



DATE: July 27, 2010

TO: Chair and Members of the Housing Commission

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO APPROPRIATE \$700,000 OF HOME FUNDS TO INTERFAITH COMMUNITY SERVICES TO ACQUIRE AND REHABILITATE HOUSING UNITS WITHIN THE CROWN HEIGHTS/EASTSIDE NEIGHBORHOOD STRATEGY AREA; AND APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH THE INTERFAITH COMMUNITY SERVICES FOR USE OF THE FUNDS**

SYNOPSIS

Staff recommends that the Housing Commission recommend that the City Council appropriate \$700,000 of HOME funds to Interfaith Community Services (Interfaith) to acquire and rehabilitate housing units within the Crown Heights/Eastside Neighborhood Revitalization Strategy Area (NRSA); approve a Memorandum of Understanding (MOU) with Interfaith for the use of the funds; and authorize the City Manager to execute the MOU.

BACKGROUND

The City of Oceanside is a recipient of HOME Investment Partnership (HOME) Program grant funds from the U.S. Department of Housing and Urban Development (HUD). The HOME Program provides formula grants to States and local jurisdictions that communities use directly or in partnership with nonprofit housing organizations to build, acquire, and/or rehabilitate affordable rental housing, support first-time homeownership programs for low-income households, or provide direct rental assistance to low-income individuals or families. The City currently receives an average of \$800,000 in HOME funding annually.

ANALYSIS

The City proposes to loan up to \$700,000 of HOME funds to Interfaith, a local nonprofit organization, to acquire existing housing units within the boundaries of the Crown Heights/Eastside Neighborhood Revitalization Strategy Area (NRSA), and to rehabilitate them for use as rental units to low-income residents. The proposed amount is based upon the maximum HOME subsidy limit of approximately \$175,000 per unit for up to four 2-bedroom units. Interfaith will manage the project and remain responsible for tenant selection, property maintenance, and financial management. Interfaith currently operates a nearby 19-unit complex in the Crown Heights Neighborhood serving homeless veterans.

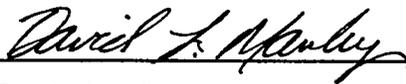
FISCAL IMPACT

The City proposes to appropriate \$700,000 from the HOME Program unallocated reserve funds to loan to Interfaith Community Services for an eligible HOME project. This amount includes \$159,685 remaining in FY 2008 HOME funds and \$540,315 from the FY 2009 HOME allotment. There is no impact on the General Fund and the City is not obligated to appropriate any additional funds to Interfaith for the project. Approval of the MOU satisfies an August 31, 2010 deadline to commit the remaining portion of FY 2008 HOME funds. The City will prepare loan documents and a regulatory agreement with Interfaith for any property proposed to be acquired with HOME funds.

RECOMMENDATION

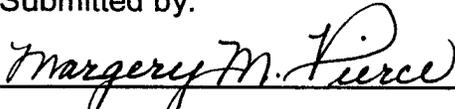
Staff recommends that the Housing Commission recommend that the City Council appropriate \$700,000 of HOME funds to Interfaith Community Services (Interfaith) to acquire and rehabilitate housing units within the Crown Heights/Eastside Neighborhood Revitalization Strategy Area (NRSA); approve a Memorandum of Understanding (MOU) with Interfaith for the use of the funds; and authorize the City Manager to execute the MOU.

Prepared by:



David L. Manley
Neighborhood Services Division Manager

Submitted by:



Margery M. Pierce
Neighborhood Services Director

Attachment: Memorandum of Understanding

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
THE CITY OF OCEANSIDE
AND
NORTH COUNTY INTERFAITH COUNCIL, INC. dba
INTERFAITH COMMUNITY SERVICES**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into this _____ day of _____, 2010, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and NORTH COUNTY INTERFAITH COUNCIL, INC. dba INTERFAITH COMMUNITY SERVICES, a California non-profit public benefit corporation and its successors and assigns, hereinafter designated as "DEVELOPER."

RECITALS

WHEREAS, CITY is a municipal corporation organized under the laws of the State of California and is a Participating Jurisdiction in the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnership Program; and

WHEREAS, DEVELOPER is a California non-profit public benefit corporation doing business in San Diego County, California; and

WHEREAS, DEVELOPER will pursue the acquisition and rehabilitation of a multi-unit residential property within the established boundaries of the Crown Heights/Eastside Neighborhood Revitalization Strategy Area (NRSA), more particularly delineated in Exhibit A; and

WHEREAS, CITY desires to commit a not-to-exceed sum of up to \$700,000 in HOME Investment Partnership Funds to assist with the financing of a Project; and

WHEREAS, the parties expect the Project to commence within twelve months of the date of this MOU; and

WHEREAS, it is the desire of CITY and DEVELOPER to enter into this MOU for the purpose of establishing a binding commitment pursuant to which said HOME funds will be provided to DEVELOPER for the Project.

NOW THEREFORE, the CITY and DEVELOPER agree as follows:

1. Use of HOME Funds CITY agrees to provide up to \$700,000 in HOME Investment Partnership Funds, which will be used for the acquisition and rehabilitation of the Project.

2. Affordability The housing provided through the assistance of said HOME funds shall meet the affordability requirements of 24 C.F.R. section 92.252 or 92.254, as applicable. DEVELOPER agrees to be bound and abide by all applicable rules and regulations with respect to repayment of the HOME funds if the housing does not meet the affordability requirements for the specified time period. The parties agree to prepare, execute and record such other and further agreements and documents as are necessary to ensure compliance with the affordability requirements.
3. Project Requirements The parties agree to prepare, execute and record such other and further agreements and documents as are necessary to ensure compliance with HOME Program project requirements.
4. Property Standards PROJECT housing shall meet the property standards set forth in 24 C.F.R. section 92.251 and the lead-based paint requirements set forth in 24 C.F.R. Part 35, subparts A, B, J, K, M and R, upon project completion. DEVELOPER shall maintain the Project housing in compliance with section 92.251 for the duration of the affordability period.
5. Other Program Requirements DEVELOPER agrees to carry out the Project in compliance with the program requirements specified in 24 C.F.R. section 92.504(c)(3)(v), including but not limited to affirmative marketing responsibilities; federal nondiscrimination requirements; displacement relocation and acquisition requirements; labor requirements; and conflict of interest provisions.
6. Records and Reports DEVELOPER agrees to maintain and provide to CITY, as and when required, all records and reports that CITY, as a Participating Jurisdiction, is required to submit to HUD in meeting its recordkeeping and reporting requirements under the HOME Program.
7. Enforcement The parties agree to prepare, execute and record such other and further agreements and documents, including but not limited to deed restrictions and covenants running with the land, as are necessary to provide for a means of enforcement of the affordable housing requirements by the CITY or the intended beneficiaries.
8. Requests for Disbursement of Funds DEVELOPER may not request disbursement of funds under this MOU until the funds are needed for payment of eligible costs. The amount of each request, when made, must be limited to the amount needed.
9. Term of Agreement Except as otherwise specifically provided, the term of this MOU shall commence upon the date of execution by the parties and shall continue and be in effect

until the execution by the parties of a Disposition and Development Agreement ("DDA") with respect to the Project at which time this MOU together with its obligations and liabilities shall terminate; provided, however, that the affordability period required by the CITY, as a Participating Jurisdiction, under 24 C.F.R. section 92.252 shall be specified as the affordability period set forth in the DDA.

10. Conditions Precedent, Contingencies This MOU is contingent upon the finalization and execution of all documents and further agreements as may be required by the parties hereto and by other third parties to commit and secure adequate additional funding to pay for the construction and development of the Project and to enable DEVELOPER to satisfy the covenants contained in this MOU.
11. Indemnification Insofar as it is legally authorized, DEVELOPER shall hold free and harmless, indemnify and defend, CITY, members of the City Council, boards or commissions, its employees, officers and agents, and each of them while acting as such, from all claims, loss, damages, liabilities, actions, judgments, court costs and legal or other expenses (including attorneys' fees), of every name kind and description, which the CITY may incur as a direct or indirect consequence of the provision of HOME funds and/or the performance or failure to perform any of DEVELOPER's obligations under this MOU; provided, however, that DEVELOPER's duty to indemnify and hold harmless hereunder shall not extend to liability arising from the sole negligence or willful misconduct of the CITY. DEVELOPER's duty to indemnify the CITY shall survive the term of this MOU.
12. Interpretation of Agreement The interpretation, validity and enforcement of this MOU shall be governed by and construed under the laws of the State of California. The CITY and DEVELOPER shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.
13. Notice Any notice required or permitted under this Agreement shall be deemed given when actually delivered or when deposited in the mail, certified or registered, postage prepaid, addressed as follows:

DEVELOPER:

North County Interfaith Council, Inc. dba
Interfaith Community Services
550 West Washington Avenue, Suite B
Escondido, CA 92025
Attn: Suzanne Pohlman, Executive Director

CITY:

Neighborhood Services Department, Housing & Code Enforcement
City of Oceanside
300 North Coast Highway
Oceanside, CA 92054
Attn: Margery Pierce, Neighborhood Services Director

- 14. Agreement Modification This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
- 15. Signatures The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of DEVELOPER and the CITY.

**NORTH COUNTY INTERFAITH COUNCIL, INC. dba
INTERFAITH COMMUNITY SERVICES**
a California non-profit public benefit corporation

By: _____

Title: _____

By: _____

Title: _____

SIGNATURES MUST BE NOTARIZED

CITY OF OCEANSIDE
a municipal corporation

APPROVED AS TO FORM

Peter A. Weiss, City Manager

City Attorney

ATTEST:

City Clerk

EXHIBIT A

Map – Crown Heights/Eastside NRSA

