



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #: 14-109, Version: 1**

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- 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 \$360,231 and decrease funding for Acquisition and Rehabilitation of Single Family Dwellings for rental to households earning up to 120% of Area Median Income (AMI) by the same amount;
- b. Authorize the Economic Development Director to enter into a Grant Agreement and an Amended Regulatory Agreement and Declaration of Restrictive Covenants Agreement with Rockrose Housing Corporation to recognize the additional funding.

### 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 \$360,231 and decrease funding for Acquisition and Rehabilitation of Single Family Dwellings for rental to households earning up to 120% of Area Median Income (AMI) by the same amount;
- b. Authorize the Economic Development Director to enter into a Grant Agreement and an Amended Regulatory Agreement and Declaration of Restrictive Covenants Agreement with Rockrose Housing Corporation to recognize the additional funding.

### 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 must be expended by March 16, 2014. The HUD Action Plan (Action Plan) for NSP3 included three eligible uses: Acquisition and Rehabilitation; Demolition; and Redevelopment. Due to the competitive marketplace, the County has been unable to identify and purchase foreclosed houses in the market place to expend all funds allocated for the Acquisition and Rehabilitation portion of the Action Plan. In order to use all funds by the deadline, it is necessary to amend the Action Plan in order to reallocate funding to the Rockrose Gardens project (Project).

### DISCUSSION:

The County's NSP3 Action Plan included three 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 AMI; and assistance to Interim, Inc.'s Rockrose Gardens project in Marina for rental to individuals with psychiatric disabilities earning less than 50% of the AMI.

Interim, Inc. is a local non-profit developer and service provider with a mission of aiding people with psychiatric disabilities. Interim, Inc. established Rockrose Housing Corporation as an affiliated non-profit entity to own and manage the Project. Development of the Project involves acquisition, demolition of the existing buildings located on the former Fort Ord in the City of Marina, and new construction of twenty one units of affordable housing for persons with psychiatric disabilities, including a manager's unit. NSP3 funding for the Rockrose Gardens project to date is \$325,000.

The NSP3 grant includes specific grant expenditure milestones which, if not met, could result in the forfeiture of the remaining grant funds. The final expenditure deadline to expend all of the funds is March 31, 2014. To date, the County has expended \$796,084 of the \$1,156,315 funding allocated for projects. An additional \$360,231 needs to be expended on projects by the March deadline or it will be lost.

The County has purchased two foreclosed houses in Soledad to date, which have been rented to two households that earn less than 50% of AMI. The County has been 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, it is recommended that the Action Plan be amended to transfer funds from the single family acquisition/rehab program to the Rockrose Gardens project.

The County's NSP3 funds will be in the form of a grant to Rockrose Housing Corporation. The additional NSP3 funds are proposed to be used for construction costs and other development costs.

OTHER AGENCY INVOLVEMENT:

HUD has been consulted on the proposed amendment to the Action Plan and concurs with it. County Counsel has reviewed the Grant Agreement and Amended Regulatory Agreement and Declaration of Restrictive Covenants Agreement. The County has also provided \$932,645 in 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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Approved by: David L. Spaur, CEcD, EDFP, (831) 755-5387

Attachments:

Attachment 1 - NSP3 Action Plan

Attachment 2 - NSP3 Action Plan Amendments #1

Attachment 3 - NSP3 Action Plan Amendment #2

Attachment 4 - Rockrose Grant Agreement

Attachment 5 - Rockrose Amended Regulatory Agreement and Declaration of Restrictive Covenants Agreement.