

RESOLUTION NO. 2011-593

Adopted by the Sacramento City Council

October 25, 2011

ESTABLISHMENT AND APPROVAL OF GUIDELINES FOR THE FORECLOSED PROPERTY ACCESS AND REHABILITATION PROGRAM

BACKGROUND

- A. In June 2009, the Sacramento Housing and Redevelopment Agency (SHRA) began acquiring real estate owned (REO) properties through its partnership with the National Community Stabilization Trust (NCST), a national nonprofit organization created to connect banks and loan servicers holding foreclosed properties with local governments and organizations working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties.
- B. NCST administers a "First Look" program, whereby its participating partners are provided access to foreclosed or abandoned properties prior to the properties being listed on the open market, allowing for the targeted and expedited purchase of these properties from various financial institutions working with NCST.
- C. Since April 2009, SHRA has partnered with over 45 local builders to rehabilitate and transform over 270 foreclosed or abandoned housing units within the City and County of Sacramento under the Federal Neighborhood Stabilization Program (NSP).
- D. Through NCST's "First Look" program, SHRA has acquired over 40 foreclosed and/or abandoned properties within targeted areas of the City and County of Sacramento from various financial institutions, as a component of NSP. Properties acquired through NCST under the NSP program are being rehabilitated and sold to income eligible home-owner occupants, or are land banked for redevelopment purposes.
- E. The City and County of Sacramento continue to face significant challenges related to foreclosures and abandoned properties, specifically within low and moderate income neighborhoods.
- F. The proposed Foreclosed Property Access and Rehabilitation Program will expand eligibility for participation in NCST's First Look program to SHRA approved development partners, including existing development partners, enabling the continuation of stabilization efforts in Sacramento's low and moderate income neighborhoods.
- G. The proposed actions, which are in furtherance of a program to facilitate the rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, are categorically exempt pursuant to CEQA Guidelines Section 15301.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.
- Section 2. The Sacramento Housing and Redevelopment Agency (SHRA) is authorized to establish and implement the proposed Pilot Foreclosed Property Access and Rehabilitation Program ("Program") pursuant to the guidelines included in Exhibit A.
- Section 3. SHRA is authorized to establish an over-the-counter submission process to accept qualifications and select participants for the Program pursuant to the guidelines.
- Section 4. SHRA is authorized to establish participant qualifications and selection criteria pursuant to the guidelines.
- Section 5. SHRA is authorized to execute commercially reasonable agreements, subject to approval as to form by Agency counsel, with selected, qualified participants consistent with the program guidelines and shall serve as the "Community Coordinator," enabling access to NCST foreclosed property listings by participating developers and shall facilitate the transfer and sale process between the developers, NCST and participating lenders.
- Section 6. SHRA is authorized to make modifications to the program guidelines as necessary to ensure successful administration and operation of the program consistent with the Program goals and Agency policy.
- Section 7. After one year of program operation, SHRA shall report back to the City Council the successes of the Pilot and bring forward a recommendation regarding the continuation of the program and program modifications necessary to maintain successful program administration and operation.

Table

Exhibit A – Foreclosed Property Access and Rehabilitation Program Guidelines

Adopted by the City of Sacramento City Council on October 25, 2011 by the following vote:

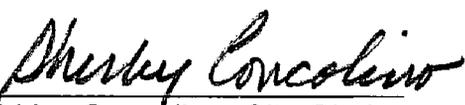
Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

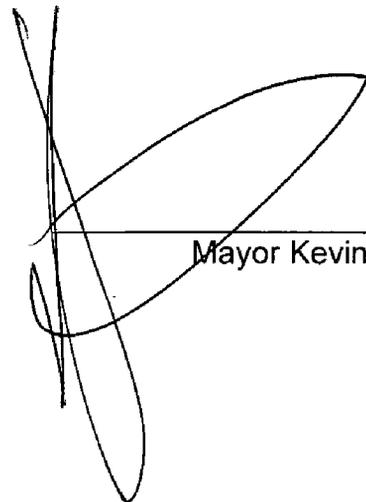
Noes: None.

Abstain: None.

Absent: None.

Attest:


Shirley Concolino, City Clerk


Mayor Kevin Johnson



INVESTING IN COMMUNITIES

Exhibit A

October 25, 2011

Sacramento Housing and
Redevelopment Agency
801 12th Street, Sacramento
CA 95814 (916) 440-1318

PILOT Foreclosed Property Access & Rehabilitation Program (Guidelines)

Foreclosed Property Access and Rehabilitation Program

The Foreclosed Property Access and Rehabilitation Program (Program) focuses on stabilizing neighborhoods through the acquisition and rehabilitation of foreclosed, single-family vacant homes in City and County low- and moderate-income neighborhoods. Through partnership with the National Community Stabilization Trust (NCST), the program provides access to and allows for streamlined acquisition of foreclosed residential properties by qualified development partners for subsequent rehabilitation and sale to homeowner-occupants. The program is complimentary to the other programs under the Neighborhood Stabilization Program (NSP); targeting a broader spectrum of low- and moderate-income neighborhoods negatively impacted by foreclosures.

- 1. Administration – Community Coordinator.** The program is administered by the Sacramento Housing and Redevelopment Agency (SHRA). SHRA is a joint powers authority of the City and County of Sacramento. SHRA will serve as the "Community Coordinator," enabling access to NCST foreclosed property listings by participating developers and shall facilitate the transfer and sale process between the developer, NCST and participating lenders.
- 2. Eligible Areas.** The program shall operate within the NSP Target Area Boundaries and within the greater City and County of Sacramento federally designated low- and moderate-income areas based on census tract data.
- 3. Eligible Properties.** SHRA is authorized to coordinate the transfer and sale of foreclosed, single-family vacant homes located within the NSP and federally designated low- and moderate-income areas. Vacant properties are unoccupied homes that have proceeded through Trustee Sale, or property ownership has transferred to a bank, lending institution, or private entity lender qualifying the property as Real Estate Owned (REO).
- 4. Rehabilitation/Construction Requirements.** Applicants shall follow SHRA's minimum construction standards for the program for single family homes. No SHRA funding will be provided to participating development partners through this program specifically; however, development partners may have access to funding through the layering of other complimentary programs.
- 5. Sale of Rehabilitated Homes.** All residential units resulting from the acquisition and rehabilitation through the program must be sold to homeowner-occupants. Buyers must attain a fixed, market-rate, 30 year first mortgage per the terms outlined in the program handbook. It is encouraged that buyers also complete HUD approved homebuyer education counseling. Development partners shall be responsible for providing all required homebuyer documentation as stated in the program handbook.
- 6. Participation – Buyer/Developer Eligibility.** Interested developers must submit an "over-the-counter" application for review and designation as an "Eligible Buyer" to SHRA, 801 12th Street, Sacramento, CA 95814.
- 7. Participation Fees.** Eligible Buyers approved for participation in the program shall pay an annual participation fee of \$1,000. Additionally, a per property transaction fee shall be applied at the time of initial property acquisition equaling 1% of the purchase price and again at the time the property is sold to the final

homebuyer equaling 1% of the after-rehabilitation sales price of the property to recover SHRA staff time as program coordinator.

8. **Property Access.** Eligible Buyers shall be awarded access to NCST's REO Match website whereby they may view available REO property listings within the NSP and City and County of Sacramento's federally designated low- and moderate-income areas. If interested in a particular property listing, developers shall notify SHRA and will have four days in which to view the property, conduct preliminary site inspections and determine (and provide to SHRA) a reasonable Price Point to Acquire the property based on initial site inspection and preliminary estimates for rehabilitation.
 9. **Property Acquisition.** After review of property, developer may request pricing through SHRA. If pricing is requested, the developer is committing to purchase the property if pricing comes in at or less than developer's stated Price Point to Acquire. If pricing is accepted by the developer, developer shall continue through the sale and transfer process as outlined in the program handbook.
 10. **Sale and Transfer Agreements.** All program applicants approved as Eligible Buyers shall enter into a Master Project Agreement (MPA) with SHRA prior to being awarded property access. The MPA will specify all terms, regulations and requirements of program participation. At such time a developer chooses to accept pricing for a particular property, the developer will be placed in direct contact with the property owner (i.e. bank or lender holding the property) and will enter into a purchase and sale contract with such owner. Purchase and sale contracts have been pre-negotiated per lender; therefore developers will not have the opportunity to renegotiate contract terms.
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