

**State of California
Neighborhood Stabilization Program (NSP)
Grant B-08-DN-06001 Substantial Action Plan Amendment**



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Background

From HUD Exchange: The Neighborhood Stabilization Program (NSP) was established for the purpose of providing emergency assistance to stabilize communities with high rates of abandoned and foreclosed homes, and to assist households whose annual incomes are up to [120 percent of the area median income \(AMI\)](#).

The U.S. Congress appropriated three rounds of NSP funding starting in 2008 and ending in 2010. Congress has not allocated any additional funds to NSP since the third round of funding, and most grantees are in the process of completing activities and closing out their grants.

The NSP program was enacted in 2008 under the Housing and Economic Recovery Act or HERA and is referred to as NSP1. The appropriation provided \$3.92 billion to local and state governments, hardest hit by the foreclosure crisis nationwide on a formula basis.

Summary

The state of California was allocated about \$145 million in NSP1 funding in 2009.

The state was able to encumber and spend all but about \$2.8 million in funding within the parameters of the NSP1 requirements. The remaining \$2.8 million in funding is the result of project cost savings where projects were completed below budget resulting in left-over funds, and funding remainders due to project awards not perfectly matching funding allocations. The State met all of HUD's performance requirements for the NSP1 program.

The state of California was allocated about \$11.8 million in NSP3 funding in 2011. The state was able to encumber and spend down all but about \$1.1 million in funding within the parameters of the NSP3 requirements. The remaining \$1.1 million in funding is the result of project cost savings where projects were completed below budget resulting in left-over funds, and funding remainders due to project awards not perfectly matching funding allocations. The State met all of HUD's performance requirements for the NSP3 program.

In September of 2019 HUD published a Federal Register Notice regarding the NSP funds that reduced some of the restrictions on how the funds could be spent. The intent of the reduced restrictions is to help grantees, like California, spend down the remaining grant and program income funds they have in the NSP programs so that the programs can be officially completed and closed out.

In the years since the NSP1 and NSP3 program was essentially completed, the State has received substantial program income payments from grantees whose NSP1 funds were invested in loans. Program income is traditionally bound by the same rules and regulations that governed the original NSP1 program. HCD has identified an additional \$1.1 million in program income funds available to be used on NSP1 activities. The purpose of this amendment is to allocate the remaining \$3.9 million in open grant funds combined with \$1.1 million in program income to a NSP1 eligible activity in City of Livermore, in compliance with HUD regulations and in recognition of community need.

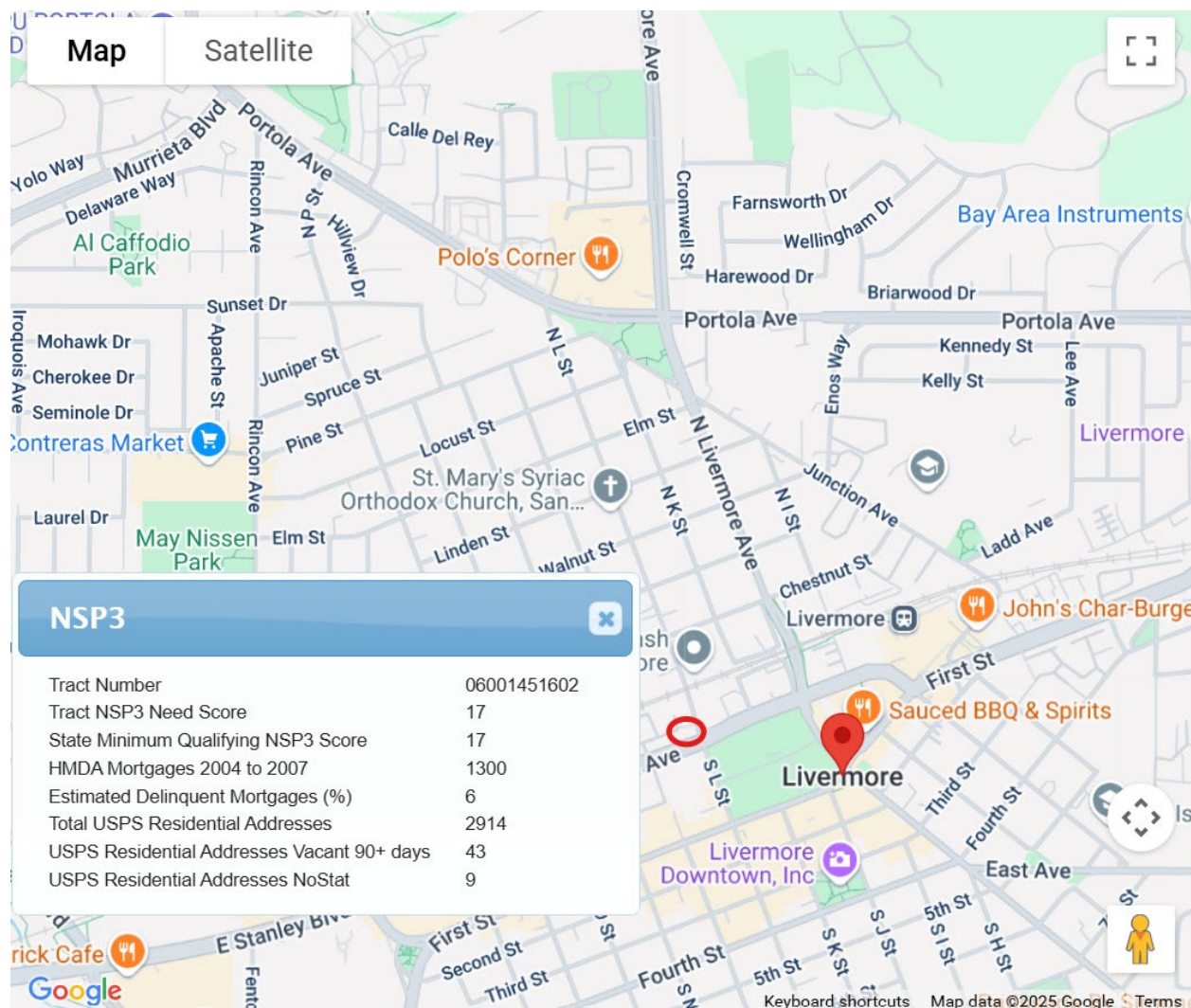
Areas of Greatest Need

HCD has completed administration of the NSP1 and NSP3 grant with all the original activities

and funding provided under the original Notice of Funding Availability (NOFA). HCD is completing closing out all the agreements awarded under the NOFA. There is a balance of approximately \$2.8 million in NSP1 and \$1.1 million in NSP3 funding left in the HUD grant agreement. In addition, HCD has received repayments of NSP1 assistance as program income. In order to expend the final NSP1 and NSP3 funding and program income in a timely fashion, HCD has identified a new project area. The target area was selected based on guidance provided in the latest HUD NSP Federal Register Notice (84 FR 48165).

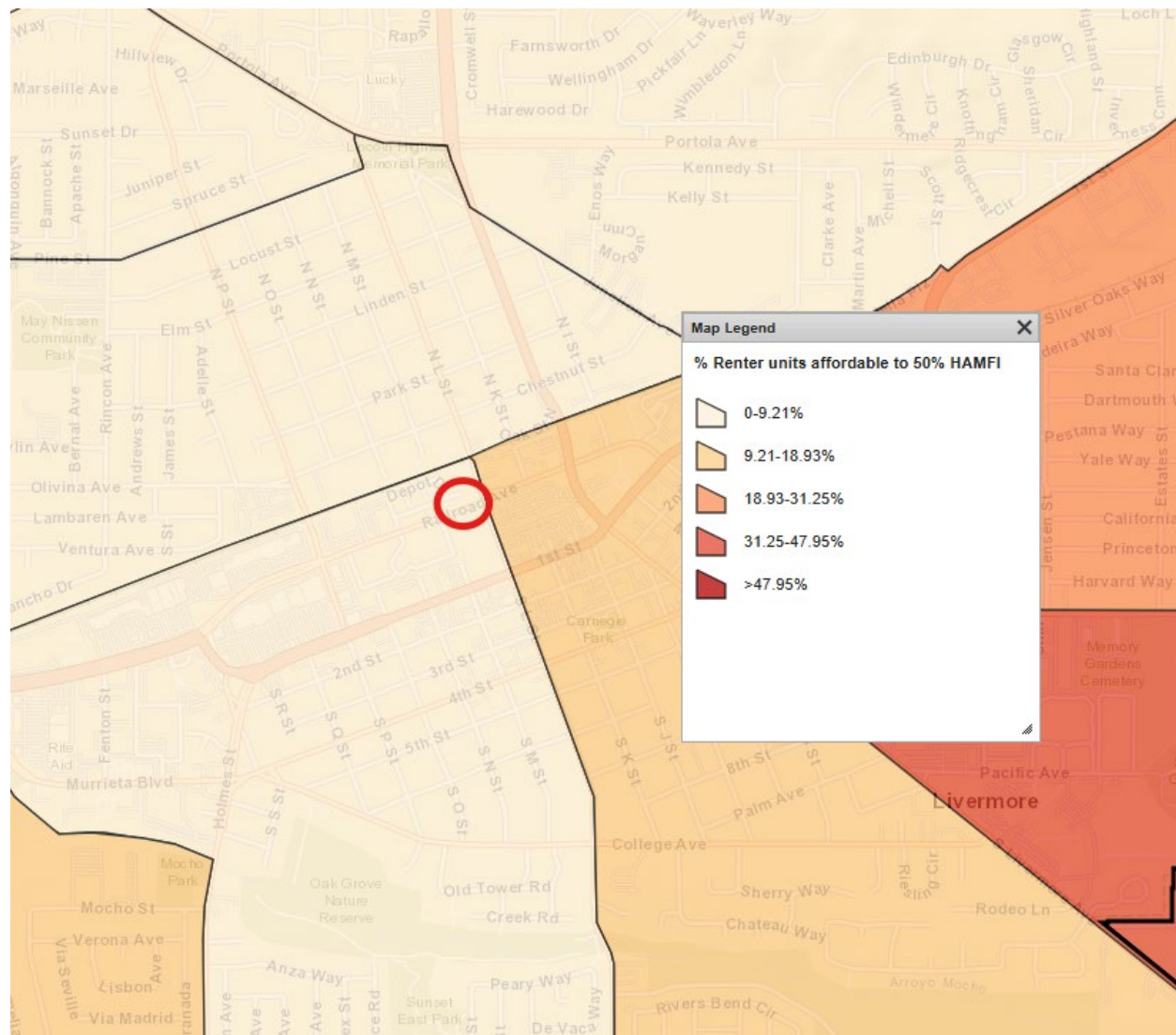
Recovery Needs: According to the HUD 2019 Federal Register Notice (84 FR 48165), HUD prescribed the option of identifying new target areas of need to more quickly expand funding and facilitate closeout under the NSP3 program. This substantial action plan amendment uses this guidance to establish a new target area for the remaining NSP3 agreement funding and program income. The new target area identified by the State is the City of Livermore.

HUD User Maps NSP3 Mapping Tool



The project will be located at the intersection of N L St. and Railroad Ave. It is a central location convenient to downtown and to key amenities. The project will provide affordable housing for low-income families. Due to the year over year increase in the demand for affordable in California, and due to the rise in housing costs in the communities around the San Francisco Bay Area and Silicon Valley, including Livermore, the need for affordable housing available for low-income families has continued to increase. The project will add critical units to a high amenity area with the goal of helping vulnerable individuals and families stabilize through reliable, safe, affordable housing. The area meets the required NSP3 average needs a score minimum of 17, as shown in Map 1 above.

CPD Maps Community Indicators Housing Need



Map 2.

As shown in Map 2, about 10% of the units in the general area of the proposed project are affordable to households that earn 50% or less than the HUD Adjusted Median Family Income for the area. Meanwhile, low-income families represent just under 40% of the population in the same area. This indicates a mismatch between housing availability and

housing need that may result in households dealing with substandard housing, overcrowding, and severe housing cost burdens. According to CPD Maps, between 67% and 81% of low-income households experience severe housing problems, with severe cost burden being the most common problem and overcrowding being the second most common problem.

Distribution and Uses of Funds

HCD is currently working with Eden Housing on a low-income affordable housing project. Eden Housing's proposed project will provide 130 new income-restricted affordable units for low-income families. These new additions will include one- to three-bedroom apartment homes located at the southeast corner of the Railroad Avenue and L Street intersection. The community will include two buildings, each four stories tall. The buildings will feature a resident meeting space, onsite laundry facilities, management offices, units for onsite management and maintenance personnel, and a private playground for residents in addition to the public park's playground. HCD is working with the City of Livermore and anticipates using the remaining balance of HUD NSP1 and NSP3 grant funds, approximately \$3.9 million, and approximately \$1.1 million in NSP1 program income. The funds will be used to facilitate the construction of the new housing units. The funds will be paired with National Housing Trust Fund resources, along with projected tax credits and potential state housing resources to fully fund the construction of the project. The funds will be committed under a standard agreement contract, as well as a loan agreement, and will include a long-term regulatory agreement committing the project to affordability for a minimum of 55 years. No more than 10% of available funding will be used as general administrative funds.

Definitions and Descriptions

Downtown Livermore Apartments is a 130-unit new construction Supportive Housing project with 41 one-bedrooms, 55 two-bedrooms, 33 three-bedrooms serving households with incomes ranging from 30-60 percent of Area Median Income (AMI), and 2 two-bedroom manager's unit(s). Thirty-two units will be NHTF assisted at 30 percent of AMI. Each unit will have air conditioning, dishwasher, walk-in closet, and storage area. On-site amenities include washer, dryer, community room, computer labs, meeting space, and outdoor play/recreational area for children of all ages. Off-site amenities, located within 2 miles of the project include Veterans Park, a large public park (with art programming and a playground), schools, grocery stores and shopping. **"Area Median Income (AMI)"** means the most recent applicable county median family income as determined by HUD.

Low Income Targeting

Downtown Livermore will offer Onsite resident services and will be coordinated by Alameda County Health Care Services Agency (HCSA). Resident services include an onsite service coordinator; health and wellness services and program; onsite case manager; referrals to public and private agencies that provide food, clothing, financial assistance, educational, and vocational training services, health and counseling services; working closely with residents to encourage/plan activities that foster community. Supportive services include case management with individualized service plans; peer support activities including outreach, advocacy, and mentoring; mental health care including individual and group counseling, psychiatric care, referrals, and advocacy; benefits counseling and advocacy for tenants to apply for programs, assistance with budgeting, and credit counseling; basic housing retention skills including living skills assistance, conflict resolution, financial literacy, and eviction prevention.

Acquisition and Relocation

The proposed Downtown Livermore site is vacant with no structures or persons on the property, so no relocation is required. The project developer, Eden Housing, already has site control and does not require additional acquisition at this time.

Public Comment

HCD is following HUD standards for public noticing and comments. Public notices will be published per HCD standards, including posting the public notice on HCD website pages. The public notice will also be published in the local county paper. A 15-day public comment period will be used to accept public comments. A public hearing will be held on **October 14, 2025**, to allow for members of the public to provide comments in person. All public comments will be provided as part of the NSP Action Plan Amendments submittal. Please see the attached project documentation for additional information.