

September 2, 2022

DRAFT DRGR Language for Neighborhood Stabilization Program (NSP) Action Plan Amendment

Background:

From the HUD Exchange website: The Neighborhood Stabilization Program (NSP) was established for the purpose of providing emergency assistance to stabilize communities with high rates of abandoned and foreclosed homes, and to assist households whose annual incomes are up to [120 percent of the area median income \(AMI\)](#).

The U.S. Congress appropriated three rounds of NSP funding starting in 2008 and ending in 2010. Congress has not allocated any additional funds to NSP since the third round of funding, and most grantees are in the process of completing activities and closing out their grants.

NSP1 provided \$4.0 billion to 307 state and local governments on a formula basis. NSP1 was established by Section 2301(b) of the Housing and Economic Recovery Act of 2008 (Pub. L.110-289, approved July 30, 2008), also known as HERA. HERA created NSP and was the basis for subsequent NSP funding rounds.

Summary:

The state of California (State) was allocated about \$145 million in NSP1 funding in 2009. The State was able to encumber and spend down all but about \$3 million in funding within the parameters of the NSP1 requirements. The remaining \$3 million in funding is the result of project cost savings where projects were completed below budget resulting in left-over funds, and funding remainders due to project awards not perfectly matching funding allocations. The State met all of HUD's performance requirements for the NSP1 program.

In September of 2019 HUD published a Federal Register Notice regarding the NSP funds that reduced some of the restrictions on how the funds could be spent. The intent of the reduced restrictions is to help grantees, like California, spend down the remaining NSP grant and program income funds they have so that the programs can be officially completed and closed out.

In the years since the NSP1 program was essentially completed, the State has received substantial program income payments from grantees whose NSP1 funds were invested in loans. Program income is traditionally bound by the same rules and regulations that governed the original NSP1 program.

In 2019 the State amended the NSP1 Action Plan and identified an additional \$2.25 million in program income funds available to be used on NSP1 activities. In compliance with HUD regulations and in recognition of community need, allocated \$5.5 million to a NSP1 eligible activity in Tuolumne County.

Additional program income has been generated, and the State is allocating \$1.3 million to the NSP1 eligibility activity in Tuolumne County to cover costs not identified in the original scope of work.

HCD, through this non-substantial action plan amendment and using the guidance established in the HUD 2019 Federal Register Notice (84 FR 48165), allocates \$1.3 million to the Tuolumne County NSP1 eligible public facility project called the Groveland Community Resilience Center.

HCD funded the Groveland Community Resilience Center with National Disaster Resilience funding in response to the 2013 Rim Fire disaster. This center will provide year-round public services to area residents, as well as providing a gathering location for community events and act as an evacuation center in future emergencies.

This non-substantial action plan amendment will allow HCD to more quickly expend the NSP1 program income funding and facilitate closeout under the NSP1 program.

Funding will be used for eligible project and project delivery costs; no funding will be used for general administration costs.

Definitions and Descriptions:

The Groveland Community Resilience Center (CRC) is a community facility/public facility and is eligible under NSP1 Redevelopment activity, and under 24 CFR 570.201© Public Facilities and Improvements.

National Disaster Resilience (NDR) is a HUD federal funding source appropriated under Public Law: PL 113-2.

Presidentially Declared California Rim Fire Disaster (DR-4158).

Low-Income Targeting:

The community of the Groveland project area is an eligible low-income area, based on current American Communities Survey (ACS) data. The public services that will be offered to residents in the Groveland project area will benefit low-income persons, including seniors, persons seeking high school credentials, persons in need of job training and adult education, and others. Because the Groveland community meets the Low- and Moderate-Income Area (LMA) criteria, the County will be offering services and activities that target low- and moderate-income persons.

Acquisition and Relocation:

The CRC project includes acquisition of existing real properties. Tuolumne County, as the developer, is required to follow the Uniform Relocation Act (URA) standards for real property acquisition. All property acquisition will be voluntary. The proposed CRC site was vacant at the time of acquisition and no structures or persons were on the property; thus, no relocation actions are required.

Public Comment:

The \$1.3 million NSP1 program income funding being allocated to the existing eligible project does not meet the criteria for a substantial action plan amendment and does not require public comments.