



# City of Carson Report to Mayor and City Council

September 7, 2010  
New Business Consent

**SUBJECT: CONSIDER AN UPDATE ON THE STATUS OF THE IMPLEMENTATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM**

Submitted by Clifford W. Graves  
Economic Development General Manager

Approved by Jerome G. Groomes  
City Manager

## I. SUMMARY

This report is an update on the city of Carson's (Carson) Neighborhood Stabilization Program (NSP).

## II. RECOMMENDATION

RECEIVE and FILE.

## III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

## IV. BACKGROUND

### A. NSP

On June 16, 2009, the City Council adopted Resolution No. 09-059 (Exhibit No. 1) which authorized staff to submit a joint application from the city of Carson and the city of Lynwood (Cities) to the California Department of Housing and Community Development (HCD) for the receipt of NSP funds. Based on the permissible uses of NSP funds, the Cities opted to implement the acquisition, rehabilitation, and resale component of the program to address the abandoned and foreclosed homes within the respective jurisdictions.

The necessary accounts to facilitate funding and accounting have been established.

### B. Acquired NSP Properties

A total of nine properties in both jurisdictions have been acquired, including three in Scottsdale. There are a total of five properties located in Carson (Exhibit No. 2).

### C. NSP Residential Rehabilitation Contractors

In order to implement the NSP, there are a number of professional services required to facilitate the implementation. The Cities solicited, through a competitive Request for Proposals (RFP) process, consultants for residential rehabilitation services approved by the City Council at its June 15, 2010 meeting (Exhibit No. 3). The selected residential rehabilitation consultants are currently in the rehabilitation phase of the NSP. The rehabilitation construction timeline will

25.

vary based on the scope of work. However, all residential rehabilitation work is to be completed by October 2010.

**D. NSP3**

On July 30, 2010, Congress finalized a regulatory reform package that includes \$1 billion in funding for a third round of NSP (H.R. 4173). The third round of the Neighborhood Stabilization Program will be referred to as "NSP3". The NSP3 funds will be subject to the same programmatic requirements as the NSP2 provided through the American Reinvestment and Recovery Act of 2009, with the following exceptions:

1. The funds will remain available until expended.
2. The Secretary (of the Department of Housing and Urban Development) will allocate the funds by formula, with the formula used to allocate funds under the first round of the NSP.

Staff will keep the City Council advised of the funding opportunities under the NSP3.

**V. FISCAL IMPACT**

No impact to General Fund. The city received an award of \$1,329,065.00 in NSP funds for the purpose of administering the acquisition, rehabilitation, and resale program.

**VI. EXHIBITS**

1. Minutes, June 16, 2009, Item No. 18. (pg. 4-7)
2. Map NSP Acquisitions. (pg. 8)
3. Minutes, June 15, 2010, Item No. 15. (pg. 9)

Document1

Prepared by: Cecil Flournoy, Redevelopment Project Manager

sf:Rev061902

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development Services	Public Services

Action taken by City Council	
Date _____	Action _____

**ITEM NO. (18) PUBLIC HEARING ON THE PROPOSED SUBMISSION OF AN APPLICATION TO THE STATE OF CALIFORNIA FOR FUNDING UNDER THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP) (ECONOMIC DEVELOPMENT)**

**Public Hearing**

Mayor Dear declared the Public Hearing open regarding the **PROPOSED SUBMISSION OF AN APPLICATION TO THE STATE OF CALIFORNIA FOR FUNDING UNDER THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**.

**City Clerk's Report**

City Clerk Kawagoe reported that notice of the Public Hearing had been given pursuant to applicable law, including but not limited to the timely publication in English and Spanish and copy of proofs received by the City Clerk; notice to the applicants by U.S. mail to the City of Lynwood, 11330 Bullis Road, Lynwood, California 90262 and City of Carson; and postings as required by law; and other mailings as requested by individuals and organizations. The affidavits attesting to mailing and publishing such notice were on file in the City Clerk's Office. No written communications were received.

Mayor Dear directed that all affidavits of notice be made part of the record.

**Staff Report**

Economic Development General Manager Graves summarized the staff report and recommendation. He reported that, if approved, the resolution would be transmitted to the State tomorrow.

City Attorney Wynder reported that the firm of Aleshire & Wynder also serves as City Attorney for the City of Lynwood. Furthermore, that disclosed in their review of the form documents, was that they did not identify anything viewed as a potential conflict for the cities of Carson and Lynwood.

Economic Development General Manager Graves reported that the City of Gardena decided not to accept the funds at all.

**Administration of Oath**

Mayor Dear requested that all persons wishing to testify to stand and take the Oath, which was administered by City Clerk Kawagoe.

**Public Testimony**

Latrice Carter, 19018 Belshaw Avenue, Carson, California 90746, discussed her concern that this would be more of an issue than a benefit for Carson. She believed that there were other remedies and that the City should not add more problems that can be handled at this time.

Maria Guadalupe Manuela Reyes Adame, 8 Cactus Lane, Carson, California 90745, urged that the City Council approve the staff recommendation and invest in Scottsdale.

Oudie T. Wall, Jr., 8 Cactus Lane, Carson, California 90745, referred to previous comments relative to figures and money and clarified that this issue dealt with people<sup>3</sup> and that this issue was about morals and values.

Dr. Rita Boggs, 21328 Island, Carson, California 90745, stated that she was neither in support of or against this issue and discussed the following concerns: 1) understood that there was a moratorium on foreclosures in California; 2) to not fix up homes and sell to an investor; 3) although she had no objection to using this in Scottsdale, it may make people think that the City will fix up the homes and may discourage anyone from fixing up the house.

Louis Cogut, 17701 S. Avalon Boulevard, No. 50, Carson, California 90746, echoed the previous speakers and the concerns expressed by Dr. Boggs and stated that he was neither in support of or against this issue and discussed the following concerns: 1) whether the targeted areas were just within Lynwood and Carson; 2) with respect to the cities of Lynwood and Carson, who would watch from the other side; and 3) the number of homes under consideration.

There being no further testimony to be provided, Mayor Dear declared the Public Hearing closed. He requested staff to respond to the issues raised. Whereupon, staff discussed the following issues:

- That HUD had set up standards of transparency and accountability;
- Carson was handling the administrative aspects;
- Funds would stay in Lynwood and in Carson;
- There was not a moratorium in California.
- There was more than an adequate supply of bank-owned properties that might benefit.
- That the amount of funds relative to the opportunities was relatively small; a maximum of 12-14 houses would be helped.
- Staff would return with more specific target areas.

(Council Member Gipson exited the meeting at 9:32 P.M. and reentered the meeting at 9:33 P.M.)

City Manager Groomes referred to the concern expressed that the program may become a disincentive for people and clarified the following: 1) staff intended to rehab and sell; 2) the disincentive was that properties stay foreclosed; 3) in the long-term, property tax would benefit; and 4) it would enhance nearby properties.

Mayor Dear stated that, if approved, tonight's agenda item could be used as tool to help Scottsdale. He complimented Council Member Santarina, who serves with him on the Carson

Foreclosure Sub-Committee, and has been working with agencies and entities involved in the foreclosure issue. He stated that a report would be brought back to the City Council.

RECOMMENDATION for the City Council:

TAKE the following actions:

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.
2. APPROVE the NSP Joint Cooperation Agreement with the city of Lynwood.
3. WAIVE further reading and ADOPT Resolution No. 09-059, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING AND APPROVING THE SUBMISSION OF AN APPLICATION FOR FUNDING FROM THE STATE OF CALIFORNIA NEIGHBORHOOD STABILIZATION PROGRAM (NSP), AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO."
4. AUTHORIZE the City Manager to sign the grant agreement, and any subsequent amendments thereto, with the State of California for the purposes of this grant.

ACTION: It was moved to approved recommendation Nos. 2, 3, and 4 on motion of Dear and seconded by Gipson.

Mayor Dear amended his motion to include the deletion of the signature line for the City Manager and to add the signature line for the Mayor, in order to stay consistent with the signature policy, which was accepted by Gipson.

Upon inquiry, Economic Development General Manager Graves reported on the following issues:

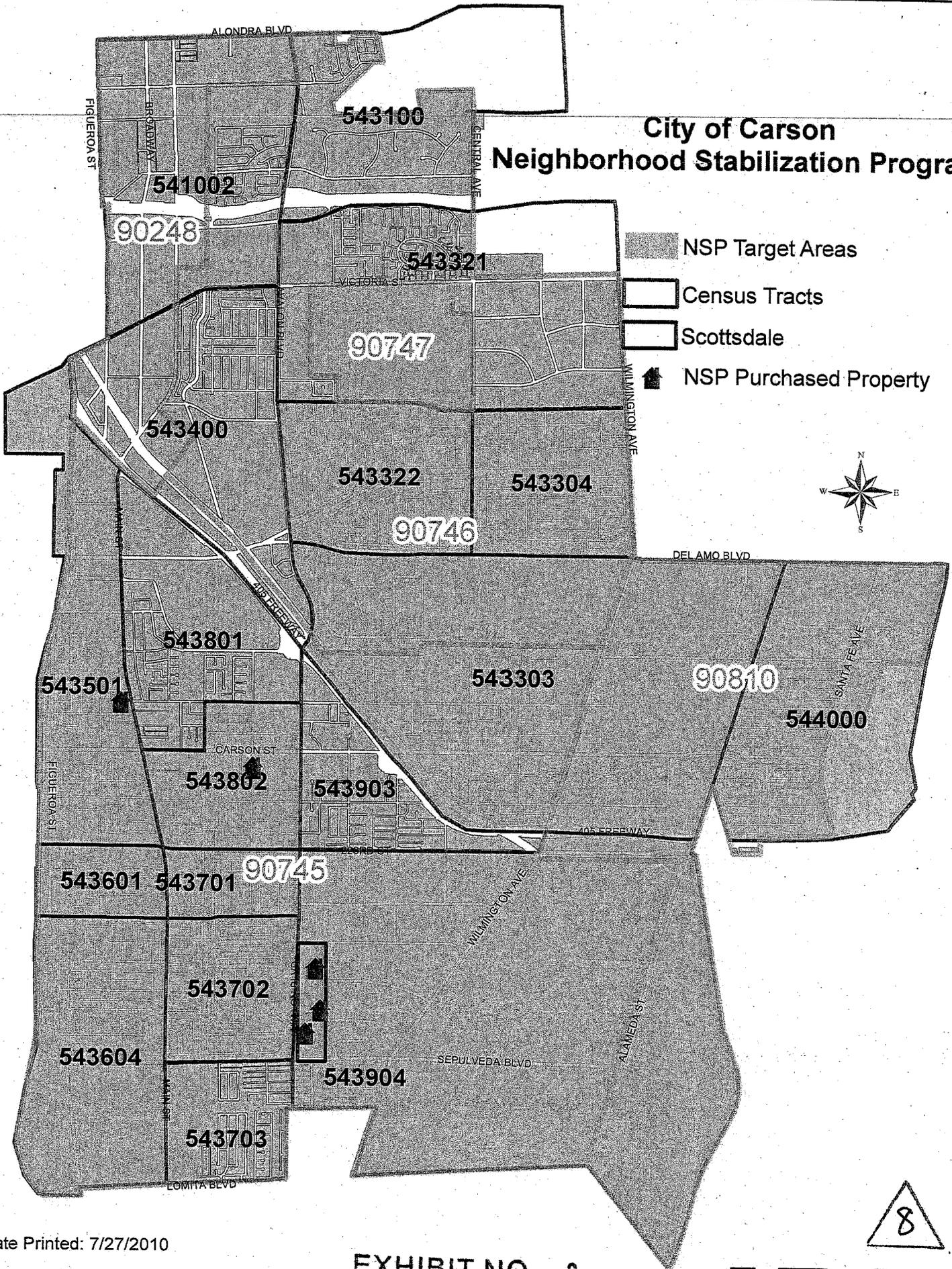
- That SB 1137 defined a protracted procedure for going into the foreclosure process; places a higher onus on lenders in terms of the procedure they follow; and would slows them down. He added that a more thorough analysis would be provided to the City Council.
- That during the brief period of ownership by the City, the loss of 12 months would be more than offset with higher property tax assessment.

Upon inquiry, City Treasurer Avilla expressed her support for the City Council to approve the staff recommendation.

Economic Development General Manager Graves further discussed the following issues:

- The restriction on the sale of rehab property.
- That the majority of the neighborhoods that qualify from an income standpoint were located in south Carson; there may be some flexibility for the north Carson area; clarified that the City would not be able to take care of every foreclosure and would not try.

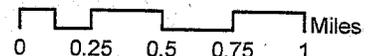
# City of Carson Neighborhood Stabilization Program



Date Printed: 7/27/2010

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EXHIBIT NO. - 2



**ITEM NO. (15)      CONSIDER AN UPDATE ON THE STATUS OF THE IMPLEMENTATION  
OF THE NEIGHBORHOOD STABILIZATION PROGRAM (ECONOMIC  
DEVELOPMENT)**

RECOMMENDATION for the City Council:

TAKE the following actions:

1.      APPROVE the following properties as an acquisition activity:
  - a.      11400 Elm Street, Lynwood, California 90262
  - b.      4020 Virginia Street, Lynwood, California 90262
2.      APPROVE the following contractors for residential rehabilitation services as a part of the NSP implementation activity:
  - a.      ANR Industries, Inc.
  - b.      SJ Contractors
  - c.      Somerset Builders
  - d.      South LA Development Group, Inc.
3.      AUTHORIZE the Mayor to execute and finalize the purchase agreements for the acquisition of the identified properties as it relates to the Neighborhood Stabilization Program, following approval as to form by the City Attorney.

**ACTION:**      Item No. 15 was approved on the New Business Consent Calendar on motion of Dear, seconded by Santarina and unanimously carried by the following vote:

**Ayes:**            Mayor/Chairman Dear, Mayor Pro Tem/Chairman Pro Tem Santarina,  
Council/Agency Member Gipson, Council/Agency Member Davis Holmes, and  
Council/Agency Member Ruiz-Raber

**Noes:**            None

**Abstain:**        None

**Absent:**         None