



Memorandum

TO: ED SHIKADA
Chief Deputy City Manager

FROM: Leslye Krutko

**SUBJECT: JOINT APPLICATION TO
HUD FOR NSP2 FUNDS**

DATE: July 16, 2009

Approved *Ashwini Kantak for Ed Shikada* Date *07-16-09*

BACKGROUND

The American Reinvestment and Recovery Act of 2009 included an allocation of funds for additional activities under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA). The additional funds are referred to as the Neighborhood Stabilization Program 2 (NSP2).

On May 4, 2009, the U.S. Department of Housing and Urban Development (HUD) issued a Notice of Funding Availability (NOFA) seeking applications for \$1.93 billion in NSP2 funds to carry out programs to stabilize neighborhoods. The NOFA provides that nonprofit entities (which include governmental agencies and private non-for-profit organizations) are eligible to apply jointly for NSP2 funds provided those entities enter into a consortium agreement. The NOFA established a July 16, 2009 application deadline.

ANALYSIS

The Housing Department has been in conversations with the Housing Trust of Santa Clara County (Trust) and Neighborhood Housing Services Silicon Valley (NHSSV) – both 501(c)(3) nonprofit organizations – about ways that the three organizations could jointly utilize NSP2 funds.

We have agreed to participate in a three-party consortium to apply for \$25 million of NSP2 funds, with the program objective of stabilizing neighborhoods by purchasing, rehabilitating and reselling (with down-assistance loans) foreclosed properties in highly impacted neighborhoods. The emphasis would be on single-family homes, though some funds may be expended on multi-family properties as well. The Trust will execute the application to HUD and will be the lead agency and fiscal agent for administering the funds. The Housing Department and NHSSV would have defined responsibilities for helping to administer the program as outlined in the attached Consortium Organization Chart.

To cover its staff costs for helping to implement the program, the Housing Department would receive reimbursement from the Trust out of that portion of the grant authorized for administrative purposes.

DEBRA FIGONE

July 16, 2009

Subject: Joint Application for NSP2 Funds

Page 2

The City Attorney's Office is assisting the Department in crafting a Memorandum of Understanding with the Trust and NHSSV to document the consortium in the funding application to HUD.

A 10-day public notice period for the consortium's intended application for NSP2 funds began on July 6, 2009 with notices published in the San Jose Mercury-News and Spanish and Vietnamese-language community newspapers as well as postings on the Housing Department's and the Trust's websites.

NEXT STEPS

Should the consortium's application be approved by HUD, the Housing Department would seek City Council approval for entering into a formal agreement with the Trust and NHSSV and to make adjustments to the Department's 2009-10 Budget.

RECOMMENDATION

I recommend that you authorize this joint application for NSP2 stimulus funds by signing the "APPROVAL" box above.


LESLYE KRUTKO
Director of Housing

Attachment

cc: Ed Shikada, Deputy City Manager

Consortium Organization Chart

