

Resolution No. **08-0460****STOCKTON CITY COUNCIL**

**RESOLUTION APPROVING AN AMENDMENT TO THE 2008-2009 ONE-YEAR
ACTION PLAN AND AUTHORIZING THE CITY MANAGER TO TAKE ACTIONS
WHICH ARE APPROPRIATE TO CARRY OUT THE PURPOSE
AND INTENT OF THE RESOLUTION**

Title III of the Housing and Economic Recovery Act 2008 appropriated funds for emergency assistance for acquisition and redevelopment of abandoned and foreclosed homes and residential properties. These funds are to be considered Community Development Block Grant (CDBG) funds and the grant program is to be commonly referred to as the Neighborhood Stabilization Program (NSP); and

The U.S. Department of Housing and Community Development (HUD) established the guidelines for implementation of the Neighborhood Stabilization Program and determined that each grantee eligible to receive Neighborhood Stabilization Program funds already receives an annual Community Development Block Grant allocation and therefore has a Consolidated Plan, and annual action plan, and a citizen participation plan. The Consolidated Plans already discuss housing needs related to the major U.S. Department of Housing and Community Development grant programs and the annual action plan describes the activities budgeted under each of those annual programs. The U.S. Department of Housing and Community Development has therefore determined that a grantee's use of its Neighborhood Stabilization Program grant is a substantial amendment to its current approved consolidated plan and annual action plan; and

In compliance with 24 CFR, Parts 91, 92, 570, 574, 576 and 968, which address the Consolidated Plan Submission for Community Planning and Development Programs, the City prepared a Consolidated Plan for CDBG, HOME and ESG Programs; and

Each year the City prepares a One-Year Action Plan, which updates the Consolidated Plan; and

The 2008-2009 One Year Action Plan was approved by the City Council on April 29, 2008, and subsequently approved by the U.S. Department of Housing and Urban Development ("HUD") on June 18, 2008; and

On October 22, 2008, the proposed amendment to the 2008-2009 One-Year Action Plan was presented to the Council's Housing Committee for consideration, a public notice was published in *The Record*, the local newspaper of general circulation and posted on the City's website, thereby beginning a 15-day period for citizens to review and comment on the draft amendment; and

City Atty: 
Review _____
Date November 12, 2008

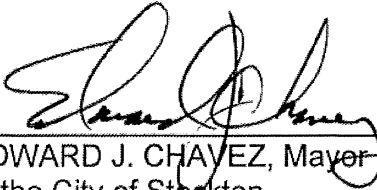
On November 18, 2008, the City Council held a public hearing, during which: (1) staff presented an in-depth review of the proposed amendment to the 2008-2009 One-Year Action Plan, and (2) citizens were provided an opportunity to comment, and all persons requesting to be heard were heard and their comments considered; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

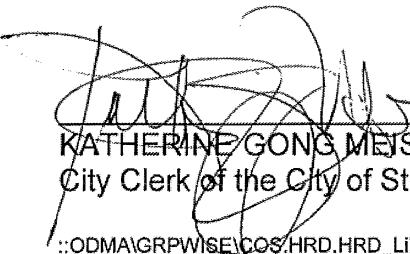
1. The City Council hereby approves the amendment to the 2008-2009 One-Year Action Plan and all related documents, all of which are on file with the Office of the City Clerk and the Housing Department.

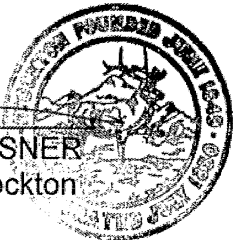
2. The City Manager is authorized to take other actions as are appropriate to carry out the purpose and intent of this resolution, including furnishing such additional documentation as may be required by HUD and the execution of any related documents.

PASSED, APPROVED AND ADOPTED NOV 18 2008.


EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:


KATHERINE GONG MEISSNER
City Clerk of the City of Stockton



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EXHIBIT A**HOUSING PROGRAM GUIDELINES
EFFECTIVE JANUARY 1, 2009**

These guidelines include several provisions which allow the terms of the housing programs to meet changing market conditions. The Housing Department will establish specific program requirements that are within the parameters established by these Guidelines. Any adjustments to the programs will be made available in writing at least ten days in advance of the effective date.

Guidelines applicable to all Housing Department Programs:

- **Income Limits:** Based on household size as established by the U. S. Department of Housing and Urban Development.
- **Interest Rate:** A range of zero to three percent.
- **Repayment:** Established as one of these three methods:
 - 1) payment in full deferred until end of loan period; or
 - 2) monthly amortized payments; or
 - 3) monthly payments of interest only.

Note that possible payment of monthly impounds for taxes and insurance may be required in some situations.
- **Length of Loans:** 30 years; 5 to 10 years for forgivable loans.
- **Property Inspection:** Inspection by City staff for compliance with local building and safety codes.
- **Compliance with Funding Sources:** Transaction must comply with the appropriate U.S. Department of Housing and Urban Development guidelines, along with any requirements established by other available departmental funding sources.
- **Recapture and Resale Restrictions:** Recapture and resale of loan funds are determined by the funding source and by the U.S. Department of Housing and Urban Development. For those funding sources offering a resale or recapture option, the Housing Department will recapture funding and place the funds into the appropriate reuse or revolving accounts.
- **Subordinations for Refinancing Original Mortgage:** Subordinations only when the owner is not increasing the remaining balance of the original loan. Owner must pay all associated transaction costs as an out-of-pocket expense. In other words, the owner cannot take cash/equity out for any reason.

- **Assumptions:** Housing loans are assumable by income-qualified households. The new buyer must meet the underwriting guidelines in effect at the time the assumption is requested.
- **Short Sales:** City does not reduce the principal and interest in order to assist the re-sale of the property.
- **Establish Age for Seniors:** Set at 65 years.

Program Specific Loan Terms:

Down Payment Assistance Program:

- Residency/Employment: One year of residency or one year of employment within the city limits of Stockton.
- Maximum Purchase Price: The lesser of 1) the amount of a first mortgage that the homebuyer can qualify for based on their income and household size assuming debt to income ratios that do not exceed 35-41% (35% housing debt to income; 41% total debt to income) with flexibility to decrease or increase ratios by no more than 5% based on major economic changes, or 2) a maximum value of 95% set by the U. S. Department of Housing and Urban Development's published FHA mortgage limit for the Stockton Metropolitan Statistical Area, as revised from time to time.
- Maximum Assistance: Up to 10% of the purchase price plus closing costs.
- Minimum Investment from Buyer: At least 1.5% of the purchase price.
- Grant or Forgivable Feature: No funds are granted or forgiven for this program.
- Home Buyer Training: Eight hours of education by a certified home buyer's training organization and verified by a certificate of completion.

All Rehabilitation, Emergency and Accessibility, and Reconstruct Programs:

- Grant or Forgivable Feature: Only the Emergency and Accessibility Repair Program and Neighborhood Improvement Program loans are forgiven at end of the five to ten years for "special needs" persons and seniors.
- Debt ratio: 55% (total debt to income) with ability to decrease or increase ratio by no more than 5% based on major economic changes.
- Maximum Value of Rehabilitated House: A maximum value of 95% set by the U. S. Department of Housing and Urban Development's published FHA mortgage limit for the Stockton Metropolitan Statistical Area, as revised from time to time.