



CITY OF MODESTO
COUNCIL AGENDA REPORT

DATE OF MEETING:
July 14, 2009

Date: June 23, 2009

TO: Mayor & City Council

THROUGH: Greg Nyhoff, City Manager

FROM: Julie G. Hannon, Director, Parks, Recreation and Neighborhoods Department

SUBJECT Grant Application for Neighborhood Stabilization Program 2

CONTACT: Rebecca Blanco, Administrative Analyst, Parks, Recreation and Neighborhoods Department, rblanco@modestogov.com, 209-577-5368

DESCRIPTION:

Consider authorizing staff to submit an application to the United States Department of Housing & Urban Development (HUD) for \$25.0 million in funding through the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, 2009 (Public Law 111-005) (Recovery Act), and authorizing the City Manager, or his designee, to execute all related documents. (Funding Source: U.S. Department of Housing and Urban Development, Community Development Block Grant Neighborhood Stabilization Program Revenue)

FISCAL IMPACT:

This project will be funded through the Neighborhood Stabilization Program. This is a competitive grant through the American Reinvestment and Recovery Act from the U.S. Department of Housing and Urban Development (HUD). There is no impact to the General Fund.

BACKGROUND:

On May 4, 2009, the Federal Government released a Notice of Funding Availability announcing the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, 2009 (Public Law 111-005)(Recovery Act) for additional activities under Division B, Title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289)(HERA). This amendment is for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes, referred to as the Neighborhood Stabilization Program (NSP).

The purpose of the Neighborhood Stabilization Program is to revitalize areas hit hardest by foreclosures. The regulations require that twenty-five percent of funding be utilized to serve those at or below fifty percent of the median area income. There are four areas of proposed allocation as described below:

Foster/Homeless Youth - The City of Modesto plans to partner with the Center for Human Services and the Housing Authority to purchase and rehabilitate properties for transitional foster and homeless youth that are between the ages of 18-26. This program will provide housing for this special population so that they can focus on education and finding employment.

Substance/Mental Health - Another area of partnership will be between the City of Modesto and Stanislaus Community Assistance Project (SCAP) for the acquisition and rehabilitation of homes to help service those with mental health or substance abuse issues. This housing will provide a place where the participants can focus on addressing the problems they face in order to become stable.

Down Payment Assistance - This Program will follow the City's current program and will provide funding for citizens at or below 120% of the median area income to become homeowners.

Acquisition and Rehabilitation – This Program will provide funding for organizations to purchase and rehabilitate foreclosed homes in order to either resell or rent those homes to persons that are at or below 120% of the median area income.

The deadline for receipt of application is July 17, 2009. Staff recommends the following allocation of funds:

Foster/Homeless Youth - 50% below MAI	\$6,000,000
Substance/Mental Health - 50% below MAI	\$6,000,000
Down Payment Assistance Program	\$5,500,000
Acquisition & Rehabilitation	\$5,000,000
Admin (10% of request)	\$2,500,000
Total Funds	\$25,000,000

All funding requests will be reviewed by established committees to ensure accountability and transparency. The Down-Payment Assistance Program (DPAP) requests will be reviewed by the Housing Rehabilitation and Loan Committee (HRLC). DPAP applications are for up to \$125,000 and if all qualifications are met, can be approved by the HRLC.

COMMITTEE RECOMMENDATION:

This item was heard at the July 7, 2009, Citizen's Housing & Community Development Committee meeting.

STRATEGIC PLAN ELEMENT:

This action is consistent with the City Council's Strategic Plan as follows:

- V.A.3 Create Housing opportunities and choices for a range of household types, family sizes and incomes.
- Goal H.II.A. Our actions develop and reinforce the sense of community neighborhood sense of identity.
- Goal H.II.F. People in neighborhoods have convenient linkages to services.

RECOMMENDED COUNCIL ACTION:

Resolution authorizing staff to submit an application to the United States Department of Housing & Urban Development (HUD) for \$25.0 million in funding through the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, 2009 (Public Law 111-005) (Recovery Act), and authorizing the City Manager, or his designee, execute all related documents..

Approved by:

Julie G. Hannon, Director, Parks, Recreation and Neighborhoods Department

Greg Nyhoff, City Manager

Attachments:

1. NSP 2 Application
2. Council Resolution