Report Period: August 1, 2009 – November 30, 2009
Grant #: B-08-MN-00-0010

AGENCY: City of Vallejo, Housing & Community Development Division
PROGRAM: Neighborhood Stabilization Program (NSP 1)

OBJECTIVE:

Create suitable living environment
✓ Provide decent affordable housing
Create economic opportunities

OUTCOME:

Availability/accessibility
✓ Affordability
Sustainability

1. Goal of Overall Grant/Goals of City of Vallejo:

The City of Vallejo (COV) has been severely impacted by the housing crisis; with a 10 percent foreclosure rate the City's intent is to stabilize and minimize the destruction and blight caused by foreclosures in its neighborhoods. The COV through the utilization of NSP 1 funds and matching City resources will acquire, rehabilitate and sell abandoned and foreclosed homes to low and moderate income households with incomes up to 120 percent of the AMI. The COV identified the following activities to specifically address the foreclosure crisis:

- Goal complete analysis of Community Land Trust (CLT) and then to initiate steps to begin the establishment of the (CLT). Funds allocated to activity zero. The CLT will acquire, rehab and sell affordable homeownership units to households at or below 120 percent of the area median income, with a direct focus of targeting households with area median incomes below 80 percent. The CLT will maintain the units long term affordability through a 99 year ground lease, the ownership structure will be a leasehold estate. Financing mechanisms used to aid in the achieving increased homeownership will include the COV's Down Payment Assistance (DPA) program, which include the use of silent second mortgage subsidies and funds for down payment and closing costs.

- Goal to acquire, rehab and sell 4 or more foreclosed homes through a COV initiated competitive RFQ/RFP process. Funding amount allocated to activity $782,000. Implementing a homeownership program targeting households up to 120 percent of the area median income that is separate from the CLT. The homeownership program will also utilize the City's DPA and closing cost programs in addition to its rehabilitation loan program.

- Goal to create up to 15 units of affordable multi-family housing units for households at or below 50 percent the area median income, through a COV initiated competitive RFQ/RFP process. Funding allocated $714,000. The COV initiated competitive RFQ/RFP will give interested Sponsors the choice of proposing either an acquisition/rehabilitation multi-family project or an acquisition/new construction multi-family development.

- Goal to provide homeownership opportunities to 5 or more potential homeowners for households at or below 120 percent of the area median income through the Homebuyer Financing programs. Funds allocated $1,075,000.

- Goal NSP Program Administration. Funds allocated $286,000. Program Administrators will be responsible for the coordination and implementation of NSP program goals.

2. Progress for this Second Quarter:

- Community Land Trust - The CLT evaluation and feasibility study was completed January 29, 2009, by Rick Jacobus and Allison Handler of Burlington Associates Community Development. The study identified the key feasibility issues to ensure a successful CVO, CLT, which includes: an initial capitalization of $4MM by the COV; minimum development cost per home of $60K or less; the ability to sell resell-restricted CLT homes at a below-market rate, affordable to households with incomes between 50 and 80 percent of the AMI; continued COV support of capital resources to generate at minimum 15 properties per year; the ability of homebuyers to secure permanent financing from qualified lenders.

- COV issued the CLT RFQ August 31, 2009, to interested developers, property managers and homeowner's associations to garner their qualifications and interest in owning and operating the COV's CLT that outlined the above referenced key components to ensure success. There were two responses to the CLT RFQ. Staff conducted interviews of both respondents, and decided that both organizations lacked the overall staff capacity and expertise to own and operate a CLT. It was further agreed that if one of the respondents were to possible partner with a larger more experienced CLT provider, it could potentially strengthen our confidence in their ability and build their capacity. At this time COV has decided to not award the CLT to either respondent, and to wait until HUD announces the results of the NSP 2 awards. If COV successfully secures additional NSP dollars, the COV will reissue the RFQ for a qualified CLT owner and administrator.

- Homeownership – Staff issued the RFP for the acquisition and rehabilitation of foreclosed properties in the Vallejo target areas August 31, 2009. There were seven respondents to the RFP, staff interviewed three and selected in our opinion the best qualified candidate for the identified homeownership activity. COV executed a Non-Disclosure Agreement with Fannie Mae, which will entitle the City and its sub grantee to purchase Fannie Mae Foreclosed properties at a 1 percent discount.

- Multi-family Housing – The RFQ issued July 31, 2009 for the development of up to 15 units of affordable multi-family housing units targeting households at 50 percent the area median income, has resulted in the COV selecting Domus Development, LLC as the preferred developer to implement the above referenced NSP activity. Domus Development and the COV recently executed a MOU that allows Domus approximately 120 days to locate and obtain some form of site control on a site suitable for multi-family development.

- Homeownership Opportunities – A sub grantee contract in the amount of $1,075,000 was awarded to Vallejo Housing Neighborhood Services (VHNS) for the implementation and utilization of DPA and rehabilitation loan funds for Borrowers of foreclosed homes in Vallejo target areas. As a subgrantee of the COV the executed Non-Disclosure Agreement with Fannie Mae, will entitle VHNS to purchase Fannie Mae Foreclosed properties at a 1 percent discount. VHNS has begun to work with Fannie Mae and is implementing its marketing strategy to secure eligible homeowners.

- Program Administration – Staff hired July 7, 2009 to assist in the coordination and implementation of NSP activities, continues to work at the coordination of the above referenced NSP activities.