

City of San Bernardino

Neighborhood Stabilization Program Three

**Substantial Amendment to the
Consolidated Annual Action Plan for Fiscal Year 2010-2011**

March 1, 2011

City of San Bernardino

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Introduction

In 2008, Congress appropriated funds under Title III of the Housing and Economic Recovery Act (“HERA”) to stabilize neighborhoods whose viability had been damaged by an unusually high number of foreclosed and abandoned properties. These funds are administered by the Department of Housing and Urban Development (“HUD”) under an entitlement grant program referred to as the Neighborhood Stabilization Program. The funds made available through HERA constitute the first round of Neighborhood Stabilization Program funds, and, thus, it is referred to as “NSP1”.

Under NSP1, the City of San Bernardino (“San Bernardino” or “City”) was allocated \$8,408,558. Of this amount, \$2.9 million was initially reserved for the acquisition, rehabilitation and resale of foreclosed or abandoned single-family homes to low-, moderate- and middle-income households in targeted areas of the City. Another \$3.1 million was employed to acquire, rehabilitate and rent multifamily units in the Sunrise and 19th street area of the City to households whose income does not exceed 50% of area median income (“AMI”). An additional \$1.7 million was used to acquire and demolish foreclosed or abandoned properties in certain target areas of the City. The remainder, approximately \$760,000, was set aside for administrative costs.

As of December 2010, the City had committed the initial funding allocations for all three NSP1 program activities by purchasing fifty seven (57) foreclosed or abandoned properties within NSP1 eligible target areas throughout the City.

In order to mitigate the continued negative impact of the nation’s economic decline and housing market collapse, Congress approved an additional allocation of funding for the Neighborhood Stabilization Program through the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”). Like NSP1, these funds, which represent the third round of NSP funding (“NSP3”), are to be used to stabilize and revitalize communities most affected by the foreclosure crisis.

To apply for NSP3 funding, San Bernardino is required to submit to HUD a Substantial Amendment to the Consolidated Annual Action Plan for Fiscal Year 2010-2011

("Substantial Amendment") by March 1, 2011. This Substantial Amendment is required since NSP3 grants are treated as a supplemental appropriation of Community Development Block Grant ("CDBG") funds for the implementation of activities not budgeted in the current year Action Plan. The Substantial Amendment must delineate the City's proposed uses for NSP3 funds and the target areas for the use of such funds. The proposed uses must be eligible under NSP3 guidelines, and the target areas must be in neighborhoods where there is a great need for relief from problems associated with the foreclosure crisis, as identified using HUD's Foreclosure Need website. In addition the target area must be of a magnitude such that NSP3 program funding will have a visible impact.

This document effectively constitutes the City of San Bernardino's Substantial Amendment to its Consolidated Annual Plan for Fiscal Year 2010-2011, with all of the sections and information required by HUD to apply for the City's allocation of NSP3 funding.

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information

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2. Areas of Greatest Need

The need for Neighborhood Stabilization Program funds in San Bernardino is clear. Based on a formula generated by HUD that takes into account the incidence of home foreclosures, subprime mortgages, vacancies and delinquencies on a census tract level for the past year, there are many neighborhoods within San Bernardino that qualify for NSP3 funding. In fact of 200 neighborhoods identified in HUD's database as being completely within the boundaries of the City of San Bernardino, 89.5% percent received a score indicating the greatest need for foreclosure relief according to HUD's scoring system¹.

¹ A score of 20 is the highest rating that a neighborhood can receive according to HUD. HUD's database on foreclosures by census tract can be referenced by accessing www.huduser.org/portal/datasets/NSP.html.

A more direct way of evidencing the gravity of the foreclosure crisis in San Bernardino is by comparing the rate of foreclosures in San Bernardino to the rates for the state of California and the nation as a whole. For example in November of 2010 the City of San Bernardino had a foreclosure rate approximately three times the rate for the country as a whole and one and one-half times the rate for the state of California.² Given this high incidence of foreclosures in the City, it is clear that there is a great need for Neighborhood Stabilization Program funds in San Bernardino.

Since many neighborhoods in the City are eligible to receive NSP3 funding according to HUD, and the amount of NSP3 funding allocated to the City is only sufficient to assist a small fraction of these neighborhoods, the areas of greatest need for NSP3 purposes were selected according to where the funds would have the most visible impact. The maps attached as Attachment No. 1 identify clearly the two areas selected.

Generally these areas can be identified by the major intersection within their respective boundaries. The first intersection is at Baseline and Waterman Avenue. This area is approximately a quarter-mile in radius, and it lies in the eastern part of the City in Council Wards 1 and 2. It is bounded by 16th Street on the north, Oakhurst Drive on the east, Olive Street on the south and Arrowhead Avenue on the west. Data obtained from the HUD Foreclosure Need Website reveals that this area has 3,027 housing units and of these, approximately 27 percent are in foreclosure or are 90 days or more delinquent.³

In addition to having a high foreclosure rate, the Baseline and Waterman Avenue area was selected for two additional reasons. The first of these is the lack of NSP1 funds invested in this neighborhood. This neighborhood is within the target area eligible for NSP1 funds, but it did not receive nearly as much NSP1 funding as other neighborhoods within the City that, at the time, suffered from higher levels of blight due to substantial foreclosures. By concentrating NSP3 funds in this area, the City can compensate for the lack of NSP1 assistance invested in this neighborhood.

² Based on foreclosure data obtained from RealtyTrac, for November of 2010 new foreclosure filings were registered in the country as a whole at the rate of 1/492 households, in the state at the rate of 1/233 households, and in the City of San Bernardino at the rate of 1/159 households.

³ The data provided by HUD through its HUD Foreclosure Need website can be located at www.huduser.org/portal/datasets/NSP.html. Please see Attachment No. 2 for a printout of the HUD data relevant to this neighborhood.

The second reason is the opportunity to leverage NSP3 housing program funding with other housing funds that are being injected into the neighborhood. For example, the Agency in conjunction with a private developer is currently in the process of planning a 119 unit senior housing project known as the Lugo Senior Apartments, which is adjacent to this project area. The Lugo Senior Apartments are expected to cost approximately \$17.5 million, and the Redevelopment Agency of the City of San Bernardino (“Agency”) plans to contribute up to \$6.5 million to this budget from City redevelopment project area housing set-aside funds (“Set-Aside Funds”). Another \$8.5 million will be derived from the sale of low and moderate income housing tax credits.

Also, within the Baseline and Waterman area the Housing Authority of the County of San Bernardino is planning the redevelopment of a large public housing project known as Waterman Gardens. The Housing Authority plans to use HOPE VI funding and other public affordable housing funds, such as tax credits, in order to redevelop Waterman Gardens as a mixed-income, mixed-use community. Combined, the housing funds to be invested in the Baseline and Waterman area through the Lugo Senior Apartments, Waterman Gardens and NSP3 should help to revitalize the area in a visible manner.

The second area selected to receive NSP3 funding is the community surrounding Highland Avenue and Medical Center Drive. This area is bounded by Highland Avenue on the north, Mount Vernon Avenue on the east, 16th Street on the south and California Street on the west. This area is within Ward 6, and it is located in the western part of the City.

The need for foreclosure relief in this community from NSP3 is evident. According to the data obtained from HUD, this neighborhood has 965 housing units, and approximately 28 percent are in foreclosure or are 90 days or more delinquent.⁴ As is the case with the first area identified, this area was selected not only because it has a high foreclosure rate, but also, because of the opportunity to leverage NSP3 funds with other public housing funds currently being invested into the area. One major housing development already under construction in this neighborhood is the Magnolia @ Highland Senior Apartments. When finished, the Magnolia @ Highland Senior Apartments will consist of 80 apartments for senior households, and it will cost approximately \$18 million. Of this amount, the Agency plans to provide approximately \$6.5 million from City Set-Aside Funds and the remainder of the funding will come from tax credits and private financing. The funding being invested in the Magnolia Senior Apartments combined with the NSP3 funding that will be invested in this neighborhood, will provide a good impetus for the revitalization of this community as a whole.

⁴ Please see Attachment No 2 for a printout of the HUD data relevant to this neighborhood.

In addition to the two neighborhoods identified above, two other neighborhoods are targeted by the Agency to receive housing funds in an effort to rehabilitate foreclosed or abandoned residential properties. However, these neighborhoods will not receive NSP3 funds, rather, funding for these neighborhoods will be provided from other housing funds available to the Agency, such as Set-Aside, HOME Investment Partnership Program (“HOME”) funds, and NSP1 Program Income.

The first of these neighborhoods is in the Sunrise and 19th Street area. It is bounded by Highland Avenue on the north, Arden Avenue on the east, Pacific Street on the south and Sterling Avenue on the west. This area also received a HUD score of 20, indicating a great need for relief from problems associated with the foreclosure crisis. But, the driving factor in deciding to inject new housing funds into this area is the opportunity to build upon the funding that has already been invested in this area. As previously mentioned, \$2.62 million in NSP1 funding has already been invested to acquire and rehabilitate seven four-plex properties that will eventually be rented to households earning no more than 50% AMI. Another \$1.6 million in Set-Aside Funds has been used to purchase three additional four-plexes in the same area that will also be rented out to households with incomes equal to 50% AMI or less. Set-Aside and NSP1 funding has also been used to acquire several properties in the same area that were foreclosed and abandoned. These properties cost a total of approximately \$1.1 million, and will be demolished and redeveloped as senior and single-family affordable housing in the future.

The other neighborhood is in the 5th Street and Meridian Avenue area of the City. This area is delineated by Baseline Road on the north, Macy Street on the east, Foothill Boulevard on the south and Pepper Avenue on the west. Like Sunrise and 19th Street this area also received a HUD score of 20, and the decision to invest additional housing funds in this area was also based on the amount of funding already invested to revitalize this neighborhood. Approximately \$3 million in Set-Aside Funds has been invested to acquire fifteen properties that were demolished and will be redeveloped in the future. The Agency plans to issue a request for proposals to the development community to redevelop this area under a future housing use. There is also discussion of including a potential commercial component along Foothill Boulevard if funds permit and market demand is warranted.

The data sources used to determine the above mentioned areas of greatest need were the HUD Foreclosure Need website, RealtyTrac⁵, DataQuick⁶, internal Geographic

⁵ An Irvine, California based company that tracks foreclosures nationwide.

Information System data and the Agency's experience administering housing programs funded by NSP1 and other funding sources, such as Set-Aside and HOME funds.

3. Definitions and Descriptions

Blighted Structure: The City of San Bernardino uses the State of California's definition of blight as found in California Health and Safety Code Sections 33030 and 33031 (please see Attachment No. 3).

Affordable Rents: The words "Affordable Rents" shall have the same meaning as defined in California Health and Safety Code Section 50053 (please see Attachment No. 4), as such section may be amended from time to time, or as this term is defined in 24 CFR Part 92.2 (please see Attachment No. 5), whichever is the most restrictive, less utility allowances as adopted by the County of San Bernardino Housing Authority Section 8 Program, as appropriate.

Ensuring Continued Housing Affordability of Rental Housing: To ensure continued affordability of NSP3 assisted rental housing, the program will include an annual certification of occupancy including adequate verifiable documentation of income pertaining to each member of the qualifying household. In addition, Grantee will impose affordability covenants for a period of fifty-five (55) years through a deed restriction on rental projects. This is consistent with other multifamily and senior housing developments the Grantee has subsidized in the past under NSP1 and California Redevelopment Law.

Ensuring Continued Housing Affordability of Ownership Housing: To ensure continued affordability of NSP3 assisted ownership housing, the program will impose affordability covenants for a term not to exceed forty-five (45) years, commensurate with the source of program funding and consistent with Grantee's existing down payment assistance program for homeownership projects. This will be enforced through deed restrictions and will also require annual certification of owner occupancy and documentation to support proof thereof. This is consistent with the City's existing homebuyer down payment assistance program and is consistent with both California Redevelopment Law and the State of California Cal-Home Program.

Housing Rehabilitation Standards: NSP3 assisted rehabilitation activities will be conducted in accordance with all local, state, and federal codes, statutes, and

⁶ A San Diego, California based company that provides real estate information nationwide.

regulations and/or homeowner or mobile home park rules, and historic preservation requirements, as applicable and will comply with Part 11 of the California Code of Regulations, Title 24, also known as the California Building Standards Code and the Energy Star Qualified New Home standard. Please see **Appendix “A”** for a copy of Grantee’s housing building standards. In addition, Grantee’s housing building standards include recommended green building measures.

Area Median Income: The words “Area Median Income” shall mean the median income for San Bernardino County, adjusted for household size, as published by the Housing and Community Development Department of the State of California, as such term is amended from time to time, or as defined by the Department of Housing and Urban Development, as amended from time to time, whichever is lower and whichever provides the deepest level of affordability when compared on an income-level basis.

LMMH: The acronym “LMMH” means and refers to persons and households whose income does not exceed 120% percent of area median income, adjusted for household size, as set forth in Health and Safety Code Section 50093, as such section may be amended from time to time, or as this term is defined in 24 CFR Part 92.2, whichever is the most restrictive. The acronym stands for “Low-, Moderate- and Middle-Income Households”.

Very Low-Income Household: The words “Very Low-Income Household” mean and refer to persons and households whose income does not exceed 50% percent of area median income, adjusted for household size, as set forth in Health and Safety Code Section 50105, as such section may be amended from time to time, or as this term is defined in 24 CFR Part 92.2, whichever is the most restrictive.

4. Low-Income Targeting

At least \$819,350 or 25% of the total award under NSP3 will be dedicated to provide housing for individuals or families whose incomes do not exceed 50% of AMI. This portion of funding will be used to acquire and rehabilitate smaller, foreclosed or abandoned, multifamily properties consisting of up to 12 units in the areas of greatest need identified above. These properties will then be rented at an affordable housing cost to households whose incomes do not exceed 50% of AMI.

Grantee will issue a Request For Proposals (“RFP”) inviting qualified non-profit developers to identify eligible multifamily housing projects that have been foreclosed or abandoned and are generally considered to be a blighting influence within the NSP3 areas of greatest need. In accordance with NSP3 requirements the subject properties

will also be purchased at a discount to appraised value. Qualified affordable housing developers submitting project proposals with these specifications would have the opportunity to compete for Grantee funds to acquire, rehabilitate, and manage such properties under a new professional management agreement and requisite 55-year affordability covenants.

5. Acquisition and Relocation

Based on current estimates, Grantee anticipates converting no more than 12 dwelling units that currently benefit households at or below 80% of AMI as a direct result of NSP3-assisted activities. It is anticipated that single family properties to be acquired and rehabilitated under NSP3 will be vacant at the time of initial purchase. Any multifamily properties acquired through NSP3 activities with tenants residing in them will first be screened in order to determine the need for possible relocation assistance. In the event tenant displacement occurs and relocation assistance is necessary, the Agency will comply with all applicable requirements under the Tenant Protection Act of 2009 and certain relocation requirements that may be applicable under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

Grantee will generate preliminary title reports on those properties it intends to acquire looking for, among other things, any deed restrictions associated with affordability. Should there be deed restrictions, Grantee will agree for those restrictions to remain after the structure is rehabilitated and new occupants for the property are identified.

Table 1 below indicates the number of NSP3 affordable housing units Grantee estimates can be produced over the term of the program for households whose income does not exceed 50% AMI and 120% AMI, respectively.

Table 1. Housing Units Expected to be Produced by Area Median Income

Income Group	Proposed Activity	Units	Project Start Date/End Date
≤ 50% AMI	Acquisition, rehabilitation and rental of foreclosed or abandoned multifamily properties through Grantee RFP process	10	<u>Start Date:</u> Within one year of approval of Substantial Amendment by HUD. <u>End Date:</u> Within two years after initiation of construction and/or rehabilitation.
≤ 120% AMI	Acquisition, rehabilitation and resale of foreclosed or abandoned single family homes.	45	<u>Start Date:</u> 120 days of approval of Substantial Amendment by HUD. <u>End Date:</u> 3 years from approval of Substantial Amendment by HUD.
Total Proposed Affordable Housing Units:		55	

6. Public Comment

The NSP3 application was published and made available to the public at no less than three public facilities within the City. In addition, the proposed Action Plan was posted to the Agency’s Website for public review and comment. In both cases, a summary of public comments will be made available during the public review and comment period. Also, any public comments made at the City Council Public Hearing will be summarized. All public comments shall be noted and attached to the Action Plan for HUD scrutiny (please see Attachment No. 7).

7. NSP Information by Activity

In addition to administrative activities, Grantee has identified two (2) NSP3 program activities. Grantee’s proposed NSP3 programs include:

A. Acquisition, Rehabilitation and Resale: The majority of Grantee's NSP3 funds, \$2,130,311, will be used for the acquisition, rehabilitation and resale of foreclosed or abandoned single family homes through participating intermediaries, such as non-profit housing developers. These intermediaries will be retained through a RFP process and will be verified by Agency staff with recommendations submitted to Council. The acquired properties would be selected from the two areas of greatest need identified in Section 2 of this Amendment.

Under this program, Grantee would purchase a foreclosed or abandoned property from the bank or other financial institution at a discount to fair market value through the Agency's affiliated non-profit organization, Affordable Housing Solutions of San Bernardino ("AHS"). Upon acquisition, one of the intermediaries selected through the RFP process would be assigned by Grantee to secure, maintain, rehabilitate and resell the home to a household whose income does not exceed 120% AMI. The intermediary would rehabilitate the single family unit to meet housing code and HUD rehabilitation standards, including the standard for Energy Star Qualified New Homes. During this period, the intermediary would qualify an applicant for homeownership according to NSP3 guidelines. The intermediary would then sell the home to the applicant for an amount equal to the lower of the home's appraised value or its total development cost. The new homebuyer would then secure a conventional mortgage from one of the Agency's approved lenders and would close on the home. As part of the qualification process, the qualified homebuyer must complete a minimum of eight (8) hours of homeownership counseling prior to the sale. AHS would hold title to the property until the close of sale to a qualified homebuyer.

The decision to allocate most of the NSP3 funding towards this use was based on several factors, with three of these factors having the greatest influence. The first of these factors is the abundant number of foreclosed or abandoned single family homes throughout the City and in the identified areas of greatest need. As was indicated in Section 2 of this document, the City has a foreclosure rate approximately three times that of the country as a whole, and both of the identified NSP3 target areas have approximately 27% of their respective dwelling units in foreclosure or 90 days delinquent. With such high foreclosure rates it should not be difficult to find residential properties eligible to be acquired and rehabilitated with NSP3 funds. Another factor in deciding to implement this housing program is Grantee's experience with a similar program enacted with NSP1 funds. Grantee's experience has shown that there is a high demand for these types of homes, primarily because of the high percentage of households in

the City that have an income below 120% AMI⁷. To date, intermediaries working with the Agency have been able to readily find qualified homebuyers for the homes that have been rehabilitated under the NSP1 program. The final factor is the community's preference for homeownership housing versus rental housing. Through meetings with the City Council it has been established the residents of the City would prefer to provide affordable homeownership opportunities rather than rental opportunities.

Acquisition, Rehabilitation and Rental for Households at or below 50% AMI: Approximately \$819,350 or at least 25% of the total award under NSP3 will be dedicated to provide housing for individuals or families whose incomes do not exceed 50% of AMI. This portion of funding will be used to acquire and rehabilitate small, foreclosed or abandoned, multifamily properties consisting of up to 12 units in the NSP3 areas of greatest need identified above. These properties will then be rented at an affordable housing cost to households whose incomes do not exceed 50% AMI.

Under this program activity, Grantee will issue a Request For Proposals ("RFP") inviting qualified non-profit developers to bid on eligible multifamily housing projects that have been foreclosed or abandoned and are generally considered to be a blighting influence within the NSP3 areas of greatest need. In accordance with NSP3 requirements the subject properties will also be purchased at a discount to appraised value. Qualified affordable housing developers responding to project proposals with these specifications would have the opportunity to compete for Grantee development loans to acquire, rehabilitate, and manage such properties under a new professional management agreement. It would be the responsibility of the selected developer(s) to hold title to the multifamily properties, rehabilitate the multifamily units to meet housing code and HUD rehabilitation standards, including the standard for Energy Star Qualified New Homes, and rent out the multifamily units to households whose income does not exceed 50% AMI. The owner/developer would be responsible for professionally managing the property and ensuring that tenants selected to reside in the property comply with all NSP3 income and tenancy requirements.

⁷ Data from the HUD Foreclosure Need website reveals that the percentage of persons with an income of less than 120% AMI is greater than 85% for both of the areas of greatest need identified to receive NSP3 funding (please see Attachment No. 2).

According to the Agency's experience with NSP1 housing programs, a rental program is the most effective way to deploy the NSP3 funding dedicated to specifically address the needs of Very Low-Income households. The Agency's experience with NSP1 has shown that approximately the same amount of Neighborhood Stabilization Program subsidies are required to house a 50% AMI household in a single family, homeownership unit as it does to house them in an affordable rental unit⁸. Since the costs to provide a single family homeownership unit to a Very Low-Income household are the same as those required to provide an affordable rental unit, the decision to deploy this portion of funding to provide rental housing was based on NSP3 guidelines which require Grantees to "create preferences for the development of affordable rental housing for properties assisted with NSP3 funds"⁹. Also, by including a rental housing component as part of its NSP3 housing activities, the Agency is able to diversify the type of housing offered under NSP3, which should help to utilize NSP3 funds faster and reach a wider segment of the population.

Administration: Administration of the program will not exceed 10% (\$327,740) of the NSP3 grant and 10% of program income.

For both of its NSP3 housing program activities, Grantee will enact measures to comply with the vicinity hiring requirements under NSP3. Primarily, Grantee will insert language in its agreements with developers, intermediaries and contractors that requires them to establish procedures for hiring from the NSP3 target areas. These procedures shall be consistent with Section 3 and Agency guidelines and will be monitored by Agency staff throughout the Program to ensure compliance.

⁸ Based on NSP1 experience an NSP subsidy of approximately \$65,000 is required to house a 50% AMI household in a single family, homeownership unit and a subsidy of about \$70,000 is required to provide an affordable rental unit for the same household.

⁹ Excerpted from Federal Register, Vol. 75, No. 201, October 19, 2010, Notices, Section U.

8. *Certifications*

(1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

(3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

(6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

(7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will be abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Signature/Authorized Official

Date

Title

9. NSP3 Application Summary

In addition to the preceding narrative, the application summary forms included in the HUD publication “Instructions for Completing the NSP3 Substantial Amendment or Abbreviated Action Plan”, have been filled out and attached to this document (please see Attachment No. 6) to ensure that all required information has been included in this Substantial Amendment and for the reader’s reference.

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 1

MAPS OF THE AREAS OF GREATEST NEED

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 2

HUD DATA SETS FOR AREAS OF GREATEST NEED

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 3

CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 33030 AND 33031

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 4

CALIFORNIA HEALTH AND SAFETY CODE SECTION 50053

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 5

24 CFR PART 92.2

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 6

NSP3 SUBSTANTIAL AMENDMENT SUMMARY FORMS

NSP3 SUBSTANTIAL AMENDMENT

ATTACHMENT NO. 7

NSP3 SUMMARY LIST OF PUBLIC COMMENTS

NSP3 SUBSTANTIAL AMENDMENT

APPENDIX "A"

HOUSING BUILDING STANDARDS