



## MEMORANDUM

**To:** Mayor Jerry Sanders

**From:** Richard C. Gentry  
President & Chief Executive Officer

**Date:** August 16, 2010

**Subject:** Progress Report on the Neighborhood Stabilization Program

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The Neighborhood Stabilization Program (NSP) was established under the Housing and Economic Recovery Act (HERA) of 2008 for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. In September 2008 you awarded most of San Diego's grant to SDHC for implementation. Through the purchase and redevelopment of foreclosed or abandoned homes and residential properties, the goal of the program is being realized in the City of San Diego. I am pleased to report the following:

- SDHC has fully *obligated* its portion of the NSP allocation of \$9.44 million and, therefore, met the statutory deadline to use these funds by September 3, 2010;
- Fifty-five families purchased their first home using NSP financial assistance. The average income of these households is below 80 percent of the Area Median Income, or currently \$62,800 for a family of four;
- Rehabilitation loans were provided to 45 of these households immediately increasing the value of their property and invigorating the neighborhood and the community at large;
- More than 25 percent of the NSP funds were obligated to purchase 31 affordable rental apartments for families earning 50 percent or less of Area Median Income, currently \$39,250 for a family of four. This "25% set-aside" was another statutory requirement of the program.
- SDHC is well ahead of a deadline to *expend* the original grant amount by March of 2013. As of this date, nearly 70 percent of the City's allocated funds have been disbursed from the U.S. Treasury.

Although the original grant amount is completely obligated, program income derived from the activities listed above will be recycled and used to fund more first-time homebuyers who purchase and rehabilitate foreclosed homes.

We understand that in September HUD will reallocate unobligated funding from HERA to localities, such as San Diego, who have successfully implemented the programs. Also, looking ahead, the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) included an additional \$1 billion for the Neighborhood Stabilization Program nationwide. We hope that the funds will be distributed similar to the formula allocation of HERA, from which the City received \$9.44 million. Because of the progress the City is making with the initial NSP grant, we are hopeful that any increase in funding and/or reallocations from less than successful localities would enhance an already successful program and continue to stabilize our community.

We look forward to continuing our partnership with the City as the original program moves forwards and as additional funding is awarded.

Cc: City Council Members  
San Diego Housing Commission Board Members  
Jay Goldstone, COO, City of San Diego  
William Vasquez, DHUD, Los Angeles  
Frank X. Riley, DHUD, San Diego  
William Anderson, Economic Development Division