

# NOTICE OF FUNDING AVAILABILITY

## Neighborhood Stabilization Program (NSP)

April 2009



**STATE OF CALIFORNIA**



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Division of Financial Assistance  
Neighborhood Stabilization Program  
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**STATE OF CALIFORNIA**

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# Notice of Funding Availability

State of California  
Neighborhood Stabilization Program

April 2009

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# INTRODUCTION

## 1. Available Funding

The Department of Housing and Community Development (Department) announces the availability of approximately \$99,641,218 for the State of California's Neighborhood Stabilization Program (NSP). This allocation is contingent upon the U.S. Department of Housing and Urban Development's (HUD) allocation to the Department.

## 2. Authorizing Legislation and Regulations

The Neighborhood Stabilization Program is authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Home heading, referred to throughout this Notice of Funding Availability (NOFA) as the "NSP."

HERA provides under a rule of construction that, unless it is otherwise stated, the grants are to be considered Community Development Block Grant (CDBG) funds. The Catalog of Federal Domestic Assistance (CFDA) number for CDBG grants made under NSP is 14.228.

HERA authorizes HUD to specify alternative requirements to any provision under Title 1 of the Housing and Community Development Act of 1974, as amended<sup>1</sup>, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment (including lead-based paint), in accordance with the terms of section 2301 of HERA and for the sole purpose of expediting the use of grant funds. Alternative requirements are identified in the Federal Register [Docket No. FR-5255-N-01], referred to in this NOFA as the "HUD NSP Requirements."

Except as described in the Federal register, statutory and regulatory provisions governing the CDBG program, including those at 24 CFR part 570 subpart I<sup>2</sup> for states, or for CDBG entitlement communities, including those at 24 CFR parts 570 subparts A, C, D, J, K, and O<sup>3</sup>, as appropriate, shall apply to the use of NSP funds.

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<sup>1</sup> Title 1 of the Housing and Community Development Act of 1974 as amended. 42 U.S.C. 5301 et seq., Federal Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

<sup>2</sup> Title 24 Code of Federal Regulations (CFR), Part 570, Subpart I.

<sup>3</sup> Title 24 Code of Federal Regulations (CFR), Part 570, Subparts A, C, D, J, K, and O.

### 3. Application Timelines

NOFA and Application Release Date .....	April 30, 2009
Application Workshops .....	May 5-May 19, 2009 (see cover memoranda – HERA/NSP Application Workshop Schedule)
Applications Accepted .....	April 30, 2009
Round 1 – Application Deadline (by 5 p.m.). .....	June 15, 2009
Round 2 – Application Deadline (by 5 p.m.). .....	July 15, 2009
Awards Announced .....	Continuously
Contracts Executed .....	July-August 2009

### 4. Application Submittal Requirements

#### A. Application Criteria:

- Applications will be accepted on an over-the-counter basis beginning immediately after release of this NOFA and Application.
- Applications will be reviewed immediately, by NSP staff, for compliance with minimum threshold criteria, as described in this NOFA.
- Applicants will be notified by telephone and mail service of their award status.

#### B. Application Deadlines:

##### **Round 1 – Application Deadline is June 15, 2009 (by 5 p.m.)**

Round 1 consist of all Tier 1 and Tier 2 applicants that meet the minimum application threshold of \$1 million individually or through a joint agreement.

##### **Round 2 – Application Deadline is July 15, 2009 (by 5 p.m.)**

Round 2 is available for a county’s NSP Application resulting from roll-up funding not applied for by jurisdictions. These applications must also meet the application threshold of \$1 million.

Note: Funds not applied for by a county, due to inability to meet the \$1 million threshold, will be allocated to Tier 3.

- Applications that are received after the due date and time will be returned, regardless of postmark date.

- Applicants are encouraged to personally deliver their NSP Applications or to use a reliable overnight delivery carrier service with package tracking and are encouraged to keep all FedEx and/or UPS receipts as proof of timely posting in case the carrier does not deliver on time per delivery contract.

C. Number of copies:

- One complete **original** set (with **all original signatures signed in blue ink** and **original/certified authorizing resolutions**); and
- One complete copy of the entire application (including attachments).

D. Mail or Deliver to: Department of Housing and Community Development  
Division of Financial Assistance  
Neighborhood Stabilization Program  
1800 Third Street, Suite 330  
Sacramento, CA 95811

(916) 552-9398

E. For further information:

If you have any questions or need additional information, please contact the Program Administrative Assistant at (916) 552-9398 or any of the following NSP staff:

Leticia Martinez  
[lmartinez@hcd.ca.gov](mailto:lmartinez@hcd.ca.gov)  
(916) 552-9357

Charles Ewers  
[cewers@hcd.ca.gov](mailto:cewers@hcd.ca.gov)  
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(916) 319-8100

Rita Levy  
[rlevy@hcd.ca.gov](mailto:rlevy@hcd.ca.gov)  
(916) 327-3822

## 5. Application Workshops

The Department will conduct one-day NSP Application Workshops at several locations throughout the State. The workshops will include a brief overview of the State Program, a discussion of eligible activities, and general information regarding the major federal overlay requirements that may affect funded activities. Please refer to the cover memoranda for workshop dates, times, and locations. This information is also available through the following sources:

- The Department's NSP website at: <http://www.hcd.ca.gov/fa/nsp/index.html>
- Any of the following NSP staff:

Leticia Martinez  
[lmartinez@hcd.ca.gov](mailto:lmartinez@hcd.ca.gov)  
(916) 552-9357

Charles Ewers  
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Eligible applicants attending a workshop are encouraged to review this NOFA prior to attending. Applicants should come prepared with a list of relevant questions regarding their proposed application.

Note: Applicants that anticipate attending one of the scheduled workshops are encouraged to send an *NSP Application Workshop RSVP* form (see cover memoranda) to the NSP staff. This step will help ensure that adequate seating is available for all participants.



## FUNDING GUIDELINES

### 6. Funding Limits

The State Neighborhood Stabilization Program has a one million dollar (\$1,000,000) minimum grant requirement. The maximum funding available for the State NSP varies by eligible jurisdiction, as indicated in Appendices B and C of this NOFA.

Please note that in order to submit an NSP Application to the Department, the applicant jurisdiction must be eligible for an allocation of \$1 million or more (see Appendices B and C), and/or have entered into a joint agreement with other eligible jurisdictions, resulting in a combined joint allocation of \$1 million or more.

Applications that do not meet the minimum application threshold of \$1 million will be returned to the applicant and the jurisdiction's allocation will be reallocated to the corresponding county. Allocations to cities that do not submit an NSP Application will also be reallocated to the corresponding county.

Note: A county's NSP Application resulting from reallocated city funds and/or joint agreements must also meet the application threshold of \$1 million. Funds not applied for by a county, due to its inability to meet the \$1 million threshold, will be allocated to Tier 3.

The Department has set aside 25 percent of the State's NSP allocation to be used to fund housing for households at or below 50 percent of the area median income designated at Tier 3 allocations. The Department intends to allocate the funds under Tier 3 through an over-the-counter Notice of Funding Allocation process.

### 7. Eligible Applicants

Per Title III of Division B of the Housing and Economic Recovery Act of 2008 (Public Law 110-289, Section 2301 (c)(2), the State or unit of general local government that receives amounts pursuant to this section shall, in distributing such amounts, give priority emphasis and consideration to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those:

- With the greatest percentage of home foreclosures;
- With the highest percentage of homes financed by a subprime mortgage related loan; and
- Identified by the State or local unit or local government as likely to face a significant rise in the rate of home foreclosures.

In complying with NSP regulations, the Department has evaluated these factors and compiled two lists of eligible applicants. The first list (see Appendix B) identifies those applicants that are eligible to apply individually because their maximum allocation amounts are \$1 million or more. The second list (see Appendix C) identifies those applicants that are eligible to apply only if they submit a joint application with other contiguous jurisdictions to have a combined total allocation of \$1 million or more.

## **8. Eligible Activities**

Under the HUD NSP requirements, participating jurisdictions may perform the following:

- A. Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
- B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- C. Establish land banks for homes that have been foreclosed upon.
- D. Demolish blighted structures.
- E. Redevelop demolished or vacant properties.

Please refer to Appendix A of this NOFA for more detailed descriptions of the eligible activities, correlated eligible activities from the Community Development Block Grant entitlement regulations, and ineligible uses of NSP funding.

## **9. Meeting the National Objective**

NSP allows the use of only the low- and moderate-income national objective. Activities may not qualify under NSP using the “prevent or eliminate slums and blight” or “address urgent community development needs” objectives as allowed in the overall benefit provisions of the Housing and Community Development (HCD) Act of 1974, Section 104(b)(3) and the CDBG regulations.

All NSP funds made available under this NOFA are to be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

Note that NSP redefines and supersedes the definition of “low- and moderate-income” of the CDBG Program by allowing households whose incomes exceed 80 percent but are no greater than 120 percent of area median income to qualify for NSP funds. This new income group is referred to as “middle-income,” but the CDBG definitions of “low-income” and “moderate-income” remain the same.

The national objective of the NSP will be referred to as “low-, moderate- and middle-income” (LMMI).

Note that although NSP changes the low- and moderate-income requirement level of the CDBG program, the remaining requirements of 24 CFR 570.208(a) and 570.483(b) regarding area benefit, housing, and limited clientele benefit remain unchanged.

### How to Meet the LMMI National Objective

The following examples describe how the NSP funds can be used to meet the LMMI national objective.

**Housing Activities:** Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income as “low-, moderate- and middle-income households” (LMMH). These activities include the following:

- Acquisition, Rehabilitation, Rental, Sale, Conversion, Construction of Housing Units;
- Homeownership Assistance;
- Infrastructure for housing as part of redevelopment; and
- All Units must be occupied by those meeting the low-, moderate-, and middle-income requirement.

**Area Benefit Activities:** Benefiting all the residents of a primarily residential area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income as “low-, moderate- and middle-income area” (LMMA). These activities include the following:

- Grantees must identify the service area of each NSP-funded activity.
- HUD provides data on the percentage of low-, moderate- and middle-income persons, by census tracts and block groups.

See <http://www.huduser.org/publications/commdevl/nsp.html>.

- Demolition, Acquisition, and Land Banks if maintenance and demolition also take place.

**Limited Clientele Activities:** Serving a limited clientele whose incomes are at or below 120 percent of area median income as “low-, moderate- and middle-income limited clientele” (LMMC). These activities include the following:

- Housing counseling for prospective purchasers/tenants; and
- Public facilities such as emergency shelters, transitional housing, and group homes.

## 10. Program Administrative Costs

### General Administration

Grantees are allowed up to 5 percent of the total grant amount for reasonable general administrative expenses related to carrying out the NSP. These costs must be justified for the type and complexity of the program, and the grantee's records must document these charges. Administrative costs may include, but are not limited to, the following categories:

- A. General administrative activities. Such costs for administration include:
  - 1) Salaries, wages, and related costs of the grantee's staff engaged in general management, general legal services, accounting, and auditing;
  - 2) Travel costs incurred in carrying out the general management of the program;
  - 3) Administrative services performed under third-party contracts including contracts for such services as general legal services, accounting services, and audit services; and
  - 4) Other costs for goods and services related to the general management of the program including rental and maintenance of office space, insurance, utilities, office supplies, and rental or purchase of office equipment.
- B. Information and resources provided to persons in the targeted income group, and to citizen organizations participating in the planning, implementation, or assessment of the grantee's program.
- C. Costs incurred for environmental studies, including historic preservation clearances, and specific environmental assessments and clearances related to the CDBG Program.
- D. Fair housing activities to facilitate compliance with the requirements of California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 2, Section 7084 (Nondiscrimination).
- E. Community development planning activities.

### Activity Delivery Expenses

A portion of the grant award may be used to pay for the actual costs associated with the delivery of the proposed activity. Activity delivery includes costs associated with staff and overhead directly involved with carrying out the activity.

Activity delivery costs vary, depending on the activity category. The Department has set the following caps for activity delivery expenses:

- Housing Rehabilitation: up to 19 percent;
- Public facilities or public improvements: up to 8 percent; *(if complex labor standards\* are justified, up to 12 percent); and*
- All other activities: up to 8 percent.

\* Complex labor standards = multiple subcontractors and/or numerous trades.

**Note:** Activity delivery costs are not to be calculated on the total budget for the activity, but rather on the actual activity dollars minus the activity delivery.

Example: For a \$300,000 Mortgage Assistance Program with activity delivery costs at 8 percent, activity delivery would be calculated as follows:

$$\$300,000 / 1.08 = \$277,778 \text{ (the actual activity dollars)}$$

$$\$300,000 - \$277,778 = \$22,222 \text{ (activity delivery)}$$

### **Double-check**

Multiply the activity dollars by the activity delivery percentage (in decimal form):

$$\$277,778 \times .08 = \$22,222$$

Add the activity dollars plus the activity delivery dollars:

$$\$277,778 + \$22,222 = \$300,000$$

NSP funds for activity delivery costs must be drawn down at the same time NSP funds for activity costs are drawn down. If the activity is not completed, all NSP funds for activity delivery costs must be repaid to the Department.

## **11. Program Match/Leverage**

The State NSP will not require applicants to commit any cash match or leverage; however, applicants are highly encouraged to consider other funding sources as potential match or leverage sources for the NSP. Applicants that identify cash match or leverage sources will be required to report on the expenditure of those sources on the NSP reporting forms so that this information can also be reported to HUD and other interested agencies. Applicants will not encounter any negative performance actions for not meeting the cash match or leverage amounts identified in the NSP application.

## APPLICATION REVIEW and THRESHOLD CRITERIA

### 12. Application Review and Threshold Criteria

The Department will review applications to ensure that all of the following minimum threshold items are adequately addressed:

- A. The Application was received by the designated due date and time.
- B. The Application is for a minimum of \$1 million and the applicant or the joint applicants have an allocation or combined allocation equal to or greater than the amount of the application.
- C. The “Original” Application contains all original signatures for the Application and all required certifications.
- D. The Application and all required certifications are signed by the authorized representative, as indicated in the board resolution, which authorizes the submission of the NSP Application.
- E. The “Original” Application contains an “original” or certified copy of the resolution, which contains all of the following:
  - 1) An authorization to submit the NSP Application;
  - 2) The total dollar amount requested;
  - 3) All activities in the application clearly identified;
  - 4) Specific target area information, which is clearly defined for each specific proposed NSP activity;
  - 5) The commitment of any cash match or leverage that is being proposed for any NSP activities; (Please note that if any RDA funds are proposed as a leverage source, a separate RDA resolution committing the leverage amount must also be submitted.)
  - 6) The approval of the NSP Application’s content;
  - 7) The authorization to accept any additional NSP funding that may become available at a later date and the maximum dollar amount of additional funding that would be accepted;
  - 8) The authorization of the execution of a standard agreement (and any amendments thereto) with the Department;
  - 9) The designation (by title) of the official authorized to sign the NSP Application and enter into an agreement with the Department, if funded; and
  - 10) The designation (by title) of the official authorized to sign any reporting documents, funding requests, etc. (It is recommended that more than one person be authorized to sign required reports.)
  - 11)

For joint applicants only: The Resolution must also include the authorization for the jurisdiction to submit the joint application and acceptance of the jurisdiction to assume the role of lead agency for the NSP application activities;

- 12) For joint applicants only: An original board resolution, from each joint applicant, authorizing the joint application for the NSP funding, must be included in the application;
- 13) For joint applicants only: The application must include an original or certified copy of the joint agreement, which has been signed by all joint applicants in blue ink. In addition, a subrecipient agreement must also be executed and submitted with the NSP Application if any joint applicant, other than the lead agency, will have a role in the implementation of any NSP activities.

- F. The Application contains all required certifications.
- G. The Application includes a reasonable budget breakdown.
- H. Each proposed activity in the application must adequately address all of the following:
  - 1) The activity name, type, and national objective to be met.
  - 2) The activity timelines, including projected start dates and projected end dates. All activity timelines must demonstrate expeditious program implementation and expeditious use and expenditure of the NSP funds.
  - 3) The responsible organization (name, location, and contact information) that will implement the proposed activity. The capacity of the organization must be clearly demonstrated.
  - 4) A specific location description where the proposed activity will be implemented. (This may include specific addresses, block groups or neighborhood boundaries.)
  - 5) A clear narrative describing each activity, which addresses the area of greatest need for this activity, how this determination was made, and the expected benefit to income-qualified persons/households. In addition, the applicants must observe the following requirements:
    - i. Housing related activities must include:
      - tenure of beneficiaries--rental or homeownership;
      - duration or term of assistance; and
      - a description of how the design of the activity will ensure continued affordability. At a minimum, all properties assisted with NSP funds will be subject to the HOME requirement of continued affordability as outlined in the regulations for the HOME Investment Partnership Program, Final Rule, 24 CFR Part 92. These regulations are available at the following sites:

HOME affordability periods-Homeownership §92.254

[http://edocket.access.gpo.gov/cfr\\_2004/apr/qtr/pdf/24cfr92.254.pdf](http://edocket.access.gpo.gov/cfr_2004/apr/qtr/pdf/24cfr92.254.pdf)

HOME affordability rental housing §92.252

[http://edocket.access.gpo.gov/cfr\\_2004/apr/qtr/pdf/24cfr92.252.pdf](http://edocket.access.gpo.gov/cfr_2004/apr/qtr/pdf/24cfr92.252.pdf)

- ii. Acquisition activities must include a discount rate (at a minimum of 15 percent).
- iii. Financing activities must include the range of interest rates.
- I. A detailed budget and expenditure timeline that complies with the expenditure milestones established by the Department.
- J. Appropriate performance measures data for each proposed activity in the application (e.g., proposed number of properties or units of housing to be acquired, rehabilitated, or demolished for each race/ethnic group and for each household income level at 50 percent of area median income and below, 51-80 percent, and 81-120 percent).
- K. Evidence of the applicant's readiness to begin implementing the proposed activities immediately upon award of funds.
- L. Evidence that environmental impacts (National Environmental Protection Act and California Environmental Quality Act) have been considered for each proposed activity and that there are no anticipated environmental concerns that could delay the implementation of any proposed activity.
- M. Evidence of proper citizen participation compliance. Applicant must provide affidavits of publication for the two required public hearings that were conducted during the "program design phase" and the "application submittal phase." Please note that copies of meeting minutes and sign-in sheets are required to be kept in applicant's file. (See Appendices D and E for sample public hearing notices.) In addition, any written comments received by the applicants during the application submittal phase must be addressed prior to application submission. Both the comments and the responses must be submitted with the NSP Application.

In the event that an Application does not adequately address one or more of the minimum threshold items, the Department will immediately contact the jurisdiction in order to resolve the issues in an expeditious manner to prevent delays in grant award and activity implementation.



## AWARD ANOUNCEMENTS AND PROCESSING

### 13. Award Announcements

Awards will be announced on a continuous basis. All applicants will be notified by mail and telephone as to the outcome of their application. Additionally, the appropriate Senate and Assembly representatives will be notified by mail of all awards within their respective areas.

### 14. Award Processing

All funded applications will be processed through a State Standard Agreement (Standard Agreement), which can also be called a Contract. The Standard Agreement will contain information about the terms and special conditions of the award. Any special conditions will have to be met as expeditiously as possible due to the known urgency of obligating NSP funds, and implementing the NSP activities. If all conditions are not met within a reasonable timeframe, and the Department has determined that the delay has jeopardized timely implementation of the awarded activities, the Department may terminate the Agreement.

Applicants are permitted to incur general administrative costs prior to award of the funds, provided that all costs are for the planning of the Neighborhood Stabilization Program activities and that all costs are fully documented for auditing purposes. Please note that these general administrative costs cannot be reimbursed by the Department until the Standard Agreement is fully executed by all parties.

**NOTE: Prior to starting any NSP funded activity (except general administrative activities), grantees MUST satisfy all special conditions identified in the Standard Agreement, complete environmental reviews, and obtain written authorization from the Department. This requirement applies to both NSP and non-NSP funding. Any program or project activity that is started prior to obtaining written authorization from the Department may cause it to become ineligible.**

Activity delivery costs may be incurred prior to execution of the Standard Agreement only with written approval from the Department upon satisfactory completion of any required special conditions. Reimbursement of such costs cannot be made until after the Standard Agreement has been fully executed by all parties.

## CONTRACT REPORTING AND EXPENDITURE MILESTONES

### 15. Contract Reporting

The Department will strictly enforce the following minimum reporting requirements with the grantee (lead agency):

- Quarterly Performance and Expenditure Report (due 15 days after the end of each quarter).
- Quarterly NSP Program Income Report (due 15 days after the end of each quarter).
- Annual Section 3 Report (due July 31 of each year).
- For prevailing wage activities only: A Semi-Annual Wage Compliance Report must be submitted by October 31 and April 30 of each year during the construction period.
- For prevailing wage activities only: A Final Wage Compliance Report must be submitted within 30 days after construction has been completed.

NOTE: Beginning July 1, 2010, all State NSP grantees may be required to submit the Performance and Expenditure Report on a monthly basis if total NSP funds are not obligated or expended.

Failure to comply with submission of the required reports by the established due dates may result in termination of the Standard Agreement.

### 16. Expenditure Milestones

Due to the short timeframe required for using/expending NSP funds, as identified in the HUD NSP Requirements, the Department will strictly enforce the following minimum milestones:

#### Used/Obligated

- 75 percent of all NSP funding must be used/obligated by December 31, 2009.
- 100 percent of all NSP funding must be used/obligated by March 31, 2010.

#### Actual Expenditures

- 100 percent of all NSP funding must be expended by September 30, 2011.

Failure to comply with the stated milestones will result in the Department disencumbering NSP funds and/or terminating the Standard Agreement.

## Advance of Funds

In order to facilitate the expenditure of funds by NSP grantees, the Department will allow grantees to request advances of NSP funds.

An advance is a payment made by the State to a grantee upon its request before cash outlays are made by the grantee. The grantee may request an advance of up to seventy-five percent (75%) of eligible activity and activity delivery costs. The Grantee may also request an advance of up to ninety (90) days of general administrative expenses.

The Grantee must place advanced funds, within three (3) business days of receipt, into an interest-bearing account until expended. The Grantee may keep interest amounts of up to one hundred dollars (\$100) per fiscal year for administrative expenses. Any interest amounts that exceed one hundred dollars (\$100) must be returned to the Department. Interest earned on advanced funds, prior to expenditure, is not program income.

Advanced funds must be expended within ninety (90) days from the date they are received from the State. The grantee has up to fifteen (15) calendar days from the ninety (90) day expenditure period to submit to the Department the following:

- Proof of expenditure, which may include, but is not limited to paid invoices, escrow documentation, etc.
- Refund of all unexpended funds.
- Return of interest amounts that exceed one hundred dollars (\$100) per fiscal year.

Advances may be requested up until ninety (90) days prior to the expiration date of the Standard Agreement. Funds requested after these dates must be requested on a reimbursement basis.

In order to receive advance funds, the grantee must provide a completed *Funds Request* form marked as an "advance." The grantee must also provide a completed *Advance Justification Form* clearly and concisely illustrating how the advanced funds will be spent. The Department will expedite all requests for an advance of NSP funds.

## PROGRAM REQUIREMENTS

### 17. Affordability Provisions

All NSP grantees must ensure continued affordability by applying, at a minimum, Home Investment Partnerships Program (HOME) guidelines for rental and owner-occupied properties.

All properties assisted with NSP funds will be subject to the HOME requirement of continued affordability as outlined in the regulations for the HOME Investment Partnership Program, Final Rule, 24 CFR Part 92. These regulations are available at the following sites:

HOME affordability periods-Homeownership §92.254

[http://edocket.access.gpo.gov/cfr\\_2004/apr/qtr/pdf/24cfr92.254.pdf](http://edocket.access.gpo.gov/cfr_2004/apr/qtr/pdf/24cfr92.254.pdf)

HOME affordability rental housing §92.252

[http://edocket.access.gpo.gov/cfr\\_2004/apr/qtr/pdf/24cfr92.252.pdf](http://edocket.access.gpo.gov/cfr_2004/apr/qtr/pdf/24cfr92.252.pdf)

When mixing funds, the most restrictive affordability requirements will apply.

### 18. Program Income Requirements

The Department is allowing jurisdictions that are awarded NSP funds to maintain NSP Program Income funds only if those funds are used/obligated by the end of the subsequent quarter in which the NSP Program Income was earned on eligible NSP activities. Jurisdictions will be required to submit a quarterly NSP Program Income Report, which details all obligated program income receipts, expenditure amounts, and specific activity detail for all expenditures.

NOTE: Any NSP Program Income funds that are not shown to be used/obligated on the grantee's subsequent Quarterly NSP Program Income Report must be returned to the Department.

As a condition of award of NSP funds, successful jurisdictions will be required to prepare and adopt (by a governing board resolution) an NSP Program Income Reuse Plan. This plan will detail the proposed uses of NSP Program Income and will confirm the jurisdiction's required compliance with state and federal regulations, including, but not limited to, environmental, labor standards, lead-based paint, procurement, auditing, recordkeeping, fair housing, citizen participation, and reporting.

Substantially all NSP Program Income must be disbursed for eligible NSP activities before additional NSP funds are made available to NSP grantees for an advance or reimbursement.

All NSP grantees will be allowed general administrative costs of up to five percent (5%) of all NSP Program Income expended during each fiscal year. According to current HUD NSP Requirements, all NSP Program Income funds received by grantees after July 30, 2013, must be returned to the Department.

## 19. State and Federal Requirements

### A. Growth Control

Pursuant to Health and Safety Code Section 50830, no city or county is eligible to receive CDBG funds if the city or county has adopted a general plan, ordinance, or other measure that directly limits, by number, the building permits that may be issued for residential construction or the building lots that may be developed for residential purposes. If there is a question about a local policy that may meet this criteria, call Paul McDougall of the Housing Policy Development Division at (916) 322-7995 prior to submitting an application to find out if the local housing restrictions prohibit housing production. However, this provision shall not be applicable to an ordinance adopted by a city or county that does any of the following:

- 1) Imposes a moratorium to protect the public health and safety on residential construction for a specified period of time if, under the terms of the ordinance, the moratorium will cease when the public health and safety is no longer jeopardized by the construction;
- 2) Creates agricultural preserves under Chapter 7 (commencing with Section 51200) of Part 2 of Division 1 of Title 5 of the Government Code;
- 3) Was adopted pursuant to a specific requirement of a state or multi-state board, agency, department, or commission; or
- 4) A city or county that has an adopted housing element that the Housing Policy Development Division has found to be in compliance with State Housing Element Law (Article 10.6 of the Government Code) at the time the city or county applies for funds under the State CDBG Program, unless a final court order has found that such housing element is not in compliance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

### B. Greatest Need

The State seeks to ensure that the most serious community development needs arising from this foreclosure crisis are addressed. The applicant must describe the methodology that was used in order to determine the target areas with the greatest need for NSP funding. In addition, the applicant must describe how the selected activities were determined to have the potential for a greater positive impact on stabilizing those neighborhoods.

The Program staff will review and evaluate the proposed activities to ensure that the funding clearly addresses the community's greatest needs.

## **20. Public Hearings**

For the purposes of funding under the State NSP, the Department will defer to the Community Development Block Grant regulations (Title 24 CFR, Part 570.486 (5)) with regard to citizen participation requirements. These regulations require that a minimum of two public hearings (program design and application submittal) be held before the jurisdiction submits an application to the Department. The Department recommends that the hearings be noticed 7-10 days prior to the hearing date. The program design hearing should be held at least 15 days prior to the application submittal hearing. The application submittal hearing must be held before the local governing body and prior to the application being submitted to the Department. See Appendices D and E for sample public notices for program design and application submittal hearings. All applicants will be required to submit proper evidence to document compliance with this citizen participation requirement.

## **21. Public Records Act**

Applications and grant agreements are public information and are available for review upon request. Applicants are advised that information submitted to the Department may be made available to the public under the Public Records Act unless an exemption under this Act applies to the information submitted and the applicant establishes a valid claim of confidentiality under such exemption.

## **22. Environmental Review**

The NSP regulations do not provide any waivers with regard to compliance with the National Environmental Protection Act (NEPA) or the California Environmental Quality Act (CEQA). All applicants will be required to conduct the proper environmental reviews (NEPA and CEQA) for **all** proposed activities in the NSP application. No activity funds will be available to a grantee until the proper level of environmental review is completed and approved by the State NSP staff and a formal release of funds letter is received by the applicant.

Every eligible city and county receiving NSP funds is legally responsible for complying with the environmental review regulations contained in the CEQA guidelines, NEPA guidelines and 24 CFR Part 58 of the federal regulations. If a grant is awarded, the Standard Agreement requires an environmental review be completed prior to the obligation, expenditure or drawdown of program funds. The environmental review and applicable public notification become part of a written environmental review record to be maintained by grantees. This record documents that NSP-funded and related activities are in compliance with NEPA, and other applicable federal laws, regulations, and executive orders. Although the NSP staff do not monitor for compliance with CEQA, each grantee should also ensure that it has complied with CEQA requirements.

Failure to conduct the proper environmental reviews and obtain State release of NSP funds **prior** to the start of the proposed activity, regardless of other funding sources, will cause the activity to become ineligible. See Chapter 3 of the current State CDBG Grant Management Manual for guidance on the proper process and required forms for submittal. The manual is available at: <http://www.hcd.ca.gov/fa/cdbq/manual/>

NEPA Choice Limiting Actions: If NSP funds pay for purchase of real property or construction work on a site, the applicant must ensure they do not take a choice limiting action, as defined under the NEPA, prior to obtaining release of NSP funds for the proposed activity. Examples of choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract prior to the State's release of NSP funds.

### **23. Relocation and Anti-Displacement Requirements**

The federal regulations relating to relocation and anti-displacement require grantees receiving any NSP funds, regardless if the activity will cause displacement or not, to certify that they have made public and adopted a proper anti-displacement and relocation plan. An acceptable plan and certification form will be required as a special condition for funding.

The provisions of the Uniform Relocation Act, as amended, 49 CFR 24, and Section 104(d) of the Housing and Community Development Act of 1974 Section 104(a) require that a grantee that receives federal funds in the form of a NSP contract is required to inform all potentially affected persons, prior to submitting an application for NSP assistance, of the possibility for relocation as a result of the federally funded project. Potentially affected persons must also be informed of their rights to relocation assistance in the event relocation is triggered by the funded activity. This noticing requirement can be performed using a properly completed General Information Notice (GIN). The GIN can be found in the U.S. Department of Housing and Urban Development's (HUD) relocation handbook 1378. (For additional relocation information, refer to HUD website: [HUDClips -> Tenant Assistance, Relocation and Real Property Acquisition \(1378.0\)](#))

Applicants engaging in project-specific activities that may or will cause the relocation and displacement of persons must also provide a project-specific relocation plan. This plan must outline how they will manage the relocation and displacement activities for the project and estimate what relocation benefits will be required. When operating a single-family rehabilitation or acquisition program, which could cause temporary relocation of persons, the applicant must also provide a locally adopted temporary relocation plan that outlines relocation benefits for owner occupants and tenants.

## **24. Procurement**

The Grantee shall comply with the procurement provisions in 24 CFR 85.36, Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

Any goods or services that are paid for with NSP funds must be obtained by following either federal procurement requirements or local purchasing policies, whichever is more stringent. The Department will monitor the procurement processes for goods and services to ensure compliance with these federal requirements including equal opportunity provisions.

## **25. Prevailing Wages**

Any NSP funds that are used for construction projects must comply with federal Davis-Bacon prevailing wage requirements and state prevailing wages. In addition, construction projects must be procured through a competitive bidding process in which the bid documents must contain specific language. Furthermore, the construction contract must contain all required state and federal contract clauses.

Where NSP funds are provided and used for construction work, or in support of construction work, the grantee shall ensure that the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of the Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

During the construction period, all contractors and subcontractors must be monitored to ensure that all workers have been paid the appropriate prevailing wages on a weekly basis. Contractors and subcontractors will be required to submit weekly certified payrolls to the awarding agency for review. Additional reporting requirements include the Section 3 Report, which addresses employment opportunity laws and prevailing wage laws.

The following documents may be used as references to prevailing wage requirements:

- State CDBG Grant Management Manual, Chapter 5 (Labor Standards)  
<http://www.hcd.ca.gov/fa/cdbq/manual/Chapter5LaborStandards.doc>



- U.S. Department of Housing and Urban Development  
<http://www.hud.gov/offices/cpd/communitydevelopment/toolkit/files/Module-3-Contents-WEB.pdf>  
<http://www.hud.gov/offices/adm/hudclips/guidebooks/HUD-LR-4812/4812-LR.pdf>  
<http://www.hud.gov/offices/adm/hudclips/guidebooks/HUD-LR-4813/4813-LR.pdf>  
<http://www.hud.gov/offices/cpd/communitydevelopment/toolkit/files/Module3-Top11KeysLaborStandards.pdf>

## **26. Federal Debarment and Suspension**

Pursuant to 24 CFR, Part 5, all NSP grantees are required to verify that they and their principals, or any/all persons, contractors, consultants, businesses, sub-recipients, etc., that are conducting business with the grantee are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Applicants must check the Excluded Parties Listing System at [www.epls.gov](http://www.epls.gov), print and maintain evidence of the search results. In the event that the search results indicate a prior or current debarment or suspension of the applicant, include the printout in the application.

The Department will not award any NSP funds to applicants that are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from the covered transaction.

## **27. Affirmatively Further Fair Housing**

Any jurisdiction that is awarded NSP funds must certify that it will affirmatively further fair housing, mandated under 24 CFR 570.602, which means that it will:

- Conduct an analysis to identify impediments to fair housing choice within the jurisdiction;
- Take appropriate actions to overcome the effects of any impediments identified through that analysis; and
- Maintain records reflecting the analysis and actions in this regard.

## **28. Excessive Force**

In accordance with 42 U.S.C 5304 (Protection of individuals engaging in nonviolent civil rights demonstrations), NSP funds may not be obligated or expended to any unit of general local government that:

- Fails to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; or

- Fails to adopt and enforce a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location, which is the subject of such nonviolent civil rights demonstration within its jurisdiction.

## **29. Assessments**

Jurisdictions that are awarded NSP funds will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

## **30. Compliance with Anti-Discrimination Laws**

All NSP grantees must certify that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

## **31. Compliance with Lead-Based Paint Procedures**

Any NSP activities involving lead-based paint must comply with the requirements of 24 CFR, Part 35, subparts A, B, J, K, and R. In addition, if other federal, state, tribal, or local laws, ordinance codes or regulations are applicable to the NSP activity, the more protective definition shall apply.

## **32. Compliance with the Federal Single Audit Act (OMB Circular A-133)**

Local governments that expend \$500,000 or more in federal funds during the fiscal year are required to submit an OMB A-133 Single Audit Report package to the Federal Clearinghouse and to the California State Controller's Office (SCO).

State NSP applicants must submit the Fiscal Year 2006-2007 letter of compliance from the SCO with their NSP Application. For future years, the Department will make its determination on the status of A-133 Audit compliance by direct consultation with the SCO. Funds will not be disbursed to Grantees identified by the SCO as non-compliant with the Federal Single Audit Act, as described in OMB Circular A-133, until such compliance is demonstrated. Questions regarding the audit status of A-133 compliance should be directed to the California State Controller's Office, and not to the State NSP staff. Only the State Controller's Office is authorized to answer A-133 audit questions.

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## Appendix A

### Eligible Uses/Correlated Activities

<b>NSP-eligible uses</b>	<b>Correlated eligible activities from the CDBG entitlement regulations</b>
(A) Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.	<ul style="list-style-type: none"> <li>• As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.</li> <li>• Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.</li> </ul>
(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties.	<ul style="list-style-type: none"> <li>• 24 CFR 570.201(a) Acquisition</li> <li>(b) Disposition,</li> <li>(i) Relocation, and</li> <li>(n) Direct homeownership assistance (as modified below);</li> <li>• 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).</li> </ul>
(C) Establish land banks for homes that have been foreclosed upon.	24 CFR 570.201(a) Acquisition and (b) Disposition
(D) Demolish blighted structures.	24 CFR 570.201(d) Clearance for blighted structures only
(E) Redevelop demolished or vacant properties.	<ul style="list-style-type: none"> <li>• 24 CFR 570.201</li> <li>(a) Acquisition</li> <li>(b) Disposition,</li> <li>(c) Public facilities and improvements,</li> <li>(e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties,</li> <li>(i) Relocation, and</li> <li>(n) Direct homeownership assistance (as modified below).</li> <li>• 204 Community based development organizations.</li> </ul>

## Appendix A

### **(A) Financing Mechanisms**

#### **Eligible Uses:**

Pursuant to the Housing and Economic Recovery Act (HERA) §2301(c) (3) (A), grantees may use Neighborhood Stabilization Program (NSP) funds to establish financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties. Established financing mechanisms must benefit low-, moderate-, and middle-income homebuyers (up to 120 percent of area median income). Such financing mechanisms may include, but are not limited to:

- soft-seconds,
- loan loss reserves, and
- shared-equity loans.

#### **Correlated Eligible Activities from the CDBG Entitlement Regulations**

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.
- Financing mechanisms used to carry out CDBG eligible activities such as:
  - The purchase and rehabilitation of residential homes and properties that have been foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
  - The establishment of land banks for homes that have been foreclosed upon;
  - The demolition of blighted structures; and
  - The redevelopment of demolished or vacant properties.

#### **Prohibited Activities:**

- Rental loss reserves

## Appendix A

### **(B) Purchase and Rehabilitation**

#### **Eligible Uses:**

Pursuant to HERA §2301(c)(3)(B), grantees may use NSP funds to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

#### **Acquisition:**

- Section 2301(d) (1) of HERA requires any purchase of a foreclosed-upon home or residential property under NSP be at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property. The Department requires that a foreclosed home or residential property must be purchased from a lender at a minimum discount of 15 percent of the current market-appraised value of the home or property.

Note: In the event that HUD NSP Requirements are modified, at a later date, to reflect a lower overall minimum discount for the State of California's NSP housing portfolio, the Department will notify all grantees of such changes and their effective dates.

- Section 301 of the Uniform Relocation Act (URA), regarding just compensation, does not apply to voluntary acquisitions.
- All acquisitions of property under NSP require separate appraisals for purposes of determining the statutory purchase discount.
- An NSP recipient may not provide NSP funds to another party to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay the necessary and reasonable costs related to the appraisal and transfer of title.
- The Department strongly discourages using NSP funds to assist in property acquisitions through an eminent domain action. Grantees that are contemplating using NSP funds to assist an acquisition involving an eminent domain action are advised to consult legal counsel before taking action, as this may present problems with the Takings Clause of the Fifth Amendment to the U.S. Constitution and prior Supreme Court rulings.
- HUD did not specify alternative requirements to the relocation assistance provisions at 42 U.S.C. 5304(d); therefore, these regulations remain applicable to all activities funded by NSP funds.

- Grantees are encouraged to acquire and redevelop Federal Housing Administration (FHA) foreclosed properties. HUD provides information on such properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Grantees may also contact their local HUD FHA office for further information.

### Rehabilitation

- Any rehabilitation of a foreclosed upon home or residential property shall be to the extent necessary to comply with applicable laws, codes and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Applicants that are awarded NSP funds by the Department will be required to define their housing rehabilitation standards that will apply to NSP-assisted activities. This will be accomplished as part of special conditions clearance by the Department.

Note: After rehabilitation, the property must, at a minimum, meet the Section 8 Housing Quality Standards, applicable building codes, zoning ordinances, and cost-effective energy conservation standards.

- Funds may be used for preservation, improving energy efficiency or conservation, or providing renewable energy source(s).
- Both HUD and the Department encourage grantees to strategically incorporate modern green building and energy efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

Energy efficiency improvements may include installation of storm windows and doors, wall and attic insulation, and conversion/modification/replacement of heating and cooling equipment, including the use of solar energy equipment.

A grantee may also use NSP funds for water efficiency improvements such as water savings faucets and shower heads and the repair of water leaks.

- Grantees may fund costs, such as sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities.
- Grantees may rehabilitate property to be operated as rental housing by the grantee, by a subrecipient, by a lessee or by a purchaser. Grantees should note that the costs of purchase, rehabilitation, conversion and sale of such properties are eligible NSP activities.

Note: The expenses of actually operating the rental housing (such as maintenance, insurance, and deficits in monthly operating income) and tenant-based rental subsidies are not eligible NSP activities.



## Prohibited Activities:

Rehabilitation does **not** include;

- Installation of luxury items, such as a swimming pool;
- Costs of equipment, furnishings, or other personal property not an integral structural fixture, such as:
  - a window air conditioner;
  - a washer or dryer (but a stove or refrigerator is allowed);
- Labor costs for homeowners to rehabilitate their own property.

## Sale

- If an abandoned or foreclosed-upon home or residential property is to be sold to an individual as a primary residence, no profit may be earned on such sale.
- Section 2301(d)(2) directs that the sale of such property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.
- The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment.
- In determining the sales price, HUD will not consider the costs of boarding up, lawn mowing, or maintaining the property in a static condition to be redeveloped or rehabilitated. Additionally, in the absence of NSP-assisted rehabilitation or redevelopment, the costs of completing a sales transaction or other disposition are not redevelopment or rehabilitation costs.
- Each NSP-assisted homebuyer is required to receive and complete at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

Note: Grantees may provide the homebuyer counseling directly if its counseling program meets the HUD standards for such counseling per 24 CFR 214, which was made final on September 27, 2007, and can be found at:  
<http://www.hud.gov/offices/hsg/sfh/hcc/final.pdf>

- Grantees must ensure that homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages.
- Grantees are cautioned against providing or permitting homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate.

### Correlated Eligible Activities from the CDBG Entitlement Regulations

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition
  - (i) Relocation
  - (n) Direct homeownership assistance to persons whose incomes do not exceed 120 percent of median income.
- 24 CFR 570.202

Eligible rehabilitation and preservation activities for homes and other residential properties. Note that rehabilitation may include counseling for those seeking to take part in the activity.

## Appendix A

### **(C) Land Banks**

#### **Eligible Uses:**

Pursuant to HERA §2301(c) (3) (C), NSP funds may be used to establish land banks for homes that have been foreclosed upon.

#### **Lank Bank Uses:**

- A land bank may not hold a property for more than ten years without obligating the property for a specific, eligible redevelopment in accordance with NSP requirements. HUD and the Department do not believe that holding property alone is sufficient to stabilize most neighborhoods.
- The grantee must determine the actual service area benefiting from a land bank's activities.
- For more information on land banks and examples of best practices visit: <http://www.hud.gov/offices/cpd/about/conplan/foreclosure/landbanks.cfm>

#### **Correlated Eligible Activities from the CDBG Entitlement Regulations:**

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition

## Appendix A

### **(D) Demolition**

#### **Eligible Uses:**

Pursuant to HERA §2301(c) (3) (D), NSP funds may be used to demolish blighted structures.

#### **General information:**

- The national objectives related to prevention and elimination of slums and blight and addressing urgent community development needs (24 CFR 570.208(b) and (c) and 570.483(c) and (d)) are not applicable to NSP-assisted activities.
- NSP grantees will not be required to meet the requirements of 42 U.S.C. 5304(d) as implemented at 24 CFR 42.375, which mandates one-for-one replacement of low- and moderate-income dwellings units that are demolished or converted for activities assisted with NSP funds.

#### **Correlated Eligible Activities from the CDBG Entitlement Regulations**

- 24 CFR 570.201
  - (d) Clearance, for blighted structures only.

## Appendix A

### (E) Redevelopment

#### Eligible Uses:

Pursuant to HERA §2301(c) (3) (D), NSP funds may be used to redevelop demolished or vacant properties.

- Grantees may fund costs, such as sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities.
- New construction of housing and building infrastructure for housing is an eligible use.
- Grantees may redevelop property to be used as rental housing.
- In order for a property to be redeveloped, it must have been previously developed and must now be vacant. Previous development could include vacant building or infrastructure improvements such as roads, water, sewer, power lines, etc.
- Grantees are encouraged to acquire and redevelop FHA foreclosed properties. HUD provides information on such properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Grantees may also contact their local HUD FHA office for further information.

#### Correlated Eligible Activities from the CDBG Entitlement Regulations

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition
  - (c) Public facilities and improvements
  - (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties
  - (i) Relocation
  - (n) Direct homeownership assistance (for persons whose income does not exceed 120% of area median income)
- 24 CFR 570.204  
Community based development organizations
- New housing construction

**Prohibited Activities:**

- Redevelopment activities on raw land would not be eligible under NSP. For example, redevelopment activities may not take place on land that has been farmland, open space, wilderness, etc.

## Appendix B

### Jurisdictions Eligible to Apply Individually (Tier 1)

California Jurisdiction	County	Calculated State Allocation
Hayward, City of	Alameda County	\$1,554,489
Concord, City of	Contra Costa County	\$1,159,124
Pittsburg, City of	Contra Costa County	\$1,718,486
El Dorado County	El Dorado County	\$1,483,528
Carson, City of	Los Angeles County	\$1,329,065
Inglewood, City of	Los Angeles County	\$1,394,613
Norwalk, City of	Los Angeles County	\$1,340,249
Santa Clarita, City of	Los Angeles County	\$1,187,003
Madera County	Madera County	\$1,152,895
Atwater, City of	Merced County	\$1,040,331
Los Banos, City of	Merced County	\$2,407,876
Merced, City of	Merced County	\$2,046,968
Merced County	Merced County	\$3,144,403
Salinas, City of	Monterey County	\$2,621,166
Garden Grove, City of	Orange County	\$1,180,823
Roseville, City of	Placer County	\$1,303,948
Citrus Heights, City of	Sacramento County	\$1,053,781
Rancho Cordova, City of	Sacramento County	\$1,073,795
Chino, City of	San Bernardino County	\$1,041,323
Escondido, City of	San Diego County	\$1,309,830
Oceanside, City of	San Diego County	\$1,422,487
Santa Maria, City of	Santa Barbara County	\$1,258,602
Fairfield, City of	Solano County	\$2,371,335

**Appendix B**

**Jurisdictions Eligible to Apply Individually (Tier 1)**

<b>California Jurisdiction</b>	<b>County</b>	<b>Calculated State Allocation</b>
Vacaville, City of	Solano County	\$1,101,157
Turlock, City of	Stanislaus County	\$1,520,483
Tulare County	Tulare County	\$1,862,534
Oxnard, City of	Ventura County	\$2,015,277
West Sacramento, City of	Yolo County	\$1,047,543
Yuba County	Yuba County	\$1,478,151
<b>TOTAL ALLOCATION</b>		<b>\$44,621,263</b>



## Appendix C

### Jurisdictions Eligible to Apply Jointly (Tier 2)

California Jurisdiction	County	Calculated State Allocation	County Cumulative Allocation
<b>Alameda County</b>			
Balance of the County	Alameda County	\$0	
Alameda, City of	Alameda County	\$113,566	
Berkeley, City of	Alameda County	\$177,335	
Fremont, City of	Alameda County	\$638,964	
Livermore, City of	Alameda County	\$356,115	
San Leandro, City of	Alameda County	\$559,007	
Union City, City of	Alameda County	\$499,074	
<b>County Totals =</b>		<b>\$2,344,060</b>	<b>\$2,344,060</b>

<b>Butte County</b>			
Balance of the County	Butte County	\$605,754	
Chico, City of	Butte County	\$212,215	
Oroville, City of	Butte County	\$109,053	
Paradise, Town of	Butte County	\$111,044	
<b>County Totals =</b>		<b>\$1,038,066</b>	<b>\$1,038,066</b>

<b>El Dorado County</b>			
Balance of the County	El Dorado County	Allocations listed Tier 1	
South Lake Tahoe, City of	El Dorado County	\$126,568	
<b>County Totals =</b>		<b>\$126,568</b>	<b>\$126,568</b>

<b>Fresno County</b>			
Balance of the County	Fresno County	\$0	
Clovis, City of	Fresno County	\$728,905	
Firebaugh, City of	Fresno County	\$102,417	
Parlier, City of	Fresno County	\$267,292	
<b>County Totals =</b>		<b>\$1,098,614</b>	<b>\$1,098,614</b>

## Appendix C

### Jurisdictions Eligible to Apply Jointly (Tier 2)

California Jurisdiction	County	Calculated State Allocation	County Cumulative Allocation
<b>Imperial County</b>			
Balance of the County	Imperial County	\$756,754	
Brawley, City of	Imperial County	\$398,264	
Calexico, City of	Imperial County	\$776,492	
El Centro, City of	Imperial County	\$796,291	
Imperial, City of	Imperial County	\$379,976	
<b>County Totals =</b>		<b>\$3,107,777</b>	<b>\$3,107,777</b>

<b>Kern County</b>			
Balance of the County	Kern County	\$0	
Delano, City of	Kern County	\$733,210	
McFarland, City of	Kern County	\$149,629	
Taft, City of	Kern County	\$149,286	
Wasco, City of	Kern County	\$303,592	
<b>County Totals =</b>		<b>\$1,335,718</b>	<b>\$1,335,718</b>

<b>Kings County</b>			
Balance of the County	Kings County	\$348,378	
Corcoran, City of	Kings County	\$158,191	
Hanford, City of	Kings County	\$615,277	
Lemoore, City of	Kings County	\$334,424	
<b>County Totals =</b>		<b>\$1,456,269</b>	<b>\$1,456,269</b>

<b>Los Angeles County</b>			
Balance of the County	Los Angeles County	\$95,482	
Alhambra, City of	Los Angeles County	\$176,597	
Artesia, City of	Los Angeles County	\$110,906	
Baldwin Park, City of	Los Angeles County	\$970,226	
Bellflower, City of	Los Angeles County	\$553,434	

**Appendix C**

**Jurisdictions Eligible to Apply Jointly (Tier 2)**

<b>California Jurisdiction</b>	<b>County</b>	<b>Calculated State Allocation</b>	<b>County Cumulative Allocation</b>
<b>Los Angeles County (continued)</b>			
Burbank, City of	Los Angeles County	\$306,315	
Cerritos, City of	Los Angeles County	\$116,946	
Downey, City of	Los Angeles County	\$695,825	
El Monte, City of	Los Angeles County	\$623,142	
Gardena, City of	Los Angeles County	\$468,081	
Glendale, City of	Los Angeles County	\$471,137	
Glendora, City of	Los Angeles County	\$137,031	
Hawthorne, City of	Los Angeles County	\$589,679	
Huntington Park, City of	Los Angeles County	\$469,313	
Lakewood, City of	Los Angeles County	\$479,587	
Lynwood, City of	Los Angeles County	\$916,161	
Montebello, City of	Los Angeles County	\$333,565	
Monterey Park, City of	Los Angeles County	\$102,987	
Paramount, City of	Los Angeles County	\$783,440	
Pasadena, City of	Los Angeles County	\$462,736	
Pico Rivera, City of	Los Angeles County	\$578,507	
Rosemead, City of	Los Angeles County	\$107,934	
South Gate, City of	Los Angeles County	\$970,490	
Torrance, City of	Los Angeles County	\$131,634	
West Covina, City of	Los Angeles County	\$802,030	
Whittier, City of	Los Angeles County	\$402,264	
<b>County Totals =</b>		<b>\$11,855,450</b>	<b>\$11,855,450</b>

<b>Madera County</b>			
Balance of the County	Madera County	Allocations listed Tier 1	
Chowchilla, City of	Madera County	\$240,767	
Madera, City of	Madera County	\$998,580	
<b>County Totals =</b>		<b>\$1,239,347</b>	<b>\$1,239,347</b>

## Appendix C

### Jurisdictions Eligible to Apply Jointly (Tier 2)

California Jurisdiction	County	Calculated State Allocation	County Cumulative Allocation
<b>Merced County</b>			
Balance of the County	Merced County	Allocations listed Tier 1	
Dos Palos, City of	Merced County	\$225,968	
Gustine, City of	Merced County	\$184,318	
Livingston, City of	Merced County	\$289,991	
<b>County Totals=</b>		<b>\$700,277</b>	<b>\$700,277</b>

<b>Monterey County</b>			
Balance of the County	Monterey County	\$846,041	
Gonzales, City of	Monterey County	\$106,332	
Greenfield, City of	Monterey County	\$311,749	
King City, City of	Monterey County	\$148,221	
Marina, City of	Monterey County	\$117,278	
Seaside, City of	Monterey County	\$255,258	
Soledad, City of	Monterey County	\$355,835	
<b>County Totals =</b>		<b>\$2,140,714</b>	<b>\$2,140,714</b>

<b>Orange County</b>			
Balance of the County	Orange County	\$0	
Buena Park, City of	Orange County	\$589,009	
Costa Mesa, City of	Orange County	\$303,749	
Fountain Valley, City of	Orange County	\$123,469	
Fullerton, City of	Orange County	\$608,623	
Huntington Beach, City of	Orange County	\$411,123	
Irvine, City of	Orange County	\$321,001	
La Habra, City of	Orange County	\$457,482	
Laguna Niguel, City of	Orange County	\$190,966	
Lake Forest, City of	Orange County	\$365,229	
Mission Viejo, City of	Orange County	\$351,961	

**Appendix C**

**Jurisdictions Eligible to Apply Jointly (Tier 2)**

<b>California Jurisdiction</b>	<b>County</b>	<b>Calculated State Allocation</b>	<b>County Cumulative Allocation</b>
<b>Orange County (continued)</b>			
Orange, City of	Orange County	\$560,583	
Rancho Santa Margarita, City of	Orange County	\$223,313	
San Clemente, City of	Orange County	\$133,431	
San Juan Capistrano, City of	Orange County	\$364,053	
Tustin, City of	Orange County	\$369,907	
Westminster, City of	Orange County	\$340,641	
Yorba Linda, City of	Orange County	\$154,129	
<b>County Totals =</b>		<b>\$5,868,670</b>	<b>\$5,868,670</b>

<b>Placer County</b>			
Balance of the County	Placer County	\$872,923	
Lincoln, City of	Placer County	\$667,852	
Rocklin, City of	Placer County	\$505,694	
<b>County Totals =</b>		<b>\$2,046,469</b>	<b>\$2,046,469</b>

<b>Riverside County</b>			
Balance of the County	Riverside County	\$0	
Calimesa, City of	Riverside County	\$287,701	
Coachella, City of	Riverside County	\$974,583	
Palm Desert, City of	Riverside County	\$326,784	
Palm Springs, City of	Riverside County	\$549,970	
Rancho Mirage, City of	Riverside County	\$161,196	
<b>County Totals =</b>		<b>\$2,300,235</b>	<b>\$2,300,235</b>

<b>San Bernardino County</b>			
Balance of the County	San Bernardino County	\$0	
Chino Hills, City of	San Bernardino County	\$550,621	

**Appendix C**

**Jurisdictions Eligible to Apply Jointly (Tier 2)**

<b>California Jurisdiction</b>	<b>County</b>	<b>Calculated State Allocation</b>	<b>County Cumulative Allocation</b>
<b>San Bernardino County (continued)</b>			
Redlands, City of	San Bernardino County	\$672,313	
Upland, City of	San Bernardino County	\$560,366	
<b>County Totals =</b>		<b>\$1,783,301</b>	<b>\$1,783,301</b>

<b>San Diego County</b>			
Balance of the County	San Diego County	\$0	
Carlsbad, City of	San Diego County	\$233,500	
El Cajon, City of	San Diego County	\$814,609	
Encinitas, City of	San Diego County	\$124,486	
La Mesa, City of	San Diego County	\$193,407	
National City, City of	San Diego County	\$487,736	
San Marcos, City of	San Diego County	\$493,090	
Santee, City of	San Diego County	\$342,090	
Vista, City of	San Diego County	\$795,954	
<b>County Totals =</b>		<b>\$3,484,873</b>	<b>\$3,484,873</b>

<b>Santa Clara County</b>			
Balance of the County	Santa Clara County	\$229,825	
Gilroy, City of	Santa Clara County	\$377,453	
Milpitas, City of	Santa Clara County	\$171,068	
Santa Clara, City of	Santa Clara County	\$138,832	
Sunnyvale, City of	Santa Clara County	\$105,921	
<b>County Totals =</b>		<b>\$1,023,100</b>	<b>\$1,023,100</b>

<b>Shasta County</b>			
Balance of the County	Shasta County	\$498,838	
Anderson, City of	Shasta County	\$120,916	
Redding, City of	Shasta County	\$565,967	

**Appendix C**

**Jurisdictions Eligible to Apply Jointly (Tier 2)**

<b>California Jurisdiction</b>	<b>County</b>	<b>Calculated State Allocation</b>	<b>County Cumulative Allocation</b>
<b>Shasta County (continued)</b>			
Shasta Lake, City of	Shasta County	\$170,939	
<b>County Totals =</b>		<b>\$1,356,660</b>	<b>\$1,356,660</b>

<b>Solano County</b>			
Balance of the County	Solano County	\$337,781	
Benicia, City of	Solano County	\$198,552	
Dixon, City of	Solano County	\$288,682	
Rio Vista, City of	Solano County	\$122,417	
Suisun City, City of	Solano County	\$955,009	
<b>County Totals =</b>		<b>\$1,902,442</b>	<b>\$1,902,442</b>

<b>Sonoma County</b>			
Balance of the County	Sonoma County	\$704,677	
Petaluma, City of	Sonoma County	\$259,635	
Santa Rosa, City of	Sonoma County	\$900,735	
<b>County Totals =</b>		<b>\$1,865,047</b>	<b>\$1,865,047</b>

<b>Sutter County</b>			
Balance of the County	Sutter County	\$855,847	
Live Oak, City of	Sutter County	\$162,980	
Yuba City, City of	Sutter County	\$775,178	
<b>County Totals =</b>		<b>\$1,794,004</b>	<b>\$1,794,004</b>

<b>Tulare County</b>			
Balance of the County	Tulare County	Allocations listed Tier 1	
Dinuba, City of	Tulare County	\$307,589	
Exeter, City of	Tulare County	\$154,422	

## Appendix C

### Jurisdictions Eligible to Apply Jointly (Tier 2)

California Jurisdiction	County	Calculated State Allocation	County Cumulative Allocation
<b>Tulare County (continued)</b>			
Farmersville, City of	Tulare County	\$148,385	
Lindsay, City of	Tulare County	\$119,401	
Porterville, City of	Tulare County	\$700,699	
Tulare, City of	Tulare County	\$804,817	
<b>County Totals =</b>		<b>\$2,235,312</b>	<b>2,235,312</b>

<b>Ventura County</b>			
Balance of the County	Ventura County	\$636,245	
Camarillo, City of	Ventura County	\$237,326	
San Buenaventura (Ventura), City of	Ventura County	\$466,985	
Simi Valley, City of	Ventura County	\$843,868	
Thousand Oaks, City of	Ventura County	\$501,314	
<b>County Totals =</b>		<b>\$2,685,738</b>	<b>\$2,685,738</b>

<b>Yuba County</b>			
Balance of the County	Yuba County	Allocations listed Tier 1	
Marysville, City of	Yuba County	\$231,244	
<b>County Totals =</b>		<b>\$231,244</b>	<b>\$231,244</b>

<b>Totals for the State</b>		<b>\$55,019,955</b>	<b>\$55,019,955</b>
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NOTE: "Balance of the County" allocations for El Dorado, Madera, Merced, Tulare and Yuba are all listed on Tier 1 (Appendix B).



## Appendix D

### **SAMPLE PUBLIC HEARING NOTICE FOR PROGRAM DESIGN PHASE**

#### **Notice of Public Hearing to Receive Public Comments on Opportunities for Neighborhood Stabilization Program (NSP) Funding**

The City/County<sup>1</sup> of \_\_\_\_\_ will conduct a public hearing by the \_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_, 200\_\_, at \_\_\_ p.m. at the \_\_\_\_\_ Room, \_\_\_\_\_ Street, \_\_\_\_\_, CA to review opportunities for NSP funding from the State of California. The State of California has received \$145 million in NSP funding to address abandoned and foreclosed homes. The State has announced that the City/County of \_\_\_\_\_ is eligible to receive up to \$\_\_\_\_\_ in NSP funding that may be used for the following activities:

1. Establish financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;
2. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
3. Establish land banks for homes that have been foreclosed upon;
4. Demolish blighted structures; and
5. Redevelop demolished or vacant properties.

Housing Activities: receiving NSP funding must provide and improve permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income (LMMH).

Area Benefit Activities: receiving NSP funding must benefit all the residents of a primarily residential area in which at least 51% of the residents have incomes at or below 120% of area median income (LMMA).

Limited Clientele Activities: receiving NSP funding must serve a limited clientele whose incomes are at or below 120% of area median income (LMMC).

In addition to the funding noted above, the State has set aside 25% of the \$145 million in NSP funds for targeted, over-the-counter subgrants to eligible applicants who will specifically target households at 50% or less of AMI as beneficiaries of these funds.

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<sup>1</sup> For joint applications, identify all participating jurisdictions and all NSP dollar amounts for each participating jurisdiction

If you are unable to attend the public hearing, you may direct written comments prior to the date of the hearing to: City/County of \_\_\_\_\_, Community Development/Housing Department, \_\_\_\_\_ Street, \_\_\_\_\_, CA \_\_\_\_\_ by \_\_\_\_\_, \_\_\_\_\_, 200\_\_\_\_. Information may be obtained or a public file on NSP activities may be reviewed, at the above address between the hours of 8:00 a.m. and 5:00 p.m. on weekdays. The \_\_\_\_\_ can be contacted at \_\_\_\_\_ or by email at \_\_\_\_\_.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please contact \_\_\_\_\_ at \_\_\_\_\_ to arrange for those accommodations to be made. Notification \_\_\_\_ hours prior to the meeting will enable the City/County to make reasonable accommodations to assure accessibility at the meeting.

The City/County of \_\_\_\_\_ promotes fair housing and makes all programs available to low- and moderate-income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or disability.

## Appendix E

### SAMPLE PUBLIC HEARING NOTICE FOR APPLICATION SUBMITTAL PHASE

#### Notice of Public Hearing to Apply for Neighborhood Stabilization Program (NSP) Funding

The City/County<sup>1</sup> of \_\_\_\_\_ will conduct a public hearing by the \_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_, 200\_\_, at \_\_\_\_ p.m. at the \_\_\_\_\_ Room, \_\_\_\_\_ Street, \_\_\_\_\_, CA to discuss the opportunities for NSP funding from the State of California.

The City/County of \_\_\_\_\_ is applying for a grant amount of up to \$\_\_\_\_\_ under the NSP Allocation to (identify all activities in the application) to be performed within the (identify target areas).

If additional monies become available, the City/County of \_\_\_\_\_ will apply for the maximum available under the NSP Allocation to (identify all activities that the additional monies will be used for) to be performed within the (identify target areas).

If you are unable to attend the public hearing, you may direct written comments prior to the date of the hearing to: City/County of \_\_\_\_\_, Community Development/Housing Department, \_\_\_\_\_ Street, \_\_\_\_\_, CA \_\_\_\_ by \_\_\_\_\_, \_\_\_\_\_, 200\_\_. Information may be obtained, or a public file on NSP activities may be reviewed, at the above address between the hours of 8:00 a.m. and 5:00 p.m. on weekdays. The \_\_\_\_\_ can be contacted at \_\_\_\_\_ or by email at \_\_\_\_\_.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please contact \_\_\_\_\_ at \_\_\_\_\_ to arrange for those accommodations to be made. Notification \_\_\_\_ hours prior to the meeting will enable the City/County to make reasonable accommodations to assure accessibility at the meeting.

The City/County of \_\_\_\_\_ promotes fair housing and makes all programs available to low- and moderate-income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or disability.

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<sup>1</sup> For joint applications, identify lead agency and all other participating jurisdictions, all activities and target areas for each participating jurisdiction, and all NSP dollar amounts for each participating jurisdiction.

## Appendix F

### Relevant NSP Definitions

*Abandoned:* A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

*Blighted structure:* A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

*Current market appraised value:* The current market appraised value means the value of a foreclosed-upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Assistance (URA) at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

*Foreclosed:* A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. The Department will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

*Land bank:* A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

*Use for the purposes of NSP:* Funds are used when they are obligated by a state, unit of general local government, or any subrecipient thereof, for a specific NSP activity. Funds are considered to be obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the state, unit of general local government, or subrecipient during the same or a future period. Note that funds are not obligated for an activity when subawards (e.g., grants to subrecipients or to units of general local governments) are made.