projected Start Date:
 01/01/2013

Project Draw Block by HUD:
 Not Blocked

Activity Draw Block by HUD:
 Not Blocked

Block Drawdown By Grantee:
 Not Blocked

National Objective:
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Environmental Assessment:
 UNDERWAY

Benefit Report Type:
 Direct (Households)

Activity Status:
 Under Way

Project Title:
 Set Aside Single

Projected End Date:
 01/01/2014

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 490,857.00

Other Funds Total: \$ 0.00

Total Funds Amount: \$ 490,857.00

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Owner Households	1	1		100.00
# of Households	1	1		100.00
# of Permanent Jobs Created				0.0

Proposed Accomplishments	Total
# of Singlefamily Units	1
# of Housing Units	1
# of Parcels acquired voluntarily	1
# of Properties	1

Activity is being carried out by Grantee: No
Activity is being carried out through:

Organization carrying out Activity:
 Richmond Neighborhood Stabilization Program

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed
Richmond Neighborhood Stabilization Program	Unknown	\$ 164,247.70



Location Description:

127 south 27th. Strategically located to NSP 1 property at 2619 Center.
390 34th Street
600 4th Street

Activity Description:

Activity 13

Given the demographics of our City, we believe that providing single family units for ownership is an essential outcome of NSP 3. The City of Richmond Housing and Community Development Division and its Richmond Neighborhood Stabilization Program Corporation allocate funding for activity #13 for the identification, purchase, rehabilitation and sale of single family units.

The City expects to purchase units that are strategically located to other NSP or City homes and apartments. The three units under this activity illustrate this goal.

27 South 27th is next to 2619 Center which is a NSP 1 home.

600 4th Street is in the same block as 659 4th Street &ndash the three lots purchased with NSP and HOME for the creation of at least two single family units.

390 South 34th Street is in close proximity to 520 South 28th Street Fourplex also purchased with NSP 1 funds.

Action Plan Comments:

Reviewer - Activities are confusing as both say they are multi-family low income, with the same responsible organization.
Rejected requireing clarification.

Action Plan History

Version	Date
B-11-MN-06-0006 AP#1	05/21/2014
B-11-MN-06-0006 AP#2	04/25/2014
B-11-MN-06-0006 AP#3	04/08/2013
B-11-MN-06-0006 AP#4	10/28/2011

