

STAFF REPORT

City of Lancaster

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MVB

Date: February 10, 2015

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Housing & Neighborhood Revitalization Director

Subject: **Disposition strategy for properties acquired by the City of Lancaster under the approved Neighborhood Stabilization Program**

Recommendation:

Adopt **Resolution No. 15-03**, approving a disposition strategy for the sale of single-family residences acquired under the approved Neighborhood Stabilization Program.

Fiscal Impact:

Revenue from NSP 3 home sales will be deposited into account code 363-3100-500.

Background:

On February 22, 2011, pursuant to the Dodd-Frank Act of 2010, the City of Lancaster received funds for the Neighborhood Stabilization Program 3 from the U.S. Department of Housing and Urban Development to acquire, rehabilitate and then resell foreclosed homes. Beginning in October of 2012, the City began to receive Program Income totaling \$1,096,136 from the sales of the NSP 3 homes. These funds must be used to acquire, rehabilitate and resell foreclosed homes in HUD approved targeted areas to benefit persons of low- and moderate-income.

The City of Lancaster purchased and rehabilitated seven properties under the Neighborhood Stabilization Program 3. These properties will be marketed and sold to potential homeowners who agree to purchase the properties for appraised value and agree to the recording of Declaration of Covenants, Conditions, and Restrictions. The Affordability Covenants, Conditions, and Restrictions contain affordability requirements and restrict the resale of the property to be owner occupied for forty-five years. The properties will be listed and sold through the Greater Antelope Valley Association of Realtors members, via the local area Multiple Listing Service to qualified homebuyers.

One significant component of the removal of blight and revitalization of mature neighborhoods is the rehabilitation of older housing stock. During the current economic downturn, there have been a substantial number of foreclosures on mortgages throughout the City. The City has purchased and rehabilitated several vacant and foreclosed properties. The homes purchased are typically those in need of the most assistance and not purchased by homeowners or investors when listed on the local Multiple Listing Service. The properties have been rehabilitated with energy efficient features, such as dual pane windows, Energy Star appliances, and drought tolerant landscaping, in an effort to reduce the maintenance cost of the home to the new homeowners.

The Neighborhood Stabilization Program helps to eliminate blight in the neighborhoods, and it assists the community by providing much needed affordable homeownership for families. Sale of the rehabilitated properties to homeowners will also help provide a better balance of homeowner to investor in the neighborhoods. By encouraging homeownership, the value attributed to the land as a resource increases, as the conditions of physical deterioration and blight due to poor use of the property, squatting and illegal dumping have been removed. The rejuvenation of these properties is further bolstered with the real potential of providing long-term affordable homeownership.

Attachment:

Resolution No. 15-03