

**PROPOSED SUBSTANTIAL AMENDMENT TO PY 2010 ACTION PLAN-ONE  
YEAR USE OF FUNDS  
NEIGHBORHOOD STABILIZATION PROGRAM SUMMARY**

**CITY OF BIRMINGHAM, ALABAMA**

In accordance with 24 CFR Part 91, the City of Birmingham, Alabama (the City) is hereby publishing a summary of a Proposed Substantial Amendment to its Program Year (PY) 2010 (July 1, 2010 thru June 30, 2011) Action Plan One Year Use Of Funds for citizen comment for a period of at least fifteen (15) calendar days from the date of this publication. The Proposed Substantial Amendment is published in order to afford affected citizens an opportunity to examine its contents and to submit comments relating thereto.

**INTRODUCTION:**

The U.S. Department of Housing and Urban Development (HUD) has announced a third round of the Neighborhood Stabilization Program (NSP3) to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is authorized under Title III and Section 2301(b) of the Housing and Economic Recovery Act of 2008 (HERA), as amended, and an additional allocation of funds provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) for additional assistance in accordance with the second undesignated paragraph under the heading ‘Community Planning and Development-Community Development Fund’ in Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Recovery Act), as amended.

**NSP GRANT AMOUNT:**

On October 19, 2010 the Office of the Secretary, HUD provided notice of the allocation formula and allocation amounts, the list of grantees, alternative requirements, and the waivers of regulations granted to grantees under Title III of Division B of the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Neighborhood Stabilization Program. **In the notice, the City of Birmingham, Alabama received an NSP Grant Allocation of \$2,576,151.00.**

**REQUIRED SUBMISSIONS FOR ELIGIBLE NSP GRANTEES:**

Each NSP3 grantee receiving an allocation of NSP3 funds must submit to HUD the

following by March 1, 2011. (1) Substantial amendment to the City's annual HUD action plan; (2) an SF-424; and (3) signed certifications.

**NATURE OF PROGRAM:**

HUD awards grants to states and local jurisdictions to stabilize communities hardest hit by foreclosures and delinquencies. The regulations for NSP3 grantees are noted at 75 FR 64322.

NSP3 grantees develop their own programs and funding priorities. However, NSP3 grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income. In addition, all activities funded by NSP3 must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income. Activities may not qualify under NSP using the "prevent or eliminate slums and blight" or address urgent community development needs" objectives of the Community Development Block Grant program.

**ELIGIBLE USES:**

The use of grant funds must constitute an eligible use under Title III of Division B of the Housing and Economic Act of 2008 (HERA) for redevelopment of abandoned and foreclosed homes and residential properties and provides under a rule of construction that, unless HERA states otherwise, the grants are to be considered Community Development Block Grant (CDBG) funds. The grant program under Title III is commonly referred to as the Neighborhood Stabilization Program (NSP).

In addition to being an eligible NSP use of funds, each activity funded must also be CDBG-eligible under 42 U.S.C. 5305(a) and meet a CDBG national objective. NSP funds may be used for activities which include, but are not limited to:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
- Establish land banks for foreclosed homes;
- Demolish blighted structures;
- Redevelop demolished or vacant properties.

**THE CITY OF BIRMINGHAM'S PROPOSED USE OF NSP FUNDING:**

The City proposes the following eligible uses of its NSP funding allocation as authorized

pursuant to the Housing and Economic Recovery Act (HERA) and the Community Development Block Grant (CDBG) program:

### **I. Purchase and Rehabilitation Program for Sale, Rent or Redevelopment:**

(1) **Activity Name:**

Purchase and Rehabilitation Program for Sale, Rent or Redevelopment.

(2) **Activity Type:** (includes NSP eligible use & CDBG eligible activity)

NSP Eligible Use:

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Use:

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.
- 25CFR 570.201 (a) acquisition, (b) dispositions, (i) Relocation, and (n) Direct homeownership assistance (as modified below):
- 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).  
.24 CFR 570.201 (a) Acquisition and (b) Disposition.

(3) **National Objective:** (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income).

This activity meets the national objective by providing or improving permanent residential structures that will benefit low, moderate and middle income persons, as defined in the NSP Notice---i.e.,  $< 120\%$  of area median income.

(4) **Total Purchase & Rehabilitation Program Budget:** **\$2,318,536.00**

### **II. NSP Program Administration:**

(1) **Activity Name:** Administration.

(2) **Activity Type:** (includes NSP eligible use & CDBG eligible activity)

NSP Eligible

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Use:

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

(3) **National Objective:** (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq$  120% of area median income).

This activity meets the national objective by providing or improving permanent residential structures that will benefit low, moderate and middle income persons, as defined in the NSP Notice---i.e.,  $<$  120% of area median income.

(4). **Total Administration Budget:** \$257,615.00

**TOTAL NSP GRANT BUDGET:** \$2,576,151.00

**FIFTEEN DAY CITIZEN COMMENT PERIOD & NOTICE OF PUBLIC HEARING:**

The City encourages citizens to participate in the development of the City's Final Substantial Amendments to its Action Plan described herein regarding proposed NSP program activities and the City's Final NSP3 Submission to HUD and will accept written comments for a period of at least fifteen (15) calendar days.

**Complete copies of the City's Proposed NSP Submission are available for inspection in the City's Community Development Department, 710 North 20th Street, Room 1000, Birmingham, Alabama from 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays. Copies are also available for inspection at the Birmingham Public Central Library, 2100 Park Place, Birmingham, Alabama, during regular business hours and a copy is posted on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov).**

The City's Community Development Department will conduct a public hearing on **Thursday, January 13, 2011 at 5:30 p.m. at the Birmingham City Council Chamber, 710 North 20<sup>th</sup> Street, 3<sup>rd</sup> Floor City Hall; Birmingham, Alabama.** The purpose of the hearing will be to obtain comments regarding the proposed use of NSP3 Program Funds. Also, citizens will be afforded an opportunity to 1) identify housing and

community development needs and priorities; 2) review proposed uses of funds; and 3) comment on and review the City's program performance. All comments and proposals received will be considered in the development of the City's Final NSP3 Submission to HUD.

The hearing location is accessible to persons with disabilities; however, anyone who requires further information or has a disability which might require special materials, services, or assistance should notify the Community Development Department at the referenced address no later than 48 hours prior to the scheduled hearing dates. The City does not discriminate on the basis of disability in admissions to, access to, or operations of its programs, services, or activities. The City does not discriminate on the basis of disability in its hiring or employment practices as mandated by Title 11 of the Americans with Disabilities Act of 1990.

Written comments regarding the City's Proposed NSP Program Submission should be submitted to James F. Fenstermaker, Director; Community Development Department at the address referenced herein. All written comments or proposals must be received at the referenced address **no later than Friday January 14, 2011 by 5:00 p.m.** to be considered in the development of the City's Final PY 2011 Action Plan One Year Use Of Funds Substantial Amendment and NSP3 Final Submission. The City's Final NSP3 submission is due to HUD no later than **Tuesday, March 1, 2011.**

James F. Fenstermaker, Director  
Department of Community Development  
710 North 20<sup>th</sup> Street  
10<sup>th</sup> Floor City Hall  
Birmingham, Alabama 35203

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