



Legislation Details (With Text)

File #:	08-1169	Version:	1	Name:	CD - HUD Neighborhood Stabilization Program funds
Type:	Contract	Status:		Status:	CCIS
File created:	10/30/2008	In control:		In control:	City Council
On agenda:	11/18/2008	Final action:		Final action:	11/18/2008
Title:	Recommendation to approve the amendment to Fiscal Year 2008 - 2009 Action Plan incorporating the Neighborhood Stabilization Program (NSP); authorize City Manager to execute all necessary documents with the U.S. Department of Housing and Urban Development (HUD) and other entities necessary to receive NSP funds; increase appropriations in the Community Development Grants Fund (SR 150) in the Department of Community Development (CD) by \$5,070,310; and acquire and dispose of properties related to the NSP. (Citywide)				
Sponsors:	Community Development				
Indexes:	Contracts				
Code sections:					
Attachments:	1. 111808-R-19sr&att.pdf				

Date	Ver.	Action By	Action	Result
11/18/2008	1	City Council	approve recommendation	Pass

Recommendation to approve the amendment to Fiscal Year 2008 - 2009 Action Plan incorporating the Neighborhood Stabilization Program (NSP); authorize City Manager to execute all necessary documents with the U.S. Department of Housing and Urban Development (HUD) and other entities necessary to receive NSP funds; increase appropriations in the Community Development Grants Fund (SR 150) in the Department of Community Development (CD) by \$5,070,310; and acquire and dispose of properties related to the NSP. (Citywide)

To receive Community Development Block Grant (CDBG) funding from HUD, the City of Long Beach prepares an annual Action Plan that describes how the funding for lowincome residents will be used. On July 15, 2008, the City Council approved the Fiscal Year 2009 (FY 09) Action Plan. This FY 09 Action Plan is the fourth annual implementation plan under the five-year 2005 - 2010 Consolidated Plan. The Plan is required to assess community needs and to prioritize the use of HUD grant funds received by the City to address identified needs by principally benefiting low income Long Beach residents.

Pursuant to Title III of the Housing and Economic Recovery Act of 2008 (HERA), HUD has established a new program called the Neighborhood Stabilization Program (NSP). The City is eligible to receive an additional \$5,070,310 of federal funds allocated to the NSP. A summary of the HERA and the NSP regulations is provided. (Attachment A) Because this is a new program, the City must amend the FY 09 Action Plan in order to participate in the NSP. (Attachment B)

The NSP is intended to stabilize neighborhoods and stem the decline of housing values. The program calls for recipient cities and states to purchase and rehabilitate foreclosed or abandoned homes.' Once these properties are rehabilitated, the City can sell them to qualified buyers

that earn 120 percent or less of the average median income (AMI), or choose to demolish the property and use for public benefit. Because NSP funds must be allocated 18 months from receipt, it is requested that the City Manager be authorized to acquire and dispose of properties purchased and rehabilitated with NSP funds.

On October 15, 2008, the Community Development Advisory Commission conducted a Public Hearing to solicit public comment on the proposed amendment to the FY 2008 2009 Action Plan. The Commission voted unanimously to recommend to the City Council approval of the amendment to the FY 2008 - 2009 Action Plan. Notices regarding the Public Hearing and the availability of the draft Action Plan were published in the Press Telegram, the Angkor Bore; (Cambodian Language) and Impacto (Spanish Language). In addition, the program announcement was posted on the Community Development website. All of the public comments received at the public hearing and during the public comment period, October 22 to November 6, 2008, are included in the Amended Action Plan, along with copies of written responses from staff.

NSP Requirements

NSP allows the City to purchase and land bank properties that are either vacant or blighted, for the future development of affordable housing or for another public benefit.

Twenty-five percent (25%) of the NSP entitlement of \$5,070,310 must be used to accommodate people that earn 50 percent or less of the AMI. This amount, \$1,300,000 will be placed in the City's Housing Trust Fund (HTF) and administered by the Long Beach Housing Development Company for the purchase and rehabilitation of a vacanti foreclosed multi-family property.

Local governments are required to give priority emphasis and consideration of NSP funds to areas with the greatest need. On June 1, 2004, the City passed a resolution that adopted the Housing Action Plan (HAP) for Fiscal Years 2005 - 2009. One of the over-arching goals of the HAP is to maximize investment towards providing quality affordable housing to as many Long Beach residents as possible with a clear and pronounced effect of revitalizing and stabilizing Long Beach neighborhoods. Based on the goals of the HAP, NSP funds will be concentrated in the three (3) HAP areas. NSP requires that rehabilitated homes be provided to qualified homebuyers. The 2nd Mortgage Assistance Program, offered in the HAP areas, will allow the City to assist these buyers in purchasing homes.

This item was reviewed by Deputy City Attorney Richard Anthony on October 24, 2008 and Budget Management Budget Manager David Wodynski on October 29, 2008.

City Council action is requested on November 18, 2008, as the amended Action Plan must be submitted to HUD no later than December 1, 2008.

An appropriation increase of \$5,070,310 is requested in the Community Development Grants Fund (SR 150) in the Department of Community Development (CD). The grant revenues that will be received from HUD under the NSP will offset this increase. Of this appropriation, \$1.3 million will be used to transfer an equal amount of money into the HTF. When the City is ready to use HTF resources, it will request appropriation authority to do so at the time.

Approve recommendation.

DENNIS J. THYS, DIRECTOR
DEPARTMENT OF COMMUNITY DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER