

NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): City of Oakland	NSP Contact Person: Michele Byrd
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A. AREAS OF GREATEST NEED

The City of Oakland, eight miles southeast of San Francisco, sitting on 19 miles of shoreline along the San Francisco Bay, includes 54 square miles of land and has a population of 400,000. The City of Oakland is divided up into seven districts.

The NSP regulations require that the City of Oakland target funds to give priority emphasis and consideration to areas with greatest need based upon the same criteria HUD utilized to make funding allocations. HUD has provided jurisdictions with data that includes a “risk factor” scored on a scale of 1 to 10. Using this data, staff has determined the areas with greatest need are areas within East and West Oakland.

The City of Oakland has identified over 4,000 homes that were fully foreclosed and taken back by lenders between January 2007 and October 2008. These foreclosures have been most heavily concentrated in West Oakland and East Oakland, where there are multiple foreclosed homes on nearly every block. Many foreclosed properties are now becoming targets for vandalism and theft, including the removal of copper piping, appliances, cabinets and other items. If left unchecked, these properties will become magnets for crime, causing further declines in property values that could accelerate the foreclosure problem in a downward spiral.

While some foreclosed properties are reselling relatively quickly, in neighborhoods that were already dealing with problems of crime and relatively weaker housing markets, foreclosed homes are not moving as quickly. These neighborhoods are thus plagued by a combination of high rates of subprime lending, high foreclosure rates, and high risk of abandonment as homes remain vacant and unsold for many months.

To select the target areas, the City relied on data provided by HUD including rates of subprime lending, predicted foreclosure rates, unemployment rates and vacancy rates. HUD’s data was available at the Census block group level and included “risk scores” ranging from a low of 1 to a high of 10. Given the limited amount of NSP funds and the intent of the program to revitalize impacted neighborhoods, which requires concentrated investment, the City has chosen to target NSP funds to block groups with a risk factor of 10 and any adjacent block groups with a factor of 9. Areas with a risk factor of 10 differ from those with a risk factor of 9 primarily on the basis of higher percentages of housing units vacant for 90 days or longer, which indicates that properties are remaining on the

market for long periods of time, creating a greater risk of blight and a downward pressure on overall home prices in the neighborhood.

See maps attached to this document for detailed identification of areas of need.

B. DISTRIBUTION AND USES OF FUNDS

NSP funds will be spent in the designated areas within East and West Oakland (see maps attached as Exhibits A). These are the areas of greatest need in Oakland, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan and identified as likely to face a significant rise in the rate of home foreclosures.

Maps of these areas are attached to this document.

C. DEFINITIONS AND DESCRIPTIONS

- (1) Definition of “blighted structure” in context of state or local law.
 - (a) NSP definition: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health safety, and public welfare.
 - (b) State context: California Health and Safety Code Section 33031(a)(1) describes physical conditions that cause blight: “Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.”
 - (c) Local law context: The City of Oakland Municipal Code Chapter 8, Section 24 describes blight as the factors that affect the preservation of the livability, appearance, and social and economic stability of the city. Health and safety hazards and the impairment of property values which result from the neglect and deterioration of property.
- (2) “Affordable rents” follow the HOME program standards at 24 CFR 92.252 (a), (c), (e), and (f). Namely, the maximum rents will be the lesser of the fair market rent and up to 30% of the adjusted income of a family earning 65% of AMI, with adjustments for the number of bedrooms in the unit, less a utility allowance. Affordable rents for units designated for households with incomes below 50% of AMI will be no more than 30% of 50% of AMI, adjusted for unit size. Such rents may be increased annually after HUD updates fair market rents and median incomes. The minimum period of affordability is as follows:

Rental Housing Activity	<u>Minimum affordability period (years)</u>	
	HOME Standards	Oakland Standards
Rehabilitation or acquisition of existing housing per unit amount of NSP funds		
Under \$15,000	5	15
\$15,000-\$40,000	10	15
Over \$40,000 or rehabilitation involving refinancing	15	15
New construction or acquisition of newly constructed housing	20	55 ¹

The City will grant preference in the award of its NSP funds to projects that propose to maintain affordability for longer than the minimum period stated above.

(3) The City of Oakland will ensure continued affordability for NSP assisted housing in one of the following ways:

- (a) Ownership Housing Deed Restriction Program: Buyers of homes assisted with NSP funds will enter into a deed restriction recorded against title to the home. The deed restriction will restrict the appreciation that the homeowner may earn upon sale and will require that the home be sold to other low- or moderate-income buyers. The deed restriction will also require owner occupancy of the home. This type of deed restriction program will meet or exceed the minimum affordability standards of HUD's HOME program.
- (b) Community Land Trust Program: NSP assisted homes sold to eligible buyers become part of a Community Land Trust program. Under the Community Land Trust program, the assisted home will be sold to an eligible buyer and the land will be retained by a nonprofit Community Land Trust. The Community Land Trust will then lease the land to the eligible buyer, and the lease will restrict the appreciation that the homeowner may earn upon sale of the improvements and will require that the improvements be sold to other low- or moderate-income buyers. The lease will also require owner occupancy of the home. This type of Community Land Trust program will meet or exceed the minimum affordability standards of HUD's HOME program.
- (c) Rental Housing Regulatory Restriction Program: The City will record a Regulatory Agreement against the property restricting occupancy to income-eligible households at affordable rents. Rents will be set at affordable rents as defined above. These restrictions will meet or exceed the minimum affordability standards of HUD's HOME program.

(4) All housing rehabilitation activities assisted by NSP funds will meet federal Housing Quality Standards guidelines and City of Oakland building codes. All rehabilitation work will be subject to the City's Standards for Rehabilitation and Performance

¹ The 55-year affordability period allows such newly constructed or acquired rental units to count as low/moderate income production units under California Community Redevelopment Law.

Standards and Specifications for Rehabilitation currently used for its regular housing rehabilitation programs. Standards for rehabilitation work are described in this section. Rehabilitation work items are defined according to program priorities established by the City of Oakland's Neighborhood Stabilization Program. A priority system is used to identify and clarify mandatory work items and other work items done to meet program goals. The priority system is based on the following three improvement categories:

Category A: Mandatory work items. Those items that threaten the health and safety of residents (e.g., basic structural, mechanical, electrical, and plumbing systems) and those items that constitute other program specific requirements (e.g., Lead Base Paint Remediation, Termite Repairs and Seismic Retrofitting).

Category B: Those items that are code deficiencies, but are not threatening health and safety, or that are incipient violations. (An example might be a hot water heater that is properly vented, but is within a year or two of its life expectancy). If sufficient dollars are available to address more than all Category A items, then Category B improvements may be undertaken.

Category C: Those items that are not code deficiencies, but instead, are improvements preferred by the owner. These items are considered General Property Improvements and improve the basic habitability of the premises.

These rehabilitation standards for existing residential properties have been developed to provide minimum design and construction standards for Oakland's Neighborhood Stabilization Program. Intended to serve as definitive standards in carrying out Oakland's rehabilitation objectives and goals, these rehabilitation guidelines are drawn from all applicable local codes. They represent the minimum requirements of those codes and, as such, they are intended to provide a minimum acceptable level of rehabilitation for affected properties.

The City of Oakland intends for the Rehabilitation Standards for Single and Multi-Family Dwellings to be used to:

1. Assure improved housing that is livable, healthful, safe, and physically sound, and at the same time, is low enough in cost for present neighborhood residents to afford;
2. Provide an acceptable level for residential rehabilitation based on performance, with maximum flexibility to meet local conditions;
3. Encourage innovation and improved technology toward reducing construction costs;

4. Establish standards that will correct code violations, and will serve to identify eligible criteria for the rehabilitation program which will assist homeowners and contractors in developing scopes of work.

D. LOW INCOME TARGETING

The City of Oakland will expend at least 25% (approximately \$2.1 million of the funds appropriated or otherwise made available under the NSP) to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income. This amount is 25% of the total grant amount, before any deduction for funds allocated to administration and planning.

E. ACQUISITIONS & RELOCATION

The City of Oakland does not intend to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

F. PUBLIC COMMENT

(1) The City of Oakland posted a notice on its official website on November 12, 2008 and also in the Oakland Tribune on November 7 and 16, 2008 announcing the November 18, 2008 Public Hearing on the Substantial Amendment to the Annual Action Plan and inviting comments at or before the November 18, 2008 Public Hearing.

(2) The Oakland City Council held a Public Hearing on November 18, 2008 beginning at 7:00 pm.

(3) A summary and response to public comments received on the draft Substantial Amendment is attached to this application as Exhibit B.

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

(1) Information Common to All Activities

(a) National Objective: Housing assisted with NSP funds will benefit low, moderate and middle income persons, as defined in the NSP notice—i.e., $\leq 120\%$ of area median income).

(b) Projected Start Date: February 1, 2009

(c) Projected End Date: Ongoing

(d) Responsible Organization: The City of Oakland will establish a program known as the Neighborhood Stabilization Program (NSP) which implements the NSP activity. NSP will be located at 250 Frank Ogawa Plaza, Suite 5313, Oakland,

CA 94612. The administrator will be Michele Byrd, who may be contacted by phone at (510) 238-3714 or by email mbyrd@oaklandnet.com.

(e) Location Description: All activities will take place in the two areas of greatest need described in Sections A and B above.

(f) Performance Measures: When possible, NSP will seek to achieve deeper affordability than the performances listed in Activities G (3) and G (4) below.

(2) Activity Name: General Administration and Planning

(a) Activity Type:

(1) NSP eligible use: plan and administer activities under Oakland's Neighborhood Stabilization Program.

(2) CDBG eligibility activity: program administrative activities eligible under 24 CFR 570.206.

(b) Activity Description: This activity addresses the two areas of greatest need in Oakland. Assisted households will all be income-qualified persons, including those below 50% of area median income. Each activity administered will ensure continued affordability as described in Section G (3) below. Activities will include planning, outreaching to mortgages, structuring and administering financing, managing the NSP activities and projects as described below, issuing RFPs/Qs for appraisers, contractors, property managers, and/or developers, and reporting and monitoring on the NSP activities.

(c) Budget: \$825,000

(d) Performance Measures: achievement of the performance measures of all NSP activities outlined below.

(3) Activity Name: NSP Acquisition and Rehabilitation Revolving Loan Fund

(a) Activity Type:

(1) NSP eligible use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon; in order to sell, rent, or redevelop such homes and properties.

(2) CDBG eligibility activity: Acquisition, disposition, possible relocation, and direct homeownership assistance activities eligible under 24 CFR 570.201(a), (b), (i) and (n), as well as rehabilitation and preservation activities eligible under 570.202.

(b) Activity Description: This activity will provide financial assistance to purchase and rehabilitate homes and residential properties that have been foreclosed upon, in order to sell or rent such homes and properties to low, moderate and middle

income households. Assisted households will all be income-qualified persons, including those below 50% of area median income.

The foreclosed-upon properties will be purchased at a discount from fair market value, in conformance with Section II.Q of the Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Homes Grantees under the Housing and Economic Recovery Act (HERA), 2008. The NSP will follow one of the discount methodologies discussed in Section IIQ, namely (i) to set purchase prices below the fair market value in an amount reflecting the expected carrying costs the seller/mortgagee is saving by selling to NSP, with an average discount across all NSP-purchased properties of at least 10% and a discount for each individual purchase of at least 5%, or (ii) to set purchases at fair market value with an average discount across all NSP-purchased properties of at least 15% and a discount for each individual purchase of at least 5%. Values will be established by appraisals conducted in accordance with the NSP regulations.

The City will select an organization or a group of organizations through a Request For Proposals/Qualifications (RFP/Q) to provide the acquisition, rehabilitation, marketing and sale of properties in the areas of greatest need.

The extent of assistance will depend on the amount time required to acquire, rehabilitate and sell or rent the property. Units intended for owner-occupancy will be sold at below market rate to income-qualified buyers using either the Ownership Deed Restriction Program or the Community Land Trust Program to ensure continuing affordability to low, moderate and middle income households. Units intended for renter occupancy will be restricted in accordance with the Rental Housing Regulatory Restriction Program.

Acquisition and development subsidy will be provided to developers in the form of a loan bearing zero percent (0%) interest. For owner-occupied housing, the City may require that the NSP funds be repaid in part or in full upon completion of rehabilitation work and sale to an eligible buyer. For rental housing, the City may require that the NSP funds be repaid in part or in full upon completion of rehabilitation work and rental to eligible tenants, or the City may choose to retain the investment of NSP funds in the development for the term of the affordability restrictions. In such cases, the funds will be provided as deferred loans with a simple interest rate of zero percent (0%).

These loans will be evidenced by one or more agreements designed to ensure that the selected developer complies with the discount rate acquisition requirements and performs any necessary renovations to bring each home up to the program's habitability standards within a commercially reasonable timeframe. In addition, the agreements shall ensure that the developer markets the homes in a manner consistent with the program's affirmative marketing guidelines, provides or arranges for at least 8 hours of homebuyer repurchase counseling from a HUD

certified counseling agency, and sells the home to an eligible buyer as outlined below.

The jurisdiction will provide funds for the acquisition, rehabilitation and redevelopment of the properties (which shall include related eligible development and activity delivery costs, sales and closing costs or marketing and rent-up costs, and reasonable developer fees in an amount established in advance by the City) to the developer. Any funds provided by the jurisdiction to the developer will be supported by a reasonable development budget approved by the jurisdiction. The jurisdiction will make efforts to ensure that the developer adequately leverages the NSP funds provided by the jurisdiction.

NSP funds provided for acquisition will be disbursed at closing and {jurisdiction} will establish a process for disbursing remaining funds as work is completed.

The City will ensure that the units are subject to one of the following three options:

Option 1 - Deed Restriction. The developer sells the home to an eligible buyer for an affordable price, which shall in no event be greater than the cost to acquire, rehabilitate and redevelop the home. If the affordable price is less than the cost to acquire, rehabilitate and redevelop the home, the City may provide funds (either local or possibly NSP funds) equal to the difference between the developer's eligible acquisition, rehabilitation and redevelopment costs and the affordable price. The City will determine or approve the affordable price. If the City selects this Option 1, then the City will require that the homes become part of the Ownership Deed Restriction Program activity described below.

Option 2 – Community Land Trust. The developer sells the home to an eligible buyer or a Community Land Trust organization for an affordable price, which shall in no event be greater than the cost to acquire, rehabilitate and redevelop the home. If the developer sells the home to an eligible buyer, it will convey only the improvements on the property to the homeowner. The land shall be conveyed to the Community Land Trust by developer (for nominal consideration). If the home is conveyed to the land trust, the land trust shall then sell the improvements only to the eligible buyer for an affordable price and the land trust shall retain the land, which it shall lease to the eligible buyer. If the affordable price is less than the cost to acquire, rehabilitate and redevelop the home, the City may provide the developer with funds (either local or possibly NSP funds) equal to the difference between the developer's eligible acquisition, rehabilitation and redevelopment costs and the affordable price. The City will determine or approve the affordable price. If the City selects this Option 2, then the City will require that the homes become part of the Community Land Trust Program activity described below.

Option 3 –Regulatory Restriction. NSP-assisted units will be provided by the developer as rental housing to persons of very low income. If the City selects this

Option 3, then the City will require that the homes become part of the Rental Housing Regulatory Restriction Program activity described below.

The City will also select an organization or a group of organizations through a RFP/Q to provide to low-income buyers pre-purchase counseling, general homebuyer education and post-purchase education. In addition buyers must receive education about the specifics of the program's resale formula and other restrictions to ensure they know what they are buying.

- (c) Budget: \$7,375,668. \$2,100,000 of this amount will be used to assist households with incomes less than 50 percent of area median income.

In addition, the City will utilize program income received from loan repayments to finance additional NSP activities as described in this Substantial Amendment.

- (d) Performance Measures:

Units acquired, rehabilitated and resold: 40

Low, moderate or middle income households assisted with housing: 40

(4) Activity Name: Ownership Deed Restriction Program

- (a) Activity Type:

(1) NSP eligible use: establish finance mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

(2) CDBG eligible activities: as part of an activity delivery cost for an eligible activity. (24 CFR 570.206)

Homeownership assistance and preservation activities for homes and other residential properties. (24 CFR 570.201(a) and 570.202)

- (b) Activity Description: This activity will provide affordable homeownership opportunities for households earning less than 120% of Area Median Income. All homes assisted under this program will be subject to deed restrictions which will require that the homes remain affordable to low, moderate and middle income households for a specified term. The City will require that the initial sale be to households with incomes less than 100% of Area Median Income and will require that during the period of the affordability restrictions, the homes be resold to households with incomes less than 100% of Area Median Income unless such sale would prevent owners from receiving at least a modest share of appreciation, in which case at its option the City may permit sale to households with incomes up to 120% of median income.

To implement this activity, the City will require developers participating in the NSP Acquisition and Rehabilitation Revolving Loan Program to sell the homes assisted with NSP funds to eligible buyers for an affordable price (which price shall be determined or approved by the local jurisdiction and will not exceed the costs of acquisition, rehabilitation and redevelopment of the home). The

jurisdiction will also establish standards for and review the terms of homebuyer mortgages to ensure that such mortgages will not jeopardize the affordability of the assisted home.

Upon sale to the homeowner, the homeowner and the City subrecipient or the jurisdiction's nonprofit designee will enter into a new "Affordable Housing Resale Restriction Agreement," which will be recorded against title to the home. The Affordable Housing Resale Restriction Agreement shall impose owner occupancy and resale price restrictions designed to ensure long-term affordability of the assisted homes to the target income group. The Affordable Housing Resale Agreement may also recapture any subsidy provided to the homeowner (up to the market rate price of the unit) in the event the homeowner violates the affordability provisions in such agreement.

The Ownership Housing Resale Restriction Agreement shall have a term of at least 15 years. At the time of each resale of an assisted home a new eligible buyer, the City (or its subrecipient or designee) shall enter into a new Affordable Housing Resale Restriction Agreement with the buyer, with a new 15 to 45 year term of at least 15 years in order to maintain affordability for the longest period practical. Preference will be given to projects that impose longer periods of affordability or deeper income targeting.

(5) Activity Name: Community Land Trust Program

(a) Activity Type:

- (1) NSP eligible use: establish finance mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.
- (2) CDBG eligible activities: as part of an activity delivery cost for an eligible activity. (24 CFR 570.206)
Homeownership assistance and preservation activities for homes and other residential properties. (24 CFR 570.201(a) and 570.202)

(b) Activity Description: This activity will provide affordable homeownership opportunities for households earning between 50% and 120% of Area Median Income. All homes assisted under this program will be part of a Community Land Trust program which will require that the homes remain affordable to low-, moderate- and middle-income households in perpetuity.

To implement this activity, the City will require that properties be acquired and developed by a Community Land Trust or conveyed at an affordable price to the Community Land Trust upon completion of rehabilitation work. The Community Land Trust will convey the improvements to the eligible buyer for an affordable price. The affordable price shall be determined or approved by the City and will not exceed the costs of acquisition, rehabilitation and redevelopment of the home. The Community Land Trust will also establish standards for and review the terms

of homebuyer mortgages to ensure that such mortgages will not jeopardize the affordability of the assisted home.

Upon sale of the improvements to the homeowner, the homeowner and the Community Land Trust organization will enter into a long term lease of the land. This ground lease (the "CLT Lease") shall impose owner occupancy and resale price restrictions designed to ensure long-term affordability of the assisted homes to the target income group. The CLT Lease may also permit recapture of any subsidy provided to the homeowner (up to the market rate price of the unit) in the event the homeowner violates the affordability provisions in land lease.

The CLT lease shall have a term of no less than 15 nor more than 99 years. At the time of each resale of an assisted home a new buyer, a new lease may be recorded in order to maintain affordability for the longest feasible time. Preference will be given to projects that impose longer periods of affordability or deeper income targeting.

(6) Activity Name: Rental Housing Regulatory Restriction Program

(a) Activity Type:

- (1) NSP eligible use: establish finance mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.
- (2) CDBG eligible activities: as part of an activity delivery cost for an eligible activity. (24 CFR 570.206)
Rental housing activities: (24 CFR 570.201(a) and 570.202)

(b) Activity Description: This activity will provide affordable rental housing opportunities for households earning not more than 50% of Area Median Income. All units assisted under this program will be subject to regulatory restrictions recorded as covenants running with the land to ensure continuing affordability.

To implement this activity, the City will require developers of NSP-assisted rental housing to enter into a recorded Regulatory Agreement that imposes continuing obligations to manage and maintain the property as affordable rental housing for low income households. Rents will be restricted to not more than 30% of 50% of AMI, with an adjustment for tenant-paid utilities, as provided for under the HOME Program requirements for "Low HOME units." Occupancy shall be restricted to households with incomes not to exceed 50% of AMI with adjustments for household size. Incomes shall be recertified annually.

The Regulatory Agreement will also impose requirements for ongoing management and maintenance of the property and compliance with all applicable requirements including non-discrimination, affirmative fair marketing and accessibility to persons with disabilities.

Regulatory Agreements shall have a term of at least 15 years. Preference will be granted to projects that propose longer terms of affordability and deeper income targeting.

CERTIFICATIONS

(1) **Affirmatively furthering fair housing.** The jurisdiction 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-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(3) **Authority of Jurisdiction.** 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.

(4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

(5) **Acquisition and relocation.** The jurisdiction 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.

(6) **Section 3.** The jurisdiction 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.

(7) **Citizen Participation.** The jurisdiction 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.

(8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement 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.

(11) **Assessments.** 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: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) 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 non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** 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 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 will comply with applicable laws.

Signature/Authorized Official

Date

Title

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

Jurisdiction(s): City of Oakland	NSP Contact Person: Michele Byrd Address: 250 Frank Ogawa Plaza, Suite 5313
Jurisdiction Web Address: www.oaklandnet.com/government/hcd	Telephone: (510) 238-3714 Fax: (510) 238-6956 Email: mbyrd@oaklandnet.com

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes No . Verification found on page 1.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No . Verification found on page 2.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
Yes No . Verification found on page 2.
- a definition of "affordable rents,"
Yes No . Verification found on page 2.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on page 3.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?

Yes No . Verification found on page 3-5.

D. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No . Verification found on page 6, 9, 11.
- correlated eligible activity under CDBG,
Yes No . Verification found on page 6, 9, 11.
- the areas of greatest need addressed by the activity or activities,
Yes No . Verification found on page 6, 9.
- expected benefit to income-qualified persons or households or areas,
Yes No . Verification found on page 6, 9, 11.
- appropriate performance measures for the activity,
Yes No . Verification found on page 6, 9.
- amount of funds budgeted for the activity,
Yes No . Verification found on page 6, 9.
- the name, location and contact information for the entity that will carry out the activity,
Yes No . Verification found on page 5-6.
- expected start and end dates of the activity?
Yes No . Verification found on page 5.

E. SPECIFIC ACTIVITY REQUIREMENTS

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of foreclosed upon properties,
Yes No . Verification found on page 7.

If the activity provides financing,

- the range of interest rates (if any),
Yes No . Verification found on page 7.

If the activity provides housing,

- duration or term of assistance,
Yes No . Verification found on page 7-8.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on page 7-8.
- does it ensure continued affordability?
Yes No . Verification found on page 7-8.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 9.

F. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 5.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 9.
Amount budgeted = \$2,100,000

G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes No . (If no, continue to next heading)
Verification found on page _____.

Does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes No . Verification found on page _____.

- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes No Verification found on page _____.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes No Verification found on page _____.

H. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes No Verification found on page 5.

Is there a summary of citizen comments included in the final amendment?

Yes No Verification found on page See Exhibit B.

I. WEBSITE PUBLICATION

The following Documents are available on the grantee’s website:

- SF 424 Yes No .
- Proposed NSP Substantial Amendment Yes No .
- Final NSP Substantial Amendment Yes No .
- Subsequent NSP Amendments Yes No .

If required will submit at later date.

Website URL: www.oaklandnet.com/government/hcd

K. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |