

Date: January 27, 2010

To: CDBG Committee

From: Barbara Constans, Grants Administrator

RE: Program Framework Waiver for NSP and CDBG-R Funds

The Community Development Division received State NSP and Federal CDBG-R funds in 2009 that were passed through as grants to eligible non-profit agencies to do housing development and rehabilitation for foreclosed units and to provide for job creation. As the non-profit agencies have begun implementing the NSP and CDBG-R programs they have seen opportunities for use of these funds in projects that have already been funded through the CDBG Office with HOME, CDBG or ESG funds. Neither the State NSP nor the Federal CDBG-R rules preclude using these funds in conjunction with other Federal programs, however, doing so would exceed the per unit maximum of \$60,000 allowed in the 2009-2010 Program Framework. The agencies that we fund are requesting a waiver of the \$60,000 limit per unit when NSP or CDBG – R funds are used in a project.

Staff Recommendation:

Staff believes that using NSP and CDBG-R funds at properties already assisted with other federal funds will increase the effectiveness of the existing programs by minimizing risk and help the non-profits meet the “rapid response” requirement of the funds, while still producing affordable housing units for low or moderate income households. We agree that reducing the long term costs of a unit by careful injection of the NSP and CDBG-R funds can maximize the benefits of the other CDBG Office administered funds. Allowing a waiver of the funds limitation in conjunction with the NSP and CDBG-R Stimulus funds meets this goal.

Therefore staff recommends approval of the waiver of the CDBG Office funds limitation for costs related specifically to the CDBG-R or NSP funds, when those funds are used in conjunction with HOME, CDBG, ESG, HOMEBUY or other CDBG Office administered funds in an affordable housing project.