

STAFF REPORT
City of Lancaster, California

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Date: December 9, 2008

To: Mayor R. Rex Parris and City Council Members

From: Elizabeth Brubaker, Director of Housing & Neighborhood Revitalization

Subject: **Receive and Appropriate Funds for the Neighborhood Stabilization Program Pursuant to the Housing and Economic Recovery Act of 2008**

Recommendation:

Appropriate estimated revenues of \$6,983,533 in account number 363-3100-100 for funds allocated by the U.S. Department of Housing and Urban Development for the Neighborhood Stabilization Program (NSP) pursuant to the Housing and Economic Recovery Act of 2008. Additionally, approve an appropriation of the same amount for the City's Neighborhood Stabilization Program expenditures in account number 363-4542-770.

Financial Impact:

Funding of the City's Neighborhood Stabilization Program comes from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program Grant pursuant to the Housing and Economic Recovery Act of 2008. \$6,983,533 is expected in revenues and will be used in expenditures for the program.

Background:

In August 2007, the Lancaster Redevelopment Agency Board approved the implementation of the citywide Neighborhood Foreclosure Preservation Home Ownership Program making Lancaster the first city in the state of California to utilize redevelopment set aside funds to address the foreclosure crisis. The Neighborhood Foreclosure Preservation Home Ownership Program is designed to preserve sustainable and affordable homeownership for Lancaster residents by reclaiming foreclosed homes as neighborhood assets, strengthening blocks and neighborhoods by eliminating the blighting effects of vacant properties, and by enforcing the city codes and city building code requirements. The Neighborhood Foreclosure Preservation Home Ownership Program continues to assist the City with preserving and stabilizing neighborhoods impacted with a high foreclosure rate by changing the balance from rental properties to home ownership. In addition, the Neighborhood Stabilization Program will allow the City to utilize federal funds to further address the negative impacts that home foreclosures are having on the community.

In September 2008, pursuant to the Housing and Economic Recovery Act of 2008, the U.S. Department of Housing and Urban Development allocated a total of \$3.92 billion to the Neighborhood Stabilization Program. This program, which is similar in nature to Lancaster's

Neighborhood Foreclosure Preservation Home Ownership Program, assists cities with federal funds for the purpose of addressing the effects of abandoned and foreclosed properties in the nation's communities. The City of Lancaster will receive a NSP allocation of \$6,983,533 from the U.S. Department of Housing and Urban Development. 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.

The request for the appropriation will make the funds available to cover the cost of expenses associated with the Neighborhood Stabilization Program and assist the City in addressing the effects of abandoned and foreclosed upon homes and residential properties within the community; therefore, staff recommends that the City Council approve the appropriation of the entitlement funds.

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