



Board Report

File #: 14-1007, Version: 1

- a. Amend the County's Neighborhood Stabilization Program 3 (NSP3) Action Plan to increase funding for Interim, Inc.'s Rockrose Gardens project by up to \$14,643.26 and decrease funding for Administration by up to \$14,643.26;
- b. Authorize the Economic Development Director to enter into an Amendment #2 to the Neighborhood Stabilization Program 3 (NSP3) Grant Agreement to memorialize the additional grant funding of up to \$14,643.26 of NSP3 funding to Rockrose Housing Corporation.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Amend the County's Neighborhood Stabilization Program 3 (NSP3) Action Plan to increase funding for Interim, Inc.'s Rockrose Gardens project by up to \$14,643.26 and decrease funding for Administration by up to \$14,643.26;
- b. Authorize the Economic Development Director to enter into an Amendment #2 to the Neighborhood Stabilization Program 3 (NSP3) Grant Agreement to memorialize the additional grant funding of up to \$14,643.26 of NSP3 funding to Rockrose Housing Corporation

SUMMARY:

The County received a Neighborhood Stabilization Program 3 (NSP3) grant from the U.S. Department of Housing and Urban Development (HUD) in March 2011. Under the terms of the grant, all funds were to be expended by March 16, 2014. Because not all of the grant funds were expended by the end of the grant term and HUD funds are to be spent, HUD extended the deadline to do so. The County identified the Rockrose Gardens project (Project) as the best way to spend down the remaining grant funds. Therefore, it is necessary to amend the Action Plan and Grant Agreement in order to reallocate funding to the Project.

DISCUSSION:

The County's original NSP3 Action Plan included four activities: the purchase of two houses in Soledad for rental to households earning 50% of the Area Median Income (AMI); the purchase of three houses in Soledad for rental to households earning up to 120% of the AMI; assistance to Interim, Inc.'s Rockrose Gardens project in Marina for rental to individuals with psychiatric disabilities earning less than 50% of the AMI; and administration of the grant. The County purchased two foreclosed houses in Soledad which have been rented to households that earn less than 50% of AMI. The County was unable to purchase additional houses due to the lack of available foreclosed houses and competition from all-cash buyers who can pay more than the appraised value. To fully use the HUD grant and meet the expenditure deadline, on February 25, 2014, the Board approved an amendment of the Action Plan to transfer funds from the 120% AMI single family acquisition/rehab program to the Project. Subsequently, the County did not spend all of the grant funds allocated for Administration and thus there was a remaining fund balance. In order to fully spend down the HUD grant, HUD extended the grant deadline. The Action Plan was amended to transfer funds in the amount of \$40,000.00 to the Project budget and the County entered into an Amendment #1 to the Grant Agreement (Amendment #1) to grant the funds to the Project. Subsequently, the County did not expend all of the funds allocated for administration such that there was a remaining balance of unexpended grant funds in the amount of \$14,643.26. Because both the County and HUD would like to have all of the funds expended and not

returned, it is recommended that 1) the Action Plan be amended (Amendment #4) to transfer funds to the Project budget which remain after reimbursement of further administration costs and 2) the County enter into an Amendment #2 to the Grant Agreement (Amendment #2) to grant the remaining funds to the Project.

Interim, Inc., a local non-profit with a mission of aiding people with psychiatric disabilities, established Rockrose Housing Corporation as an affiliated non-profit entity to own and manage the Project. Development of the Project involved acquisition and demolition of the existing buildings located on the former Fort Ord in the City of Marina. Twenty one units of affordable housing for persons with psychiatric disabilities, including a manager's unit, are now under construction with an estimated completion date of October 2014.

NSP3 funding for the Project to date is \$725,183. If the Amendment is approved, the remaining funds of approximately \$14,643.26 will be expended on the Project. The County's final NSP3 grant to the Project would then be \$739,826.26. The additional County NSP3 funds for the Project will be given in the form of a grant to Rockrose Housing Corporation. These funds will be used for construction and other development costs. It is necessary to proceed with this action in a timely fashion so that the grant funds can be expended prior to September 30, 2014, and the grant can be closed.

OTHER AGENCY INVOLVEMENT:

HUD has been consulted on the proposed amendment to the Action Plan and concurs with it. County Counsel has reviewed the Amendment. The County has also provided \$932,645 in state funding from California Proposition 63, the State Mental Health Services Act program.

FINANCING:

There is no impact to the General Fund as a result of this action. Revenue and expenses associated with the NSP3 grant are budgeted in Community Development Fund 013, Unit 8200.

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Attachment: Attachment on file with Clerk of the Board Office

Attachments: NSP3 Action Plan
NSP3 Action Plan Amendments #1
NSP3 Action Plan Amendment #2
NSP3 Action Plan Amendment #3 (Final Expenditures)
NSP3 Action Plan Amendment #4 (Final Expenditures)
Rockrose Grant Agreement
Amendment #1 to Grant Agreement
Amendment #2 to Grant Agreement

