

*STAFF REPORT**CITY OF OCEANSIDE*

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DATE: August 25, 2010

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO APPROPRIATE \$350,000 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 and the Housing Commission recommend that the City Council appropriate \$350,000 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 \$350,000 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. 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 \$350,000 from the HOME Program unallocated reserve funds (923479800277) to loan to Interfaith Community Services (923118500277) for an eligible HOME project. This amount includes \$159,685 remaining in FY 2008 HOME funds and \$190,315 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.

## **COMMISSION OR COMMITTEE REPORT**

At its meeting on July 27, 2010, the Housing Commission recommended that the City Council approve the appropriation of \$350,000 of HOME funds and the MOU with Interfaith. The report of the Housing Commission is attached.

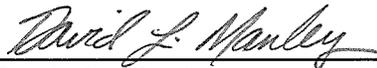
## **CITY ATTORNEY'S ANALYSIS**

The City Council is authorized to hold a public hearing in this matter. Consideration of this matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, the Council shall affirm, modify or deny the project. The MOU document has been reviewed and approved as to form by the City Attorney.

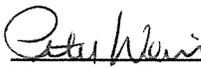
**RECOMMENDATION**

Staff and the Housing Commission recommend that the City Council appropriate \$350,000 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:

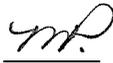
  
\_\_\_\_\_  
Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Margery M. Pierce, Neighborhood Services Director

Teri Ferro, Financial Services Director

\_\_\_\_\_  
  
\_\_\_\_\_  


- Attachments: 1. Memorandum of Understanding  
2. Housing Commission Recommendation

**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 \$350,000 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 \$350,000 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: *[Signature]*

Title: *Executive Director*

By: \_\_\_\_\_

Title: \_\_\_\_\_



*WM R. Heinlein Jr (Notary)*

**SIGNATURES MUST BE NOTARIZED**

**CITY OF OCEANSIDE**  
a municipal corporation

APPROVED AS TO FORM

\_\_\_\_\_  
Peter A. Weiss, City Manager

*[Signature]*, ASST.  
City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of SAN DIEGO

On 08/13/10  
Date

before me,

WM R. Heinlein (Notary)  
Here Insert Name and Title of the Officer

personally appeared

SUZANNE S POHLMAN  
Name(s) of Signer(s)

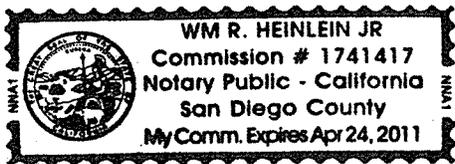
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

WM R. Heinlein  
Signature of Notary Public



Place Notary Seal Above

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

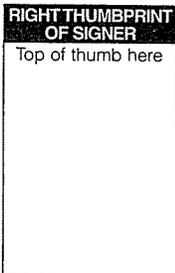
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

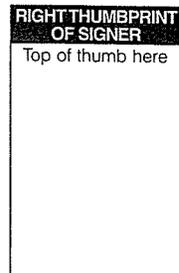


Signer Is Representing: \_\_\_\_\_

\_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

\_\_\_\_\_



OCEANSIDE HOUSING COMMISSION REPORT

TO: CITY COUNCIL  
FROM: HOUSING COMMISSION  
DATE: JULY 27, 2010  
RE: RECOMMENDATION FOR HOME FUNDS

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL APPROPRIATE \$350,000 (INCLUDING \$159,685.00 HOME FUNDS FROM 2008) AND \$190,315.00 FROM 2009) ALLOTMENT) TO INTERFAITH COMMUNITY SERVICES TO ACQUIRE AND REHAB HOUSING UNITS WITHIN THE CROWN HEIGHTS/EASTSIDE NEIGHBORHOOD REVITALIZATION STRATEGY AREA.

CAMP	YES
CHRISTY	YES
COOPER	YES
FARMER	YES
HUSKEY	ABSENT
MOORE	YES
PARKER	YES
SAIZ	YES
SORENSEN	ABSENT