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**SUBSTANTIAL AMENDMENT TO THE CITY OF FRESNO  
 2008-2009 ANNUAL ACTION PLAN**

The U.S. Department of Housing and Urban Development (HUD) has awarded the City of Fresno \$10,969,169 from the newly established Neighborhood Stabilization Program. NSP was authorized by the U.S. Congress on July 30, 2008, under Title III of the Housing and Economic Recovery Act of 2008, to respond to the national increase in foreclosures and the impact of subprime lending on housing. As required by HUD to receive the funding, the City prepared a substantial amendment to the FY 2008-2009 Annual Action Plan to incorporate the proposed use of NSP funds.

The federally funded Neighborhood Stabilization Program (NSP) provides funds to jurisdictions to address the impact the national foreclosure crisis has had on local neighborhoods. Over the past year, City staff has worked through a community oriented process to ensure qualified partners were selected for implementation of the NSP, and that the funds were utilized in accordance with community wide concerns and priorities.

As a result of the selection process, on June 18, 2009, staff recommended, and Council approved, the selection of four subrecipients to purchase, rehabilitate and resell abandoned and foreclosed homes to eligible buyers. The four subrecipients are Coalition for Urban Renewal Excellence, the City of Fresno Redevelopment Agency, the City of Fresno Housing Authority, and 2M Development Corporation. Funding for the four developers was approved as follows:

<b>Agency</b>	<b>Award</b>
Housing Authority of the City of Fresno (HA)	\$5,000,000
Coalition for Urban Renewal Excellence (CURE)	\$800,000
Fresno Redevelopment Agency (RDA)	\$800,000
2M Development Corporation	\$500,000

On Wednesday, September 23, 2009 at 5:00 p.m., the Housing and Community Development Commission (HCDC) will conduct a public hearing on the substantial amendment to obtain the views of citizens on the proposed use of the funds. The hearing will be held at Fresno City Hall, 2600 Fresno Street, Second Floor, Meeting Room A, Fresno, CA. The City Council will take the substantial amendment up for consideration and adoption on Thursday, September 24, 2009, at Fresno City Hall, Second Floor, City Council Chambers. The City will provide translators, upon request, and will make special accommodations for persons with disabilities. Persons needing these services must contact Crystal Smith at (559) 621-8507, by 5:00 p.m., on September 17, 2009.

The FY 2008-2009 Annual Action Plan Substantial Amendment will be available for review beginning September 15, 2009. The amendment can be viewed at City Hall 2600 Fresno Street, Fresno, CA in the City Clerk's Office (Room 2133); the Housing and Community Development Division (Room 3076); the Budget and Management Studies Division, 2440 Tulare Street, Suite 100; and the Fresno County Library (Downtown branch). More information can be found online at [www.fresno.gov](http://www.fresno.gov).

For additional information contact:

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## **NEIGHBORHOOD STABILIZATION PROGRAM PROGRAM INCOME REUSE PLAN**

The purpose of this plan is to establish guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded under the Neighborhood Stabilization Program (NSP).

### **Need for Plan Governing Reuse of NSP Program Income**

NSP is authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) and under the heading of the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes. HERA provides under a rule of construction that, unless it is otherwise stated, grants made under the NSP are considered to be Community Development Block Grant (CDBG) funds.

This Reuse Plan is intended to satisfy the requirements specified in federal statute and regulation at 24 Code of Federal Regulations (CFR) 570.500 and of Title III of Division B of HERA. These statutory and regulatory sections permit the City to retain NSP Program Income generated by eligible NSP activities pursuant to HERA. The eligible NSP activities shall principally benefit low-, moderate-, and middle-income (LMMI) individuals and families, and limited to only those activities as described in the Grantee's Application.

Such activities may include:

- Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
- Redevelop demolished or vacant properties.

### **Acceptance of the NSP Program Income Reuse Plan**

The NSP Program Income Reuse Plan details the uses of NSP Program Income and confirms the City's required compliance with the federal regulations.

### **Program Income Defined**

NSP Program Income is defined in federal regulation at 24 CFR 570.500(a) which specifies that the NSP Program Income is the gross income received by the Grantee or subrecipient that has been directly generated from the use of CDBG/NSP funds.

Examples of program income include:

- Payments of principal and interest on loans made using CDBG/NSP funds;

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG/NSP funds;
- Gross income from the use or rental of real property that has been acquired by the recipient or by a subrecipient with CDBG/NSP funds, less costs incidental to generation of the income;
- Gross income from the use or rental of real property, owned by the recipient or by a subrecipient, that was constructed or improved with CDBG/NSP funds, less costs incidental to generation of the income; and
- Interest earned on program income pending its disposition.

Program income received from eligible NSP activities pursuant to HERA may be retained by the City if it is treated as additional CDBG/NSP funds and used in accordance with the requirements of Section 2301. Revenue generated from the use of NSP funds and received by a private individual or other entity that is not a subrecipient must be returned to the City.

### **Cash Management**

All NSP Program Income must be disbursed for eligible NSP activities before additional NSP funds are made available to the City for an advance or reimbursement.

- a. All NSP Program Income generated by NSP-funded activities must be placed in a separate NSP Program Income account.
- b. The City is allowed to use the NSP Program Income to meet the used/obligated milestones.

### **Agreements with Subrecipients**

The City has incorporated into its subrecipient agreements such provisions as are necessary to ensure compliance with the requirements, including the requirement that program income be remitted to the City.

### **General Administration (GA) Cost Limitation**

The City of Fresno will be allowed general administrative costs of up to ten percent (10%) of all NSP Program Income expended during each fiscal year.

### **Reuses of NSP Program Income**

The City of Fresno will be allowed to use the earned NSP Program Income for eligible NSP activities in the areas of greatest needs listed in the City's NSP Application.

All program income generated by activities funded by NSP grants must be placed in a separate NSP program income account. ***NSP Program Income funds will not be co-mingled with CDBG program income funds.***

## **Federal Cross Cutting Regulation Compliance**

The City of Fresno shall ensure that the use of NSP Program Income under this NSP Program Income Reuse Plan complies with all federal cross cutting regulation requirements, including, but not limited to:

- citizen participation
- Section 3 employment
- acquisition and relocation
- maintenance of adequate accounting and recordkeeping systems
- environmental review
- lead-based paint
- procurement
- equal opportunity
- labor standards
- property management