



# City of Grand Island

Tuesday, April 28, 2009

Council Session

## Item E2

**Public Hearing for a Neighborhood Stabilization Community  
Development Block Grant**

Staff Contact: Joni Kuzma

# Council Agenda Memo

**From:** Joni Kuzma, Community Development Administrator

**Council Meeting:** April 28, 2009

**Subject:** Public Hearing on Community Development Block Grant  
Neighborhood Stabilization Program Grant

**Item #:** E-2 & G-4

**Presenter(s):** Joni Kuzma, Community Development

## Background

The Office of Housing and Urban Development has allocated \$19.6 million of stimulus money to the State of Nebraska for a Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP). Grants are available to local units of government and non-profit agencies for the following eligible activities:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties.
- Purchase and rehabilitate homes and residential properties abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- Demolish blighted structures;
- Redevelop demolished or vacant properties.

The Housing and Economic Recovery Act, 2008 (HERA) preempts regular Community Development Block Grant national objectives and directs that all funds be used to benefit individuals at or below 120% of the area median income.

All project activities must meet one of the approved NSP national objectives:

1. **LMMH National Objective:** Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.
2. **LMMA National Objective:** Serves an area in which at least 51% of the residents have incomes at or below 120% of the area median income (applies only to the demolition of blighted structures with no NSP redevelopment activities).
3. **LMMJ National Objective:** Creates or retains jobs for persons whose household income are at or below 120% of the median income.
4. **LMMC National Objective:** Serves a limited clientele (defined as providing shelter for persons having special needs such as homeless shelters; convalescent homes; hospitals;

nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders, or parolees; group homes for mentally retarded persons; and temporary housing for disaster victims) whose incomes are at or below 120% of the area median income.

The distribution of funds is as follows:

Need Level	Geographic Area	Proposed Amount of NSP Funds to be Awarded	Proposed uses
1	Douglas and Sarpy Counties	\$6,432,000	(A) Establishing financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties; (B) Purchasing and rehabilitating homes and residential properties abandoned or foreclosed; (D) Demolishing blighted structures; or (E) Redeveloping demolished or vacant properties
2	Lancaster County	\$4,000,000	
3	Cass, Hall, and Washington counties	\$3,000,000	
4	Dakota, Red Willow, Saunders, and Scotts Bluff counties	\$2,500,000	
5	Adams, Antelope, Buffalo, Burt, Chase, Cheyenne, Clay, Colfax, Cuming, Dawes, Dawson, Dixon, Dodge, Franklin, Gage, Garfield, Hamilton, Harlan, Holt, Howard, Jefferson, Johnson, Kearney, Keith, Kimball, Loup, Madison, Merrick, Nemaha, Nuckolls, Otoe, Perkins, Phelps, Pierce, Platte, Polk, Richardson, Saline, Seward, Stanton, Thayer, and Thurston counties	\$2,100,000	
	Subrecipient (NDED grantee)	\$784,000	General Administration
	State Administration	\$784,000	N/A

The Counties encompassing Lincoln and Omaha receive a “set aside” allocation and do not have to compete for funding. Hall County rated 3<sup>rd</sup> in need level for funding based on zip code areas 68801 and 68803 and are competing with Cass and Washington Counties for \$3,000,000. Counties in need levels 4 and 5 will all apply competitively against one another. Grant applications are due May 6, 2009, with an anticipated Release of Funds date of October 30, 2009. All funds have to be expended within two years of the October award date. No cash match is required.

As with all CDBG grants, a public hearing is required prior to submission of an application to the Nebraska Department of Economic Development to solicit public comment and input into the proposed project and grant application. A legal notice was published in the April 18, 2009 Grand Island Independent with notice of this council meeting and contact information for written comments.

## Discussion

Hall County is eligible in category 3 and is considered an Area of Greatest Need based on the average per month foreclosures by zip code area (68801/68803). Grand Island is applying for \$993,712, which includes funding for property acquisition, demolition, redevelopment of new housing, housing administration, and general administration. The project proposes to acquire and demolish up to six (6) blighted structures. To qualify as blighted, a structure must meet a

predetermined set of guidelines established by the Department of Economic Development for this program and must be purchased at a discount price. Each lot will be redeveloped with new housing and sold to first-time homebuyers, who can apply for Down Payment Assistance through this grant. The Federal Register directs that the sales price of homes redeveloped with NSP funds shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property to a decent, safe, and habitable condition. All funds from the sale of each property will return to the City as program income and reinvested into similar projects.

Project partners include Habitat for Humanity and the Housing Development Corporation. Habitat for Humanity will be eligible to redevelop 3 of the properties. The Housing Development Corporation will provide demolition inspection services as needed and will be eligible to redevelop 3 of the properties. Copies of the grant guidelines, the NSP Federal Register, and the grant application are available for review in the Community Development office.

### **ALTERNATIVES**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve the Neighborhood Stabilization Program grant application and authorize the Mayor to sign all related documents
2. Refer the issue to a Committee.
3. Postpone the issue to a later date.

### **Recommendation**

City Administration recommends that Council approves the Neighborhood Stabilization Program grant application and authorizes the Mayor to sign all related documents.

### **Sample Motion**

Move to approve the Neighborhood Stabilization Program grant application and authorize the Mayor to sign all related documents