

PROPOSED

NSP3 Action Plan Amendment #2

Under the terms of the County's NSP3 agreement with HUD, all grant funds must be expended by March 16, 2014. In order to meet this deadline, the County is proposing to amend Activities 1 and 3 as described below.

Activity #1

The County is amending Activity #1 to increase the amount of available funding from \$325,000 to \$685,759.

Activity #1 is support for Interim, Inc.'s Rockrose Gardens project (the "Project") on the former Fort Ord within the City of Marina. The Project involves the acquisition and demolition of abandoned and blighted buildings and the construction of 21 new one bedroom units. Twenty of the units will be rented to people with psychiatric disabilities and one unit will be occupied by a manager.

Interim, Inc. began work on the Project in October 2013 and expects the project to be complete by October 2014. In December 2013, Interim notified the County that it needed additional financial support to complete the Project. The additional expenses, which were not originally budgeted, include increased local permit fees, increased costs due to the discovery of underground utility lines which did not show up on surveys as there were no recorded easements, increased utility hook-up costs, and other items which surfaced after construction was started.

The County is increasing the amount of funding available for this Project by \$360,182. The total amount allocated for Activity #1 is now \$685,182. This amendment allows the County to maximize the use of NSP3 funding to provide affordable housing to County residents. The amendment results in the County increasing the number of NSP3 assisted units for households earning less than 50% of AMI from seven (7) to ten (10) at Rockrose Gardens.

Activity #3

The County is decreasing funding for Activity #3. This activity is the acquisition and rehabilitation of single family dwellings for rental to households whose income does not exceed 120% AMI. The County budgeted \$360,759 for this Activity and originally anticipated purchasing two houses. Since the Activity was originally proposed, the County has experienced a number of challenges with implementing Activity #3.

- Lack of Inventory – Even though the County's current NSP3 Target Area has a need score of 19, lack of inventory has prevented the County from purchasing houses. The County has bid on three houses to date but was outbid by market buyers.

- Home Sizes – The County received information on a few foreclosed houses within the Target Area but did not pursue purchasing them due to the bedroom count. The houses had five or six bedrooms which would make it very difficult to identify households large enough to move into the houses.
- Housing Cost – The scarcity of inventory has caused house prices to escalate above that anticipated when the Activity was initially established.

The County decreasing funding to eliminate all remaining funding for this activity because the impending March 16, 2014 grant expenditure deadline and lack of inventory make it unlikely that the County will be able to purchase any more houses.