

*STAFF REPORT**CITY OF OCEANSIDE*

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DATE: June 27, 2012

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department  
Housing and Code Enforcement Division

SUBJECT: **APPROVAL TO DE-OBLIGATE EXISTING HOME FUNDS, APPROPRIATION OF \$326,608 OF HOME FUNDS, AND APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH NORTH COUNTY SOLUTIONS FOR CHANGE FOR USE OF THE FUNDS**

**SYNOPSIS**

Staff recommends that the City Council de-obligate \$342,648 of HOME funds previously appropriated to San Diego Habitat for Humanity and the Fuller Center for affordable housing projects; approve a Memorandum of Understanding (MOU) in the amount of \$326,608 with North County Solutions for Change for assistance in developing an affordable housing project; appropriate HOME funds in the amount of \$326,608 to fund the MOU; and authorize the City Manager to execute the agreement.

**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.

**ANALYSIS**

The City previously appropriated HOME funds to San Diego Habitat for Humanity to explore the development of the small City-owned parcel located on Nelms Street and to the Fuller Center for the acquisition and rehabilitation of single-family homes. After due-diligence, it has been determined that infrastructure costs and easement requirements associated with developing the Nelms Street are cost-prohibitive. The Fuller Center partnered with North County Solutions for Change and completed the renovation of four single-family homes leaving a balance of unexpended HOME funds. The City proposes to de-obligate the remaining balances of these projects, which are \$184,420 and

\$158,228 respectively, and proposes to appropriate \$326,608 of HOME funds to North County Solutions for Change (Solutions), a local nonprofit organization based in Vista, California, to assist with the development of a multi-unit residential project or with the acquisition and rehabilitation of an existing multi-unit residential property within the City. The MOU requires Solutions to identify a project located within the City's transient-oriented corridors within 180 days. This locational requirement may also assist a project in obtaining competitive financing or grants made available for transient-oriented affordable housing development.

Solutions is a recognized Community Development Housing Organization (CDHO) by the U.S Department of Housing and Urban Development (HUD). As such, Solutions is an eligible recipient for dedicated CDHO HOME funds which can be expended for affordable housing development, including predevelopment and property acquisition costs.

Solutions provides transitional housing and supportive services for homeless adults and children from North County communities. Approximately one-third of the residents at the Solutions Family Center in Vista list Oceanside as their last home address. Solutions also manages two single family homes in Oceanside which were acquired and rehabilitated through the Neighborhood Stabilization Program.

Solutions' housing programs are focused on the "hard-to-serve" homeless families by helping with access to social and health services, job training, and affordable permanent housing. The overall goal for Solutions is to enable families to end the cycle of homelessness and become independent, self-sufficient members of the community.

**FISCAL IMPACT**

The Fiscal Year 2011-12 HOME funds budget currently appropriated is:

Fund balance	(277)	\$282,962
Unallocated HOME fund	923479800277	\$1,154,284
Habitat for Humanity	923882700277	\$184,420
Fuller Center	923113900277	<u>\$158,228</u>
Total available HOME funds		\$1,779,894

The City proposes to appropriate \$326,608 in HOME funds to Solutions for Change (823125700277) for an eligible HOME project. Appropriation of these funds and approval of the MOU also satisfies a June 30, 2012, HUD deadline to commit the remaining portion of Fiscal Year 2010 HOME funds.

No General Funds are appropriated and the City is not obligated to appropriate any additional housing funds to Solutions for a project. Once a project is identified, the development and loan agreements will be prepared and submitted for Housing Commission recommendation and City Council approval.

**COMMISSION OR COMMITTEE REPORT**

At a Special Meeting on June 19, 2012, the Housing Commission recommended that the City Council de-obligate existing HOME funds, appropriate HOME funds, and approve the MOU with Solutions. The report of the Housing Commission is attached.

**CITY ATTORNEY'S ANALYSIS**

The MOU document has been reviewed and approved as to form by the City Attorney.

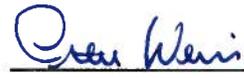
**RECOMMENDATION**

Staff recommends that the City Council de-obligate \$342,648 of HOME funds previously appropriated to San Diego Habitat for Humanity and the Fuller Center for affordable housing projects; approve a Memorandum of Understanding (MOU) in the amount of \$326,608 with North County Solutions for Change for assistance in developing an affordable housing project; appropriate HOME funds in the amount of \$326,608 to fund the MOU; and authorize the City Manager to execute the agreement.

PREPARED BY:

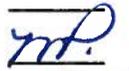
  
\_\_\_\_\_  
David L. Manley  
Neighborhood Services Division Manager

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

  
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Attachment: 1. Memorandum of Understanding  
2. Housing Commission Report

**MEMORANDUM OF UNDERSTANDING  
BY AND BETWEEN  
THE CITY OF OCEANSIDE  
AND  
NORTH COUNTY SOLUTIONS FOR CHANGE**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and NORTH COUNTY SOLUTIONS FOR CHANGE, 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 development of a multi-unit residential project or the acquisition and rehabilitation of an existing multi-unit residential property within transient-oriented corridors in the City of Oceanside; and

**WHEREAS**, CITY desires to commit a not-to-exceed sum of up to \$326,608 in HOME Investment Partnership Funds to assist with the financing of a Project; and

**WHEREAS**, the parties expect the Project to commence within one-hundred-eighty days 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 \$326,608 in HOME Investment Partnership Funds, which will be used for the development or 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; and the program requirements specified in 12 U.S.C. section 1701(u)(section 3) to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3 shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
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 Loan and Regulatory Agreement for 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 Regulatory Agreement.

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 Solutions for Change  
722 West California Avenue  
Vista, CA 92083  
Attn: Chris Megison, President

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 SOLUTIONS FOR CHANGE,**  
 a California non-profit public benefit corporation

By: [Signature]  
 Title: President /CSO

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

**SIGNATURES MUST BE NOTARIZED**

**CITY OF OCEANSIDE**  
 a municipal corporation

APPROVED AS TO FORM

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

[Signature], ASST.  
 City Attorney

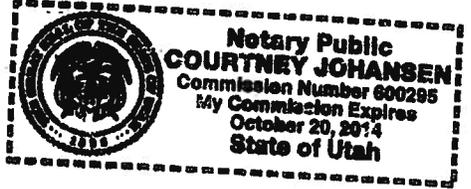
ATTEST:

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

State of Utah )  
 County of Salt Lake )  
 On this 15 day of June, in the year 2 02, before me Courtney Johansen  
DAY MONTH YEAR NOTARY PUBLIC NAME  
 a notary public, personally appeared Michael Megison  
NAME OF DOCUMENT SIGNER

proved on the basis of satisfactory evidence to be the person(s) whose names(s) (is/are) subscribed to this instrument, and acknowledged (he/she/they) executed the same. Witness my hand and official seal.

[Signature]  
 NOTARY PUBLIC



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## OCEANSIDE HOUSING COMMISSION REPORT

TO: OCEANSIDE CITY COUNCIL  
FROM: HOUSING COMMISSION  
RE: HOME FUNDS  
DATE: JUNE 19, 2012

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL APPROVE A DEOBLIGATION OF EXISTING HOME FUNDS, APPROPRIATE \$326,648.00 OF HOME FUNDS AND APPROVE A MEMORANDUM OF UNDERSTANDING WITH NORTH COUNTY SOLUTIONS FOR CHANGE TO DEVELOP AN AFFORDABLE HOUSING PROJECT.

CAMP	YES
COOPER	YES
FARMER	YES
MIKULAY	YES
MOORE	ABSENT
PARKER	YES
SORENSEN	YES

### ALTERNATES

WILLIAMS	YES
JAMES	YES