## RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE 1) APPROVING THE SUBSTANTIAL AMENDMENT TO THE FISCAL YEAR 2022-2023 ANNUAL ACTION PLAN THAT INCLUDES CHANGES TO THE **FEDERAL** NEIGHBORHOOD STABILIZATION PROGRAM AND THE COMMUNITY DEVELOPMENT BLOCK GRANT TO THE CITY OF SAN JOSE; 2) AUTHORIZING THE HOUSING DEPARTMENT TO SUBMIT THE SUBSTANTIAL AMENDMENT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; AND 3) AUTHORIZING THE CITY MANAGER OR HER DESIGNEE NEGOTIATE AND EXECUTE **AGREEMENTS** GRANTEES FOR THE ACTIVITIES IDENTIFIED IN THESE ANNUAL ACTION PLAN AMENDMENTS AND ALL RELATED CONTRACT AMENDMENTS, EXTENSIONS, AND CHANGES

**WHEREAS**, the Annual Action Plan governs the expenditure of entitlement funds and competitive grants that the City of San José ("City") receives from the U.S. Department of Housing and Urban Development ("HUD"); and

WHEREAS, on August 9, 2022, the City Council approved the Fiscal Year 2022-2023 Annual Action Plan ("Annual Action Plan"), which includes the expenditure of Neighborhood Stabilization Program ("NSP1") and Community Development Block Grant ("CDBG") funds; and

**WHEREAS,** in 2009, under the Housing Economic Recovery Act of 2008, the City was awarded a \$5,628,283 NSP1 grant to mitigate the impacts of the 2008 to 2010 foreclosure crisis and the City successfully acquired and resold or rented 14 owner-occupied, single-family residences and two fourplex apartment buildings to incomeeligible households; and

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WHEREAS, the NSP1 program generated \$3,127,329 in program income, of which

\$2,543,108 was re-invested into the program, and program income is money directly

generated from loan repayments from these investments; and

**WHEREAS**, under NSP1 regulations, program income received prior to, at the time of,

or after closeout may be transferred to an annual CDBG program and the transferred

funds will become CDBG program income; and

WHEREAS, there is \$584,220 available in NSP1 program income and these funds are

subject to CDBG statutory and regulatory requirements for CDBG program income; and

WHEREAS, HUD recognizes that some grantees no longer have an adequate pool of

NSP1-eligible foreclosed or abandoned properties in the specified targeted areas and

acknowledges there are other community needs that CDBG funding could be used to

address; and

**WHEREAS**, NSP1 recipients are in the process of closing out their programs because

the federal government discontinued funding the Neighborhood Stabilization Programs,

and in June 2022, the City's Housing Department initiated the NSP1 closeout process

that will be completed in this fiscal year and transferring the funds into the CDBG

program is one of the requirements of the closeout process; and

**WHEREAS**, before the funds can be transferred into the CDBG program, the funds

must be allocated in the Annual Action Plan so that the public will know how the funds

will be spent; and

**WHEREAS**, staff recommends reallocating NSP1 program income funds in the Annual

Action Plan to the CDBG program for CDBG-eligible uses of public service, community

development and administration; and

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WHEREAS, these proposed changes to the Annual Action Plan meet HUD's

Substantial Amendment requirements because the NSP1 funds will no longer be used

to acquire and rehabilitate foreclosed single-family homes or apartments, and the

closure of the NSP1 program and the transfer of funds to CDBG is over \$100,000 in the

Community Development and Administration funding categories; and

**WHEREAS**, the City desires to approve the Substantial Amendment to the Annual

Action Plan, authorize the Housing Department to submit the Substantial Amendment to

HUD, and negotiate and execute agreements with grantees for the activities identified in

these Annual Action Plan amendments and all related contract amendments,

extensions, and changes;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN

JOSE THAT:

1. The following changes relating to the Substantial Amendment to the Fiscal Year

2022-2023 Annual Action Plan are hereby approved:

(i) Decrease NSP1 program income funds by \$584,220 and redirect funds to

Community Development Block Grant eligible uses;

(ii) Increase Community Development Block Grant program income funds by

\$584,220 and apply funds to other Community Development Block Grant

eligible uses.

2. The Housing Department is hereby authorized to submit the Substantial

Amendment to the U.S. Department of Housing and Urban Development.

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3.	agreements with grantees for the activ	nereby authorized to negotiate and execute vities identified in these Annual Action Plan amendments, extensions, and changes.
ADOF	PTED this day of,	2023, by the following vote:
	AYES:	
	NOES:	
	ABSENT:	
	DISQUALIFIED:	
ATTE	ST:	MATT MAHAN Mayor
TONI City C	J. TABER, CMC	