

**CITY OF SAN BERNARDINO  
ECONOMIC DEVELOPMENT AGENCY**

FROM: Emil A. Marzullo  
Interim Executive Director

SUBJECT: **Acceptance of funding approval and Grant Agreement for the Neighborhood Stabilization Program**

DATE: April 13, 2009

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**Synopsis of Previous Commission/Council/Committee Action(s):**

On April 9, 2009, Redevelopment Committee Members Johnson, Baxter and Brinker unanimously voted to recommend that the Mayor and Common Council consider this action for approval.

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**Recommended Motion(s):**

**(Mayor and Common Council)**

Resolution of the Mayor and Common Council of the City of San Bernardino, California, approving the funding and Grant Agreement for the Neighborhood Stabilization Program (NSP) Funds as authorized and appropriated under the Housing and Economic Recovery Act of 2008

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Contact Person(s): Carey K. Jenkins Phone: (909) 663-1044  
Project Area(s): N/A Ward(s): All  
Supporting Data Attached:  Staff Report  Resolution(s)  Agreement(s)/Contract(s)  Map(s)  Letter(s)  
FUNDING REQUIREMENTS: Amount: \$ 8,408,588 Source: Federal Neighborhood Stabilization Program  
Budget Authority: N/A

Signature: Emil A. Marzullo, Interim Executive Director Fiscal Review: Barbara Lindseth, Administrative Services Director

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**Commission/Council Notes:**

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# ECONOMIC DEVELOPMENT AGENCY

## STAFF REPORT

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### ACCEPTANCE OF FUNDING APPROVAL AND GRANT AGREEMENT FOR THE NEIGHBORHOOD STABILIZATION PROGRAM

#### **BACKGROUND:**

On November 17, 2008, both the Mayor and Common Council of the City of San Bernardino ("Council") and the Community Development Commission of the City of San Bernardino ("Commission") adopted the City of San Bernardino Economic Development Agency's ("Agency") Response to Title III of the Housing and Economic Recovery Act of 2008 Neighborhood Stabilization Program ("NSP"). The Agency's response consisted of the following four programmatic activities:

1. Down payment assistance;
2. Rental housing opportunities for households at or below 50% of the Area Median Income;
3. Acquisition, demolition for future redevelopment; and
4. Acquisition, rehabilitation and resale of single-family properties.

It also contained funds for an administrative line item for up to 10% of the NSP grant award. In response to the residential foreclosure crisis, the City of San Bernardino ("City") received \$8,408,558. This amount was based upon pre-determined United States Department of Housing and Urban Development ("HUD") parameters including the overall number and percentage of homes in foreclosure, the number and percentage of homes financed by subprime mortgages and the projected 18-month foreclosure and abandonment risk within the City. Since the time of submission of the City's application to HUD, Agency Staff has been working to further develop the individual program components, procure the necessary services and identify the appropriate personnel to manage the multi-year NSP award.

#### **CURRENT ISSUE:**

Under the terms of the NSP grant, the City has 18 months to obligate the funds it has been awarded. The 18-month period has already been triggered as a result of the signed Grant Agreement received by the Agency from HUD. It is the intent of the Agency to have the Mayor, serving as the authorized City official, sign and thus execute the Grant Agreement acknowledging receipt and acceptance of the award and readiness to draw down funds in support of program efforts.

Based on the terms and conditions of the NSP, the City has 18 months to obligate all funds to specific project-related activities and 48 months thereafter to spend these funds. The date that HUD officials signed the Grant Agreement was March 3, 2009. Therefore, it is incumbent upon the City to obligate the funds to its various programmatic activities on or before September 3, 2010. Under this timeline, programmatic activities would be in effect through March 3, 2013. Per HUD requirements, if the funds are not obligated within the 18-month deadline, the unspent NSP allocation would be recaptured.

**ENVIRONMENTAL IMPACT:**

None.

**FISCAL IMPACT:**

There is no impact on the City's General Fund. As a result of accepting the NSP grant award, the City would be entitled to \$8,408,558 in housing-related funds to combat residential foreclosures.

**RECOMMENDATION:**

That the Mayor and Common Council adopt the attached Resolution.

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**Emil A. Marzullo, Interim Executive Director**