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Staff Report

Joint Meeting
ITEM NO. 3

To: **Lemoore City Council**

From: **Brooke Austin, Housing Specialist**

Date: **March 9, 2009**

Subject: **Public Hearing – Design Hearing – Neighborhood Stabilization Program**

Discussion:

The State has announced that the County of Kings, including the Cities of Corcoran, Hanford and Lemoore will be eligible to receive $1,456,269 in Neighborhood Stabilization Program (NSP) funding. Of this amount, the City of Lemoore is eligible to receive up to $334,424. This funding 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-seconds, 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.

Proposed projects funded with NSP allocations must carry out at least one of the three objectives, as follows: 1) Housing activities 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; 2) Area benefit activities 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 the area median income (HUD has provided data to identify these areas); or 3) Limited clientele activities must serve a limited clientele (abused children, battered spouses, elderly persons, severely disabled, illiterate adults, persons living with AIDS, homeless persons and migrant farm workers) whose incomes are at or below 120% the moderate income limit (with other CDBG programs these groups are presumed to meet the income requirements).

In addition, the State has set aside 25% of the $145 million in NSP funds for targeted, over-the-counter subgrants to eligible applicants (e.g. cities/counties) that will specifically target households at 50% or less of area median income as beneficiaries of these funds.

Staff anticipates primarily using funds to purchase foreclosed homes, which require minor rehabilitation; have the homes repaired; and sell them to income qualified families. The program also allows for some of the funds to remain with the purchaser as a soft-second loan. The profit from the home sale can be put back in the fund to purchase additional homes. The NSP application, however, will list all possible options available so that staff has flexibility to use the funds on foreclosed homes as needed.

The City is required to work in collaboration with Kings County and the other cities previously mentioned to submit a joint application. Once the application is ready for submittal, another public hearing will be held. At this time, the City desires to obtain input from local citizens and others, about possible activities that should be implemented with the use of NSP funding.

Budget Impact:
None at this time.

Recommendation:

That Council:

1) Open a public hearing to accept testimony and suggestions for the Neighborhood Stabilization Program application; and,
2) Provide staff direction towards pursuing NSP grant funds and authority to work with Kings County to prepare a joint application.