

**STAFF REPORT**  
**City of Lancaster**

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07/22/14
MVB

Date: July 22, 2014

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Director Housing & Neighborhood Revitalization

Subject: **Third Substantial Amendment for the Neighborhood Stabilization Program 1 Expansion of Target Areas Pursuant to the Housing and Economic Recovery Act of 2008**

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**Recommendation:**

Approve the Third Substantial Amendment for the Neighborhood Stabilization Program 1 (NSP 1) to the Community Development Block Grant (CDBG) Consolidated Annual Action Plan for the 2008-09 Program Year to be submitted to the U.S. Department of Housing and Urban Development. The amendment will expand the target areas in which foreclosed homes can be acquired, rehabilitated and sold.

**Fiscal Impact:**

The City has received program income in the amount of \$2,997,533 from the original NSP 1 award, to purchase, rehabilitate, and sell NSP 1 eligible properties in NSP 1 eligible target areas.

**Background:**

In September 2008, pursuant to the Housing and Economic Recovery Act of 2008, the City Council received and appropriated funds for the NSP 1 program in the amount of \$6,983,533 to acquire, rehabilitate and then resell foreclosed homes. These funds must benefit persons of low-, moderate- and middle-income in areas within the community with the greatest percentage of home foreclosures, homes financed by subprime mortgage related loans and areas likely to face a significant rise in the rate of home foreclosures.

In January 2011, the City sold its first NSP 1 home in the original NSP 1 eligible target areas. After completing the sales of NSP 1 homes in the first quarter of 2014, the location of foreclosures shifted away from the original target areas to other areas located within the City of Lancaster. Concurrently, the U.S. Department of Housing and Urban Development modified the calculations for “Greatest Need” a requirement of selection of target areas, increasing the number of target areas in the City of Lancaster in which NSP 1 eligible properties can be purchased.

Pursuant to 24 CFR 91.505(a) the approval of a Substantial Amendment to the 2008-09 CDBG Action Plan is required to expand target areas for the NSP 1 to continue to acquire and rehabilitate foreclosed homes utilizing NSP 1 funds for NSP 1 eligible properties and target areas.

EB:BL:dh

**Attachment:**

Third Substantial Amendment for NSP 1 Program (available for review in the City Clerk Department)