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City of Las Cruces[®]
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Council Action and Executive Summary

Item # 8 Ordinance/Resolution# 10-160 Council District: N/A

For Meeting of December 21, 2009

(Adoption Date)

TITLE: A RESOLUTION APPROVING AMENDMENT ONE (#1) TO THE CITY'S NEIGHBORHOOD STABILIZATION PROGRAM (NSP) GRANT AGREEMENT WHICH EXPANDS COST LIMITS FOR PURCHASE AND REHABILITATION OF PROPERTIES UNDER THE PROGRAM.

PURPOSE(S) OF ACTION: An amendment to provide the City of Las Cruces additional flexibility for increased reasonable purchase and rehabilitation costs on available properties for the homeownership and renter components of the Neighborhood Stabilization Program (NSP).

Name of Drafter: Jerry Nachison		Department: Community Development		Phone: 528-3208	
Department	Signature	Phone	Department	Signature	Phone
Community Development		528-3066	Budget		541-2281
			Assistant City Manager		541-2271
Legal		541-2128	City Manager		541-2076

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS: In July 2008, President Bush signed the Housing and Economic Recovery Act of 2008 (HERA). HERA was created to provide neighborhood stabilization to communities throughout the United States due to rising foreclosures and abandoned residential properties due to tough economic times. HERA appropriated \$3.92 billion in funding as part of a special allocation of Community Development Block Grant (CDBG) funds for distribution to States and Local governments. The State of New Mexico received a total allocation of \$19.6 million. Las Cruces, received \$1.5 million from the State of New Mexico Department of Finance and Administration, Local Government Division.

The City's NSP Plan focuses through partner agencies in two areas primarily to (1) acquire, rehab, and resale abandoned or foreclosed properties or build new housing on acquired, vacant parcels for homeownership to serve persons between 50% and 120% of Area Median Income (AMI); and (2) acquire, rehab, and donate to qualified non-profit agencies as rental housing for persons below 50% of AMI, primarily for those with special needs. Single family detached houses are preferred, though duplexes, single family attached properties and other small multifamily properties (generally less than 8 units) may be considered. All properties must be foreclosed and available or abandoned, blighted and unused, with owners willing to sell. Vacant lots for infill purposes are also being considered for new residential construction.

Staff has been reviewing properties within the City designated priority areas for the NSP program. However, there have been problems locating properties both affordable and reasonably rehabilitated to code within the earlier State of New Mexico set cost limits of

(Continued on Page 2)

\$140,000/unit. This limit is lower than the Federal limits set for the NSP. Therefore, City staff requested clarification and a waiver of the \$140,000 limit from the State and the State has approved the request. The State agreed to the City's adopting the HUD Section 221(D)(3) cost limits, as established for the NSP. These limits are as follows: 1-BR units \$139,001; two-BR \$167,638; 3-BR \$214,582; 4 BR \$239,054. It is not the City's intention to spend up to these limits, but to gain flexibility above the currently approved \$140,000/unit limit. This approval is contained within the Agreement Amendment attached to the proposed Resolution.

SUPPORT INFORMATION:

Fund Name / Account Number	Amount of Expenditure	Budget Amount
N/A	N/A	N/A

1. Proposed Resolution
2. Exhibit "A" – Grant Amendment #1

OPTIONS / ALTERNATIVES:

1. Vote YES and approve the Resolution amending the grant and allowing the higher unit costs limits. Doing so should ensure the NSP can move forward in a timely manner.
2. Vote NO and disapprove the Resolution, thus not approving the increase in cost limits for the purchase of properties under the City's NSP. So doing would limit the program to the current \$140,000/unit and jeopardize the City's ability to complete transactions and conform to established deadlines for the NSP in a timely manner.
3. Modify and approve the Resolution. Modification would be at the Council's discretion and direction.
4. Table or Postpone action on the requested Resolution. Direction would be required of the Council to staff. Tabling or postponing a decision keeps the City's NSP to the current grant with limitations as noted above.

RESOLUTION NO. 10-160**A RESOLUTION APPROVING AMENDMENT ONE (#1) TO THE CITY'S NEIGHBORHOOD STABILIZATION PROGRAM (NSP) GRANT AGREEMENT WHICH EXPANDS COST LIMITS FOR PURCHASE AND REHABILITATION OF PROPERTIES UNDER THE PROGRAM.**

The City Council is hereby informed that:

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) is charged with implementing the Housing and Economic Recovery Act of 2008 (HERA); and

WHEREAS, HERA funds are administered under special rules of Community Development Block Grant (CDBG) Program, of which the City of Las Cruces is an entitlement community and HERA creates a national program henceforth called the Neighborhood Stabilization Program; and

WHEREAS, the entire allocation of HERA funding was awarded to the State of New Mexico Department of Finance and Administration, Local Government Division; and the City of Las Cruces submitted a plan for use of the Neighborhood Stabilization Program within the corporate limits of the City; and

WHEREAS, the City of Las Cruces has received an approved Neighborhood Stabilization Program from the State of New Mexico; and

WHEREAS, City staff requested clarification and a waiver to increase the cost limits allowable on each property obtained for the NSP.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the City of Las Cruces Neighborhood Stabilization Program Plan, as amended by the Grant Amendment Number 1 as shown in Exhibit "A," attached hereto and made part of this Resolution, is hereby approved.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE and APPROVED this _____ day of _____, 2009.

(SEAL)

APPROVED:

Mayor

ATTEST:

City Clerk

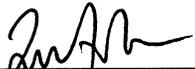
Moved by: _____

Seconded by: _____

VOTE:

Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Connor: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Thomas: _____

APPROVED AS TO FORM:



City Attorney

GRANT AGREEMENT AMENDMENT NO. 1
CONCERNING THE NEIGHBORHOOD STABILIZATION PROGRAM
BETWEEN
THE DEPARTMENT OF FINANCE AND ADMINISTRATION
AND
THE CITY OF LAS CRUCES

THIS AMENDMENT is entered into by and between the Department of Finance and Administration (DFA) and the City of Las Cruces in order to amend the Original Grant Agreement concerning the Neighborhood Stabilization Program that was executed on April 6, 2009 herein referred to as the "original" grant agreement.

WHEREAS; there is no stated affordability limit for purchase/rehab of properties to be used for rentals in the City of Las Cruces "Exhibit A" of the "original" grant agreement.

WHEREAS; the dollar limit in "EXHIBIT A" from the "original" grant agreement under Section "2" is more restrictive than the Federal requirement, therefore shall be amended to reflect the less restrictive amounts.

WHEREAS; The Project Description "Exhibit A" in the original Grant Agreement is amended as follows:

Section 1 will add a new sub-section (m):

- m) The City of Las Cruces shall use the Housing and Urban Development (HUD) Certification Statement of Cost Reasonableness form 221(D)(3) for cost reasonableness limits on rental property purchases. A copy of the Certification Statement of Cost Reasonableness form 221(D)(3) can be found in the Neighborhood Stabilization Program Implementation manual in Exhibit 7-E

Section 2 sub-section (h) shall now read as follows:

- h) At the time of sale (after completion of rehabilitation to code), the appraised value is not to exceed the limits in HUD Certification Statement of Cost Reasonableness Section form 221(D)(3) limits. Exceptions and special circumstances will be considered but must be approved prior by DFA/LGD. A soft second to ensure affordability maybe required based on the differences between the appraisal and actual sell value.

IN WITNESS WHEREOF, the parties have executed this amendment, which becomes effective as of the date of approval by the Department of Finance and Administration.

THIS GRANT AGREEMENT AMENDMENT has been approved by:

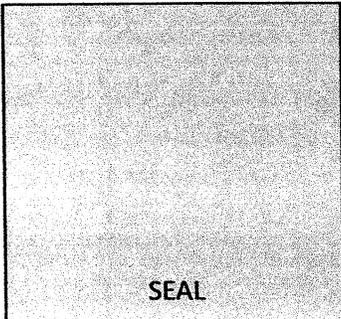
GRANTEE

Signature Mayor, County Commission Chairman

Date

(Print Name and Title)

The foregoing instrument was acknowledged before me this __ day of _____, 2009 by _____.



Notary Public _____

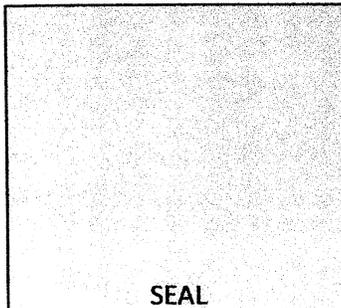
My Commission Expires: _____

**DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION**

By: _____
Sam Ojinaga, Deputy Director

Date

The foregoing instrument was acknowledged before me this __ day of _____, 2009 by _____.



Notary Public _____

My Commission Expires: _____