

AMENDMENT TO THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): City of Elk Grove	NSP Contact Person: Sarah Bontrager
Jurisdiction Web Address: http://www.egplanning.org	Address: 8401 Laguna Palms Way Elk Grove, CA 95758
	Telephone: 916-231-3354
	Fax: 916-627-4800
	Email: sbontrager@elkgrovecity.org

On November 12, 2008 the City of Elk Grove adopted the Neighborhood Stabilization Program (NSP) Substantial Amendment to the FY 2008-09 Community Development Block Grant Action Plan. The Substantial Amendment was submitted to HUD for review on November 12, 2008 and approved by HUD on January 15, 2009.

This amendment to the Substantial Amendment is required because the City is planning to undertake an activity not described in the November 12, 2008 Substantial Amendment. The relevant amended sections follow.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed amendment to the NSP Substantial Amendment adopted November 12, 2008.

Note: The proposed NSP Substantial Amendment (and any subsequent amendments) must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

Public comment on the NSP Substantial Amendment was taken from March 10, 2009 until March 25, 2009. The City noticed the NSP Substantial Amendment online on the City's website. A public hearing to approve the NSP Substantial Amendment was held on March 25, 2009. No public comment was received to date.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

The following is a new activity.

- (1) Activity Name: Residential Property Redevelopment Program
- (2) Activity Type: NSP: 2301(c)(3)(b) – purchase and rehabilitate residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties; and
2301(c)(3)(d) – demolish blighted structures; and
2301(c)(3)(e) – redevelop demolished or vacant properties.

CDBG: 24 CFR 570.201(a) – acquisition; and
24 CFR 570.201 (b) – disposition; and
24 CFR 570.201 (c) – public facilities and improvements; and
24 CFR 570.201 (d) – clearance.
- (3) National Objective: Benefit to LMMI persons
- (4) Activity Description:
In order to prevent further blight and decline in housing values, the City will purchase or assist in the purchase of residential properties that have not been occupied. These properties will have been either foreclosed upon or abandoned. Properties may include foreclosed homes requiring substantial rehabilitation, half-built homes abandoned by developers, and build-ready lots. The City will redevelop these properties as housing. The City may demolish existing improvements or structures on these properties subsequent to purchase and prior to redevelopment, as necessary.
- (5) Location Description: Citywide
- (6) Performance Measures: 5 units of housing acquired for moderate-income households; 3 units of housing acquired for middle-income households
- (7) Total Budget: \$1,000,000
- (8) Responsible Organization: City of Elk Grove. For more information, contact Sarah Bontrager, Grants Specialist, at 916-231-3354.
- (9) Projected Start Date: May 1, 2009
- (10) Projected End Date: May 30, 2010
- (11) Specific Activity Requirements:
Properties will be acquired at a minimum of 5 percent discount over current market value, with an average of 15 percent discount for the entire portfolio.

Any homes constructed on the property will be sold at a price affordable to low-, moderate-, and middle-income households, and not more than the price of the acquisition plus renovation. The City will execute a Deed of Trust in the amount of the assistance required to reduce the purchase price from fair market value to an affordable purchase price. NSP funds invested in the property will be recaptured on resale. Owner-occupancy will be required for a minimum of 15 years.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

The following is a revised activity.

- (1) Activity Name: Downpayment Assistance Program
- (2) Activity Type: NSP: 2301(c)(3)(a) – Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties
CDBG: 24 CFR 570.201(a) – Acquisition
- (3) National Objective: Benefit to LMMI persons
- (4) Activity Description:
The downpayment assistance program will provide low-interest silent second loans primarily to moderate- and middle-income households. Eligible households will be those not having owned a home in the previous three years and purchasing a foreclosed home with the City.
- (5) Location Description: Citywide
- (6) Performance Measures: 5 units of housing acquired for moderate-income households; 10 units of housing acquired for middle-income households
- (7) Total Budget: \$553,273; unknown private investment, but likely around \$1.5 million provided by lenders for first mortgages
- (8) Responsible Organization: City of Elk Grove. For more information, contact Sarah Bontrager, Grants Specialist, at 916-231-3354.
- (9) Projected Start Date: January 1, 2009
- (10) Projected End Date: May 30, 2010
- (11) Specific Activity Requirements:
Homes will be acquired at a minimum of 5 percent discount over current appraisal value, with an average of 15 percent discount for the entire portfolio.

Loan interest rates will be 3 percent. Loans will be deferred until sale, cessation of owner-occupancy, or other qualifying circumstance.