



U. S. Department of Housing and Urban Development
Jacksonville Field Office
Charles Bennett Federal Building
400 West Bay Street
Suite 1015
Jacksonville, Florida 32202-4439

March 3, 2009

Mr. Lee Feldman
City Manager
City Hall
120 Malabar Road, S.E.
Palm Bay, FL 32907-3009

RECEIVED

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COMMUNITY DEVELOPMENT

Dear Mr. Feldman:

Enclosed are three copies of the Funding Approval and Grant Agreement (Grant Agreement) for Neighborhood Stabilization Program (NSP) grant funds allocated to the **City of Palm Bay**. The Department has approved your jurisdiction's substantial action plan amendment for the NSP funds in the amount of **\$ 5,208,104** and looks forward to working with you as your jurisdiction begins to implement its NSP program.

The NSP program is authorized by Title III of the Housing and Economic Recovery Act of 2008 (HERA). Please note that under the terms of HERA, NSP grantees have 18 months to use the funds awarded to them. The 18 month period is triggered by HUD's execution of the Grant Agreement. Please execute the agreements and return them to HUD **no later than March 16, 2009** to ensure that you have the maximum time available to use the NSP funds. Grant Agreements should be returned to this office at the following address:

**Gary Causey, Director, CPD
Jacksonville Office
400 W. Bay St., Suite 1015
Jacksonville FL 32202**

Grant Agreements must be signed by an authorized official of the grantee. Upon receipt of the executed Grant Agreement, HUD will immediately forward the fully executed Grant Agreement to the Department's accounting operations center in order to make the funds available in the grantee's line of credit. Please recall that NSP funds will be available through HUD's Disaster Recovery Grant Reporting (DRGR) system, not the Integrated Disbursement and Information System (IDIS). If you have questions regarding DRGR, please contact the DRGR help desk at DRGR_Help@hud.gov. **HUD will notify grantees when NSP funds are available for drawdown through DRGR.**

HUD's mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination.

www.hud.gov

espanol.hud.gov

Grantees are reminded that the October 6, 2008, Federal Register Notice establishing NSP requires quarterly reporting by grantees (see 73 FR 58341, Section O, Reporting). Such reports are due not later than 30 days following the end of each calendar quarter with the first such report due not later than **July 31, 2009**, for the quarter ending June 30, 2009. Given the 18 month period in which grantees must use the NSP funds, it is imperative that grantees regularly update DRGR with program performance information. HUD will closely monitor quarterly report submissions and will aggressively pursue grantees that fail to report in a timely manner. Grantees are also reminded that each quarterly report must be posted on their web sites so that the public may have ready access to the information.

In the October 6, 2008 Notice, HUD authorized grantees to use up to 10 percent of their NSP funds for administrative costs incurred in management and implementation of the NSP program. While HUD is cognizant of the fiscal pressures facing many state and local governments, please understand that these funds may only be used for administration of NSP and may not be used to finance the broader governmental functions of the grantee. The Department will be monitoring NSP draw downs to identify instances where grantees draw administrative funds that are excessive in relation to the level of program progress.

Grantees are reminded that:

- The October 6, 2008, Federal Register Notice requires that NSP grantees maintain on their official website a copy of the final approved substantial action plan amendment. Grantees are also reminded that they are required to post quarterly performance reports to their websites concurrent with their submission to HUD.
- NSP-funded activities are subject to applicable provisions of the HUD Environmental Review Procedures (24 CFR Part 58). In this regard a request for release of funds must be approved by HUD prior to the obligation or utilization of funds for NSP activities. The environmental review process for NSP is the same as for the Community Development Block Grant (CDBG) program.
- The Grant Agreement requires grantees to submit information on performance measurement as established by the Secretary for activities undertaken with NSP grant funds.
- As a recipient of HUD funds, federal law requires that you ensure your plan benefits all members of your community, without regard to race, color, national origin, sex, religion, familial status, or disability. You should take affirmative steps to ensure that no person is denied the benefit of housing or housing-related services for any of the foregoing reasons.

- Providing false, fictitious or misleading information with respect to the administration of NSP funds may result in criminal, civil or administrative prosecution under 18 U.S.C. 1001, 18 U.S.C. 1343, 31 U.S.C. 3729, 31 U.S.C. 3801, or another applicable statute.

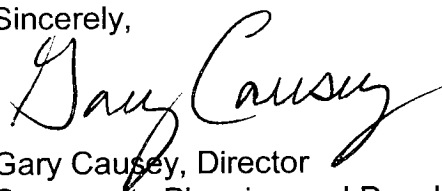
In addition, this Grant Agreement contains a special condition. HUD has determined that any grantee receiving NSP funding in excess of three times its FY 2008 CDBG allocation is at high risk of having a management system that is inadequate to administer these funds. Since your NSP Grant Amount is greater than three times your jurisdiction's FY 2008 CDBG allocation, the NSP Grant Agreement contains a special condition requiring information to be submitted demonstrating the adequacy of staff and other resources to administer the NSP Grant.

The Department would also like to take this opportunity to inform grantees that the recently enacted American Recovery and Reinvestment Act of 2009 (ARRA) provides \$2 billion in funding for a second edition of NSP. These funds will be distributed through a competitive process that HUD will identify not later than May 2, 2009. If your jurisdiction is interested in pursuing an award of these or other funds provided through ARRA, HUD advises that you continually monitor HUD's website at www.hud.gov or the White House economic recovery website at www.recovery.gov.

ARRA also repealed section 2301(d)(4) of HERA, which established requirements on the "reinvestment of profits" for the original NSP program. This provision presented a significant obstacle to the implementation of NSP and repeal of the provision will enable HUD to issue revised guidance on the treatment of "program income" under NSP. It is the Department's intent to treat NSP program income in a manner similar to program income under the CDBG program. However, NSP program income may only be used to fund NSP eligible uses identified in HERA. Guidance on this and other changes made by ARRA will be forthcoming in March 2009, and will be posted on HUD's NSP website at www.hud.gov/nsp.

The Department is pleased to have this opportunity to work with your jurisdiction through the Neighborhood Stabilization Program and we are available to assist with your implementation of the program.

Sincerely,



Gary Causey, Director
Community Planning and Development Division

Enclosures

cc: w/grant agreement Bill Pehaim

**FUNDING APPROVAL AND GRANT AGREEMENT FOR
NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDS
AS AUTHORIZED AND APPROPRIATED UNDER THE
HOUSING AND ECONOMIC RECOVERY ACT OF 2008
(PUBLIC LAW 110-289, JULY 30, 2008)**

NSP GRANTEE: City of Palm Bay
NSP GRANT NUMBER: B-08-MN-12-0021
NSP GRANT AMOUNT: \$ 5,208,104
NSP APPROVAL DATE: 1/15/2009

This Grant Agreement between the Department of Housing and Urban Development (HUD) and **City of Palm Bay (Grantee)** is made pursuant to the authority of sections 2301 – 2304 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289 (July 30, 2008)) (HERA). The program established pursuant to section 2301-2304 is known as the “Neighborhood Stabilization Program” or “NSP.” The Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Redevelopment of Abandoned and Foreclosed Homes Under the Housing and Economic Recovery Act, 2008 published at 73 FR 58330 (October 6, 2008) (Notice); HERA; the Grantee’s submission for NSP assistance (Grantee Submission); the HUD regulations at 24 CFR Part 570 (as modified by the Notice and as now in effect and as may be amended from time to time) (Regulations); and this Funding Approval, including any special conditions, constitute part of the Grant Agreement.

Subject to the provisions of this Grant Agreement, HUD will make NSP Grant Funds in the amount of **\$ 5,208,104** available to the Grantee upon execution of this Grant Agreement by the parties. The Grantee shall have 18 months from the date of HUD’s execution of this Grant Agreement to obligate the NSP Grant Amount pursuant to the requirements of HERA and the Notice. The Grantee shall have 48 months from the date of HUD’s execution of this Grant Agreement to expend the NSP Grant Amount pursuant to the requirements of the Notice. The NSP Grant Funds may be used to pay eligible costs arising from eligible uses incurred after the NSP Approval Date provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-award planning and general administrative costs may not be paid with funding assistance except as permitted in the Notice; the Notice limits such costs to those incurred on or after September 29, 2008. Other pre-award costs may not be paid with funding assistance except as permitted by 24 CFR 570.200(h); for purposes of NSP, such costs are limited to those incurred on or after the date that the NSP substantial amendment was received by HUD.

The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I of the Housing and Community Development Act, as amended (42 U.S.C. 5304) and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Grant Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

This Grant Agreement may be amended only with the prior written approval of HUD. In considering proposed amendments to this Grant Agreement, HUD shall review, among other things, whether the amendment is otherwise consistent with HERA, the Notice, and the Regulations.

The Grantee may amend its Grantee Submission; however, such amendments, including substantial amendments as defined in 24 CFR Part 91, will be subject to the requirements of 24 CFR Part 91 (or any successor regulation) and any revisions HUD may make to the Notice (or any successor Notice or regulation).

The Grantee shall at all times maintain an up-to-date copy of its Grantee Submission, including all amendments approved by HUD, on its Internet website as required by the Notice. Further, the Grantee shall maintain information on all draw downs, deposits, and expenditures of grant funds and program income under this Funding Approval and Grant Agreement and any other records required by 24 CFR 570.506, in its files and shall make such information available for audit or inspection by duly authorized representatives of HUD, HUD's Office of the Inspector General, or the Comptroller General of the United States.

The Grantee shall submit information on performance measurement as established by the Secretary for activities undertaken with NSP grant funds.

The Grantee is advised that providing false, fictitious or misleading information with respect to NSP Grant Funds may result in criminal, civil or administrative prosecution under 18 USC §1001, 18 USC §1343, 31 USC §3729, 31 USC §3801 or another applicable statute.

Close-out of this grant shall be subject to the provisions of 24 CFR 570.509 or such close-out instructions as may hereafter be issued by HUD specifically for NSP grants.

Special Grant Condition

Pursuant to 24 CFR 85.12 (a)(3), a special condition applies to this Grant Agreement due to the size of the NSP Grant Amount relative to your 2008 CDBG grant. Within 60 days of the date HUD signed this grant agreement, the Grantee must submit a management plan that describes how it has determined that it possesses adequate staff and other resources necessary to administer NSP grant funds. If the Grantee fails to submit this plan within 60 days, HUD may thereafter withhold authority to incur additional obligations of NSP Grant Funds.

This NSP Grant Agreement is binding with respect to HUD in accordance with its terms upon the execution by HUD in the space provided above, subject to execution on behalf of the Grantee.

**The United States Department of
Housing and Urban Development**

**The Grantee
City of Palm Bay**



Signature of Authorized Official

Gary A. Causey

Name of Authorized Official

Director,
Community Planning and Development Division
Title of Authorized Official

March 3, 2009

Date of Signature



Signature of Authorized Official

LEE R. FELDMAN

Name of Authorized Official

CITY MANAGER

Title of Authorized Official

03.10.09

Date of Signature

59-6018984

Grantee Tax Identification Number