

**RESOLUTION NO. 74670**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF HOUSING TO ACCEPT FEDERAL FUNDS UNDER THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008**

**WHEREAS**, on July 30, 2008, the President signed the Housing and Economic Recovery Act of 2008 (“HERA”), which appropriated \$3.92 billion in funds for the Neighborhood Stabilization Program (“NSP”) to address the skyrocketing home foreclosure rate; and

**WHEREAS**, the Department of Housing and Urban Development (“HUD”) has calculated that the City will receive a direct NSP award allocation of \$5,628,823.00; and

**WHEREAS**, NSP funds may be used to establish financing mechanisms for purchase and redevelopment of foreclosed homes, purchase and rehabilitate properties that have been abandoned or foreclosed in order to sell or rent them, establish land banks of homes that have been foreclosed, demolish blighted structures, and redevelop demolished or vacant properties; and

**WHEREAS**, to qualify to receive the award allocation, the City must submit a full description of the proposed NSP program to HUD no later than December 1, 2008, in the form of an amendment to the Consolidated Annual Action Plan; and

**WHEREAS**, the NSP program carries strict requirements which significantly limits the City’s flexibility in developing programs to utilize the funds, including that households served cannot have incomes that exceed 120% of Area Median Income (“AMI”), at least 25% of the funds must be earmarked for households with incomes at or below 50% AMI, all properties purchased with NSP funds must be foreclosed upon homes or residential properties, or must have been abandoned for at least 90 days; all properties purchased with NSP funds must be acquired at an aggregate 15% discount below the

current appraised market value; all NSP funds must be obligated within 18 months of the award; and all NSP funds must be expended within four years of the award; and

**WHEREAS**, the Housing Department has developed two programs to best utilize the NSP funds: (1) the Housing Department will focus on purchasing properties in highly impacted neighborhoods, especially four-plex properties, and, with any remaining NSP funds (2) the City would acquire single-family homes in foreclosure, rehabilitate them to mitigate any damage due to deferred maintenance or vandalism, and sell them at an affordable price to income qualified households; and

**WHEREAS**, the City desires to: (1) authorize the Director of Housing to negotiate and execute any documents necessary to accept NSP funds, (2) to shorten the citizen participation comment period of 15 days on a substantial amendment to the City's Fiscal Year 2008-09 Consolidated Annual Action Plan, (3) to approve a substantial amendment to the 2008-09 Consolidated Annual Action Plan, and (4) to authorize the Director of Housing to apply for and to negotiate and execute any documents necessary to accept the funds additional NSP funds;

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

1. The Director of Housing is hereby authorized to negotiate and execute any documents necessary to accept federal Neighborhood Stabilization Program funds in the amount of \$5,628,283.00.
2. A shortened citizen participation comment period of 15 days on a substantial amendment to the City of San José's Fiscal Year 2008-2009 Consolidated Annual Action Plan is hereby approved.

3. A substantial amendment to the 2008-2009 Consolidated Annual Action Plan is hereby approved.
4. The Director of Housing is hereby authorized to negotiate and execute any documents necessary to apply for and to accept additional Neighborhood Stabilization Program funds from the State of California's allocation of \$145 million.

ADOPTED this 18<sup>th</sup> day of November, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,  
OLIVERIO, PYLE, WILLIAMS, REED.  
NOES: NONE.  
ABSENT: CONSTANT, NGUYEN.  
DISQUALIFIED: NONE.

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk