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DRAFT DRGR Language for Neighborhood Stabilization Program (NSP1) Non-Substantial Action Plan Amendment

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.

NSP1 provided \$4.0 billion to 307 state and local governments on a formula basis. NSP1 was established by [Section 2301\(b\) of the Housing and Economic Recovery Act of 2008 \(Pub. L.110-289, approved July 30, 2008\), also known as HERA](#). HERA created NSP and was the basis for subsequent NSP funding rounds.

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 \$2.7 million in funding within the parameters of the NSP1 requirements. The remaining \$2.7 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. In late 2025, the State amended the NSP1 and NSP 3 Action Plans and identified \$2.2 million in program Income funds available to be used on eligible activity. In compliance with HUD regulations and in recognition of community need, HCD allocated \$5 million to an eligible activity in the City of Livermore. \$3.8 in NSP1 and NSP3 grant funds and \$1.2M in Program Income Funds. Funding will be used for eligible project and project delivery costs.

HCD, through this non-substantial action plan amendment and using the guidance established in the HUD 2019 Federal Register Notice (84 FR 48165), allocates an additional \$704k NSP1 Program Income funds to Downtown Livermore Affordable Housing project, sponsored by Eden Housing. The additional funds will be used to cover increased and unforeseen project costs. The total NSP allocation will be \$5,704,000 toward new affordable housing.

This non-substantial action plan amendment will allow HCD to more quickly expend the NSP1 program income funding and facilitate closeout under the NSP1 program.

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 \$2.7 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. City of Livermore. The target area was selected based on guidance provided in the latest HUD NSP Federal Register Notice (84 FR 48165).

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 affordable housing 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 \$3.8 million, and approximately \$2.2 million in NSP1 program income, including the additional \$704k added by this amendment.

No more than 10% of available funding will be used as general administrative funds.

Definitions and Descriptions:

Downtown Livermore Apartments is a(n) 130-unit new construction Supportive Housing project with 41 one-bedroom, 55 two-bedroom, 33 three-bedroom 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.

Public Comment:

Additional \$704,000.00 NSP1 program income funding being allocated to the existing eligible project does not meet the criteria for a substantial action plan amendment and does not require public comments.