

RESOLUTION NUMBER R-307320

DATE OF FINAL PASSAGE MAR 21 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE REALLOCATION OF NEIGHBORHOOD STABILIZATION PROGRAM (NSP) GRANT FUNDS AND NSP PROGRAM INCOME FUNDS BETWEEN ELIGIBLE NSP ACTIVITIES, AND AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SUBMIT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT A REVISED NSP SUBSTANTIAL AMENDMENT TO THE CITY'S FISCAL YEAR 2009 ANNUAL ACTION PLAN AND TO EXECUTE AN AMENDMENT TO THE NSP AGREEMENT WITH THE SAN DIEGO HOUSING COMMISSION RELATING TO SUCH REALLOCATION OF NSP FUNDS.

WHEREAS, the Housing and Economic Recovery Act of 2008 (HERA) was signed into law on July 30, 2008; and

WHEREAS, on September 26, 2008, the U.S. Department of Housing and Urban Development (HUD) allocated \$3.9 billion to states and hard-hit areas under Sections 2301-2304 of HERA, known henceforth as the Neighborhood Stabilization Program (NSP), for the purpose of assisting in the redevelopment of abandoned and foreclosed homes and residential properties; and

WHEREAS, the City of San Diego (City), as an entitlement city under the HUD Community Development Block Grant (CDBG) program, received \$9,442,370 in NSP funds in on March 3, 2009, after submitting a plan to HUD in the form of a Substantial Amendment to the City's Consolidated Plan 2009 Action Plan (NSP Plan); and

WHEREAS, on November 18, 2008, the City Council of the City of San Diego (Council) adopted Resolution No. 304441 approving the NSP Plan and appropriating the \$9,442,370 in NSP funds; and

WHEREAS, on August 25, 2009, the City entered into a subrecipient contract entitled “Agreement Between the City of San Diego and San Diego Housing Commission for the Provision of Services Related to the Neighborhood Stabilization Program”, which delegated responsibility to the San Diego Housing Commission (SDHC) to operate and administer the City’s NSP grant to accomplish the goals in the NSP Plan (NSP Agreement); and

WHEREAS, the NSP Plan contemplates the shifting of funds between eligible NSP activities as circumstances warrant and the NSP Agreement authorizes modification of the Agreement as needed upon approval of the City; and

WHEREAS, only the addition of a new NSP activity or a significant budgetary change that requires the addition, deletion, or shifting of funds within program categories greater than 30 percent require the submission of a Substantial Amendment with the requirement of a public hearing; and

WHEREAS, on September 15, 2009, the City Council adopted Resolution No. R-302527 approving the first revision to the NSP Plan related to the expenditure of NSP funds as described in City Council and Housing Authority Report No. HAR 09-033; and

WHEREAS, the NSP Plan as described in Report No. HAR 09-033 authorized an additional NSP activity entitled Acquisition/Rehabilitation and Resale to First-Time Homebuyers activity and the transfer \$1.7 million in NSP funds from the Financing Mechanism activity to the Acquisition/Rehabilitation and Resale to First-Time Homebuyers activity and shifting \$100,000

from the Financing Mechanism activity to the Redevelop Demolished and Vacant Properties activity; and

WHEREAS, on January 15, 2010, the Parties executed Amendment No. 1 to the NSP Agreement to reflect the revisions set forth in Report No. HAR 09-033; and

WHEREAS, on March 4, 2010, the Parties executed Amendment No. 2 to the NSP Agreement to further shift funds between eligible NSP activities in amounts which do not require a Substantial Amendment; and

WHEREAS, the City's CDBG-R funds must be fully expended by March 31, 2013; and

WHEREAS, the City's CDBG Program Office staff and the SDHC's staff have identified a total of \$523,757.17 in NSP grant funds that are either in excess of anticipated activity needs or too small to fund any additional NSP projects within the particular NSP activity (Excess NSP Funds); and

WHEREAS, City staff has also identified \$107,169.57 in NSP Program Income funds, which have accrued as a result of principal and interest repayments being made on loans of NSP funds and interest being earned on the balance of unexpended NSP Program Income funds on account with the SDHC that are now available for use on NSP activities; and

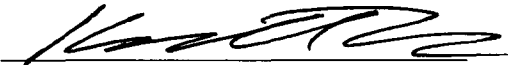
WHEREAS, the City's CDBG Program Office staff recommends that the City Council reallocate the Excess NSP Funds, NSP Program Income funds, and any future NSP Program Income received prior to December 31, 2012, to the NSP Acquisition/Rehabilitation and Resale to First-Time Homebuyers activity; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego as follows:

1. That the Chief Financial Officer is authorized to de-appropriate \$523,757.17 in NSP funds in Fund 600000, Grant No. 1000215-2010, from the activities specified below in the following amounts:
  - a. NSP Administration - SDHC (Internal Order No. AI1000215-10): \$353,552.86
  - b. NSP Financing Mechanism (Internal Order No. AK1000215-10): \$19,205.36
  - c. NSP Redevelop Demolished or Vacant Properties (Internal Order No. AM1000215-10): \$150,998.95
2. That the Chief Financial Officer is authorized to appropriate and expend a total of \$523,757.17 in NSP funds to fund the NSP Acquisition/Rehabilitation and Resale to First-Time Homebuyers activity (Internal Order No. AO1000215-10), contingent upon the Chief Financial Officer certifying that funds are available.
3. That the San Diego Housing Commission is authorized to allocate a total of \$107,169.57 in NSP Program Income funds to fund projects under the NSP Acquisition/Rehabilitation and Resale to First-Time Homebuyers activity.
4. That the San Diego Housing Commission is authorized to allocate all future NSP Program Income received through December 31, 2012, to fund projects under the NSP Acquisition/Rehabilitation and Resale to First-Time Homebuyer activity.
5. That the Mayor or his designee is authorized to submit to HUD a revised NSP Substantial Amendment to the City's Fiscal Year 2009 Annual Action Plan identifying the revised funding amounts for NSP activities as set forth herein.
6. That the Mayor or his designee is authorized to negotiate and execute an amendment to the NSP Agreement with the San Diego Housing Commission relating to the approved

reallocation of NSP funding as set forth herein, contingent upon the Chief Financial Officer certifying that the funds are available.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Kenneth So  
Deputy City Attorney

KS:mm  
02/28/2012  
Or.Dept: Economic Development Dept.  
R-2012-434  
PL #2012-09151

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 15 2012 .

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 3-21-12  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor