

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE SUBSTANTIAL AMENDMENT TO THE 2011-2012 CONSOLIDATED ANNUAL ACTION PLAN TO RESERVE HOME FUNDS FOR NEIGHBORHOOD STABILIZATION PROGRAM 2 HOME ACQUISITION ACTIVITIES**

**WHEREAS**, in 2009, the City of San José (“City”), along with the Housing Trust of Santa Clara County (“Housing Trust”) and Neighborhood Housing Services of Silicon Valley, formed a Neighborhood Stabilization Program 2 (“NSP2”) Consortium (the “Consortium”) to apply for a federal grant under the American Recovery and Reinvestment Act of 2009; and

**WHEREAS**, the activities outlined under the agreement between the Consortium and the U.S. Department of Housing and Urban Development (“HUD”) for this grant ( the “Program Agreement”) include providing homeownership assistance to low and moderate income homebuyers purchasing foreclosed homes in NSP designated areas (the “homebuyer program”) and acquiring and developing or rehabilitating foreclosed properties in the designated census tracts to be either rented or resold to income eligible households; and

WHEREAS, in accordance with the funding application and Program Agreement, the Housing Trust is responsible for implementing and managing the NSP2 funded homebuyer program under the grant, while the City’s Housing Department is responsible for implementing and managing the acquisition, rehabilitation and resale activities; and

**WHEREAS**, under the acquisition, rehabilitation and resale activities, the Housing Department has implemented two programs: 1) utilization of 25% of the \$25 million

grant to assist individuals or families meeting the very low income category through the acquisition and rehabilitation/construction of multi-family rental units restricted to very low income renters; and 2) the “San José Dream Home Program” which has a goal of purchasing and rehabilitating 64 distressed foreclosed and vacant properties to be resold to low or moderate income homebuyers; and

**WHEREAS**, currently, 100% of the NSP2 funds for the San José Dream Home Program have been spent to purchase 33 properties with 12 of these properties having been resold to eligible households; and

**WHEREAS**, meeting the production goal of 64 properties is predicated on the use of the funds from the resale of the rehabilitated properties (“Program Income”), to purchase more properties for rehabilitation; and

**WHEREAS**, the process of purchasing, rehabilitating and reselling the properties that were purchased with NSP2 funds has taken longer than anticipated and there isn’t enough Program Income returning to the San José Dream Home Program yet, to allow the purchase of the remaining 31 properties needed to reach the goal of 64 properties by the NSP2 deadline of February 11, 2013; and

**WHEREAS**, by using Home Investment Partnership Program (“HOME”) funds to supplement the City’s NSP2 funds, the City can accelerate the purchase of the final 31 properties, providing sufficient time to rehabilitate and resell them to income eligible households; and

**WHEREAS**, the City desires to approve a substantial amendment to the 2011-2012 Consolidated Annual Action Plan (“ConPlan”) to reserve up to \$3,700,000 of HOME funds to supplement the City’s NSP2 funds, and adjust other current HOME fund allocations in the ConPlan as needed to make such funds available;

**NOW, THEREFORE,** BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

A substantial amendment to the 2011-2012 Consolidated Annual Action Plan (“ConPlan”) to reserve up to \$3,700,000 of Home Investment Partnership Program (“HOME”) funds to supplement the City’s Neighborhood Stabilization Program 2 (“NSP2”) funds and adjust other HOME fund allocations in the ConPlan as needed to make such funds available, as more specifically set forth in the memorandum from the Director of Housing dated March 5, 2012, is hereby approved.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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CHUCK REED  
Mayor

ATTEST:

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DENNIS D. HAWKINS, CMC  
City Clerk