



The California Department of Housing and Community Development (HCD) applauds the passage of HR 3221, the Housing Economic and Recovery Act of 2008. The legislation will help thousands of California homeowners who are facing foreclosure and provide significant new resources to increase housing supply and affordability.

Among the Act's numerous provisions is the Neighborhood Stabilization Program, which will provide \$3.9 billion in Community Development Block Grant (CDBG) funds to state and local governments to purchase abandoned and foreclosed homes and residential property. This money will rejuvenate neighborhoods and communities that are hardest hit by the foreclosure crisis. Consistent with the existing program administered by HCD and local governments, this funding allows localities to renovate and rehabilitate those homes, eliminating blight and reinvigorating and stabilizing the affected neighborhoods.

Homes that are purchased with the CDBG funds must be sold or rented to low or moderate income families. The funds can be used to:

1. Purchase and rehabilitate homes to sell, rent or redevelop
2. Create land banks for homes that have been foreclosed upon
3. Demolish blighted structures
4. Redevelop demolished or vacant properties
5. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

You can learn more about the Neighborhood Stabilization Program here:
<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoods/pg/>

HUD has released their guidelines for local jurisdictions and states to follow in developing their local Action Plan:
<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoods/pg/nspnotice.pdf>

Local jurisdictions and States will have until December 1, 2008 to submit their Action Plan to HUD for approval.

HUD has established a formula for allocation of the funds. There were three criteria used in developing the formula:

1. The number and percentage of home foreclosures
2. The number and percentage of homes financed by a subprime mortgage
3. The number and percentage of homes in default or delinquency

California's Allocation is the following:

Jurisdiction	NSP Allocation
CALIFORNIA STATE PROGRAM (HCD will allocate)	\$145,071,506
ALAMEDA COUNTY	\$2,126,927
ANAHEIM	\$2,653,455
ANTIOCH	\$4,049,228
APPLE VALLEY	\$3,064,836
BAKERSFIELD	\$8,982,836
CHULA VISTA	\$2,830,072
COMPTON	\$3,242,817
CONTRA COSTA COUNTY	\$6,019,051
CORONA	\$3,602,842
ELK GROVE	\$2,389,651
FONTANA	\$5,953,309
FRESNO	\$10,969,169
FRESNO COUNTY	\$7,037,465
HEMET	\$2,888,473
HESPERIA	\$4,590,719
KERN COUNTY	\$11,211,385
LANCASTER	\$6,983,533
LONG BEACH	\$5,070,310
LOS ANGELES	\$32,860,870
LOS ANGELES COUNTY	\$16,847,672
MODESTO	\$8,109,274
MORENO VALLEY	\$11,390,116
OAKLAND	\$8,250,668
ONTARIO	\$2,738,309
ORANGE COUNTY	\$3,285,926
PALMDALE	\$7,434,301
POMONA	\$3,530,825
RANCHO CUCAMONGA	\$2,133,397
RIALTO	\$5,461,574
RICHMOND	\$3,346,105
RIVERSIDE	\$6,581,916
RIVERSIDE COUNTY	\$48,567,786
SACRAMENTO	\$13,264,829
SACRAMENTO COUNTY	\$18,605,460
SAN BERNARDINO	\$8,408,558
SAN BERNARDINO COUNTY	\$22,758,188

SAN DIEGO	\$9,442,370
SAN DIEGO COUNTY	\$5,144,152
SAN JOAQUIN COUNTY	\$9,030,385
SAN JOSE	\$5,628,283
SANTA ANA	\$5,795,151
STANISLAUS COUNTY	\$9,744,482
STOCKTON	\$12,146,038
VALLEJO	\$2,657,861
VICTORVILLE	\$5,311,363
VISALIA	\$2,388,331
TOTAL	\$529,601,773

Within the state, priority will be given to areas with the greatest need. That distribution will be based on areas that:

1. Have the greatest percentage of foreclosures
2. Have the highest percentage of homes financed by subprime mortgages
3. Face a significant rise in the rate of home foreclosures

The income requirement for families who will be assisted by the program is 120% of the area median income (AMI). At least 25% of the funds must be spent to purchase and redevelop homes for those with incomes not exceeding 50% AMI.

These funds will make it possible for local governments throughout California to buy and restore homes and bring hope back into their communities.

HCD was actively involved with HUD and other state agencies in the creation of the CDBG funding formula and many different aspects of program development of the Act. We are committed to getting funding out as quickly as possible to provide prompt relief and assistance to individuals, families and communities throughout California.

We will continue to update our website as new information becomes available. If you have questions, please email CDBGforeclosure@hcd.ca.gov.