



Legislation Text

File #: 11-0114, **Version:** 1

Recommendation to approve the amendment to the Fiscal Year 2010 - 2011 Action Plan incorporating the Neighborhood Stabilization Program 3 (NSP3); authorize City Manager to execute all necessary documents with the United States Department of Housing and Urban Development (HUD) to receive NSP3 funds in the amount of \$1,567,935, and all documents for the City related to acceptance of the grant award, NSP3 purchase/sale agreements, loan documents and all related documents for NSP3 funded transactions; and increase appropriations in the Community Development Grants Fund (SR 150) in the Department of Development Services (DS) by \$1,567,935. (Citywide)

In order to receive Community Development Block Grant (CDBG) funding from HUD, the City of Long Beach prepares an annual Action Plan that describes how funding for low- and moderate-income residents will be used. On July 13, 2010, the City Council approved the Fiscal Year 2011 (FY 11) Action Plan. This FY 11 Action Plan is the fifth annual implementation plan under the seven-year 2005-2012 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- and moderate-income Long Beach residents.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for the Neighborhood Stabilization Program (NSP) that was originally established under the Housing and Economic Recovery Act of 2008. A third round of NSP funding, the additional entitlement provided by the Dodd-Frank Act, is known as NSP3. A summary of NSP3 regulations is provided (Attachment A). Pursuant to the Act, the City is eligible to receive an additional \$1,567,935 of federal funds allocated to NSP3. Because this is a new entitlement, the City must amend the FY 11 Action Plan in order to participate in NSP3.

NSP3 is intended to expand upon the activities of NSP1 and NSP2 to stabilize neighborhoods most affected by the foreclosure crisis and to reduce the effects of foreclosures on local communities. NSP3 funds will be allocated by using a formula <<http://www.hud.gov/utilities/intercept.cfm>? <http://www.huduser.org/portal/datasets/NSP3%20Methodology.pdf>> based on the number of foreclosures and vacancies in areas with the following criteria: the highest rates of homes financed by a subprime mortgage, home mortgage loans that are delinquent, and homes that are in foreclosure.

The City's program proposes to purchase and rehabilitate foreclosed or abandoned homes in areas of greatest need where a significant impact can be achieved, and resell the homes to income-qualified first-time home buyers. In order to meet HUD's requirements, and to achieve the maximum impact in stabilizing local neighborhoods, the City will utilize funds to serve between four and six workforce households earning up to 120 percent Area Median Income (AMI) in a very targeted manner. Additionally, HUD requires that 25 percent of the total grant award be used to assist families earning less than 50 percent of AMI, which is equivalent to \$39,650 for a family of four. To achieve this outcome, the City will allocate a minimum of \$391,984 to assist up to two very low-income

households.

On January 19, 2011, the Community Development Advisory Commission conducted a Public Hearing to solicit public comment on the proposed amendment to the FY 11 Action Plan. The Commission voted unanimously to recommend that the City Council approve the amendment to the FY 11 Action Plan (Attachment B). Notices regarding the availability of the draft Action Plan were published in the *Press Telegram*, *Angkor Borei* (Cambodian Language) and *Impacto* (Spanish Language). In addition, the program announcement and the draft amendment were posted on the Neighborhood Services Bureau website. There were no public comments received at the public hearing nor during the public comment period, December 29, 2010 to January 13, 2011.

This item was reviewed by Deputy City Attorney Richard Anthony on January 19, 2011 and Budget Management Officer Victoria Bell on January 27, 2011.

City Council action is requested on February 8, 2011, as the grant agreement must be executed and submitted to HUD no later than March 1, 2011.

The receipt of \$1,567,935 in grant funds is not currently budgeted. Therefore an appropriation increase in the Community Development Grants Fund (SR 150) in the Department of Development Services (DS) is requested as part of the recommended action. There is no fiscal impact to the General Fund. The NSP3 program is expected to create or retain approximately 44 local jobs.

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER