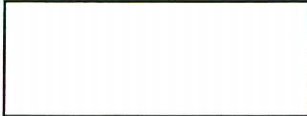




From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Monday, November 10, 2008 3:25 PM
To: Lashway, Lisa
Subject: Municipal Clerks from NJLM

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LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

November 10, 2008

Re: Emergency CDBG Plan Amendment Process

Dear Mayor:

As you will recall, during the Presidential campaign, Congress passed the Housing and Economic Recovery Act of 2008. One of its purposes is to stabilize neighborhoods experiencing the negative effects of the subprime mortgage crisis and the general economic downturn. Under the Act, Neighborhood Stabilization Program (NSP) funds can be used for property acquisition, demolition, rehabilitation and for the creation and operation of land banks, in any combination, to spur neighborhood recovery.

As the State CDBG grantee, the Department of Community Affairs (DCA) will receive \$51.4M after HUD approves an Action Plan. The State may use \$5.1M of the total for administrative costs. From the total, 25% or \$12.9M must be used to house individuals or families at or below 50% of AMI. The balance of the grant, \$33.4M, is to be expended to purchase and redevelop abandoned or foreclosed properties for households at or below 120% of AMI. The U.S. Department of Housing and Urban Development (HUD) regulations defining the terms and conditions for the uses of these funds can be found in the Federal Register, Vol. 73, No. 194.

To obtain the funds, DCA must amend its annual CDBG plan. The amendment, called an Action Plan, will be submitted to HUD by December 1,

2008. The amended plan was posted on the Division of Housing's (<http://www.state.nj.us/dca/dh/>) website on November 3, 2008 for public comments. The proposal is at <http://www.state.nj.us/dca/dh/announcements/nspactionplan.pdf>. Comments can be forwarded to Sheri Malnak through November 19, 2008 at the following address: NJ Department of Community Affairs, PO Box 051, Trenton, New Jersey 08625-0051. The funds must be used within 18 months from the time that HUD signs the NSP grant agreement with the CDBG grantee. "Used" means that a transaction has commenced that binds the buyer to remit payment for a specific NSP activity. Due to the short period that HUD is allowing for the use of the NSP funds, DCA will issue a Request for Proposals in mid to late November in advance of both its submission to HUD and HUD's approval of its Action Plan. Applicants for NSP funds should be prepared to accept that changes to DCA's plan may be necessary and therefore elements of the RFP may also require revision. HUD's plan review process will be completed no later than February 13, 2009.

The selection objective for the NSP is to locate and assist communities and neighborhoods that are beginning to show signs of decline but can be restored by applying existing social, financial, and technical resources to the development and implementation of activities that will re-energize the housing market and sustain the neighborhoods' growing vitality. These are neighborhoods where failure to intervene now may lead to further abandonment, loss of value and the attendant social ills that may ultimately require higher levels of governmental response. The program will not be directed to any areas sufficiently stable that the market place will be the primary vehicle to recovery.

For more information, visit the Division's website.

Very truly yours,

William G. Dressel, Jr.
Executive Director

NJLM
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Trenton, NJ 08608