

**CITY OF SAN BERNARDINO
ECONOMIC DEVELOPMENT AGENCY**

FROM: Emil A. Marzullo
Interim Executive Director

SUBJECT: **Delegation of administration and management
for the use of the City of San Bernardino
Neighborhood Stabilization Program ("NSP")
Funds in accordance with the Housing and
Economic Recovery Act of 2008**

DATE: July 16, 2009

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

Recommended Motion(s):

(Mayor and Common Council)

Resolution of the Mayor and Common Council of the City of San Bernardino approving and authorizing the expenditure of certain Neighborhood Stabilization Program ("NSP") Funds to be utilized for acquisition, demolition, rehabilitation and resale activities pursuant to the Housing and Economic Recovery Act of 2008 ("HERA") in accordance with NSP Grant Number B-08-Mn-06-0520

(Community Development Commission)

Resolution of the Community Development Commission of the City of San Bernardino accepting the Delegation of Administration and Management for the use of the City of San Bernardino Neighborhood Stabilization Program ("NSP") Funds to be utilized for acquisition, demolition, rehabilitation and resale activities in accordance with the Housing and Economic Recovery Act of 2008

Contact Person(s):	<u>Carey K. Jenkins</u>	Phone:	<u>(909) 663-1044</u>
Project Area(s):	<u>N/A</u>	Ward(s):	<u>City Wide</u>
Supporting Data Attached:	<input checked="" type="checkbox"/> Staff Report <input checked="" type="checkbox"/> Resolution(s) <input checked="" type="checkbox"/> Agreement(s)/Contract(s) <input type="checkbox"/> Map(s) <input type="checkbox"/> Letter(s)		
Funding Requirements:	Amount: \$ <u>8,408,558</u>	Source:	<u>NSP Grant/Agency's Tax Increment Set-Aside Funds</u>
	Budget Authority:	<u>Agency's FY 2009-2010 Budget</u>	

Signature:	<u>Emil A. Marzullo, Interim Executive Director</u>	Fiscal Review:	<u>Russ DeJesus</u>
			<u>Interim Administrative Services Director</u>

Commission/Council Notes:

ECONOMIC DEVELOPMENT AGENCY

STAFF REPORT

DELEGATION OF ADMINISTRATION AND MANAGEMENT FOR THE USE OF THE CITY OF SAN BERNARDINO NEIGHBORHOOD STABILIZATION PROGRAM (“NSP”) FUNDS IN ACCORDANCE WITH THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008

BACKGROUND:

On July 30, 2008, Congress enacted the Housing and Economic Recovery Act of 2008 to address foreclosures nationwide by funding \$3.9 billion for the Neighborhood Stabilization Program (“NSP”) administered by the United States Department of Housing and Urban Development (“HUD”). Under a formula allocation the City received approximately \$8.4 million to address its foreclosure problem. On November 17, 2008, the City Council of the City of San Bernardino and the Community Development Commission of the City of San Bernardino (collectively, the “City”) jointly approved the Redevelopment Agency of the City of San Bernardino’s (the “Agency”) proposal and submission to HUD for its \$8.4 million NSP allocation. Finally, on March 3, 2009, HUD approved the City’s application which was followed by an April 23, 2009, City Council action to formally accept the funds.

The Agency’s approved plan with HUD consists of the following four Program activities plus an administrative line item:

1. Acquisition, Rehabilitation and Resale of single-family residences (\$3,700,000);
2. Acquisition and Demolition for future development (\$920,000);
3. Down Payment Assistance (\$920,000);
4. Housing Opportunities for Households at or below 50% of the AMI – HUD Requirement (\$2,100,000); and
5. Administration (\$768,558).

CURRENT ISSUE:

It is the intention of the Agency to now move forward with three of the approved NSP components: Acquisition, Rehabilitation and Resale of single-family residences; Acquisition and Demolition for future development; and Down Payment Assistance. The fourth activity, Housing Opportunities for Households at or below 50% of AMI, is in the process of being modified and will be submitted for approval under a separate request.

The Agency requests authority to move forward in this fashion in order to initiate program activities and remain in compliance with NSP requirements as the City’s allocation must be committed and obligated to specific work activities within 18 months of the HUD approval. This approval initially occurred on March 3, 2009, therefore, the City has until September 3, 2010, to obligate the \$8.4 million allocation.

ENVIRONMENTAL IMPACT:

None.

FISCAL IMPACT:

There will be no fiscal impact to the City's General Fund. The services provided under the Acquisition, Rehabilitation and Resale Program and the associated administration costs will be funded either with NSP funds derived from HUD or funds from the Agency's tax increment housing set-aside. As it relates to the Agency's Housing Set-Aside, funds have already been allocated to assist with NSP activities in the form of the Agency's citywide Housing Assistance Program which is established in the Agency's FY 2009–2010 budget.

RECOMMENDATION:

That the Mayor and Common Council and the Community Development Commission adopt the attached Resolutions.

Emil A. Marzullo, Interim Executive Director