



US Dept. of Housing and Urban Development
Office of Community Planning and Development

Neighborhood Stabilization Program

October 2008



NSP Information

- Extensive information available on HUD's website – www.hud.gov/nsp
- Title III of Division B of the Housing and Economic Recovery Act, 2008 (HERA)
- Signed by the President on July 30, 2008
- HUD has assigned name of Neighborhood Stabilization Program



Allocations

- Need is based on number and percent of:
 - Home foreclosures in each State or unit of general local government
 - Homes financed by a subprime mortgage related loan in each State or UGLG
 - Homes in default or delinquency in each State or Unit of General Local Government (UGLG)



Criteria for Local Distribution

- NSP grantees must target funds to give priority emphasis and consideration to areas with greatest need, including those:
 - With the greatest percentage of home foreclosures;
 - With the highest percentage of homes financed by a subprime mortgage related loan; and
 - Identified as likely to face a significant rise in the rate of home foreclosures.



Period to Use Funds

- NSP grantees must use funds to purchase and redevelop abandoned and foreclosed homes and residential properties **no later than 18 months** after execution of the grant agreement
- Use=obligate for a specific project



National Objective Issues

- Not less than 25% of funds available to each grantee must be used for housing activities that benefit individuals whose incomes do not exceed 50% of area median income



CITY OF PLANTATION

- HOME MUST BE WITHIN THE CITY OF PLANTATION AND BE THE
- FAMILY'S PRIMARY RESIDENCE
- MAXIMUM SALES PRICE MAY NOT EXCEED: **\$429,619** (will change in February 2009)



INCOME GUIDELINES

<u>Household Size</u>	<u>Very Low (50%)</u>	<u>Low (80%)</u>	<u>Moderate (120%)</u>
1	\$24,900	\$39,850	\$59,760
2	\$28,500	\$45,550	\$68,400
3	\$32,050	\$51,250	\$76,920
4	\$35,600	\$56,950	\$85,440
5	\$38,450	\$61,500	\$92,280
9	\$41,300	\$66,050	\$99,120
7	\$44,150	\$70,600	\$104,960
8	\$47,000	\$75,150	\$112,800



Uses of NSP Funding

Eligible Use

A. Establish financing mechanisms for purchase & redevelopment of foreclosed upon homes & residential properties...

Eligible Activities

- As an activity delivery cost for an eligible activity (designing & setting it up)
- Financing of an NSP eligible activity, to carry out that activity, is eligible as part of that activity



Uses of NSP Funding

Eligible Use

B. 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

Eligible Activities

- Acquisition
- Disposition
- Relocation
- Direct homeownership assistance
- Eligible rehabilitation and preservation activities for homes and other residential properties
- Housing counseling for those seeking to take part in the activity



Uses of NSP Funding

Eligible Use

C. Establish land banks for homes that have been foreclosed upon

Eligible Activities

- Acquisition
- Disposition (includes maintenance)



Uses of NSP Funding

Eligible Use

Eligible Activities

D. Demolish blighted structures

Clearance, for blighted structures only



Uses of NSP Funding

Eligible Use

E. Redevelop demolished or vacant properties

Eligible Activities

- Acquisition
- Disposition
- Public facilities and improvements
- Housing Counseling Public Services (limited to prospective purchasers or tenants of redeveloped properties)
- Relocation



Uses of NSP Funding

Eligible Use

E. Redevelop demolished or vacant properties (continued)

Eligible Activities

- New housing construction
- Direct homeownership assistance
- 570.204 activities by Community Based Development Organizations



NSP Income Targeting

- 25% to 50% of median income targeting
- Each grantee must use at least 25% of its NSP grant plus program income for purchase/redevelopment of abandoned/foreclosed residential properties to house individuals or families with incomes at/below 50% of area median income



CITY OF PLANTATION'S PLAN

<u>Activity / Eligible Use</u>	<u>Budget Amount</u>
Foreclosure acquisition, rehabilitation, and resale of single family scattered sites	\$1,310,601.00
Low income foreclosure and rehabilitation for residential rental	\$504,078.00
Program planning and administration	\$201,630.00
Total:	\$2,016,309.00



CITY OF PLANTATION'S PLAN

- Issue a Request for Proposals (RFP) in February for a non-profit organization to administer the program
- Target single family homes in the \$100,000 - \$200,000 price range
- Focus on Park East and Mirror Lakes communities



Rehabilitation Standards

- Any purchase of a foreclosed upon home or residential property under this section should be at a discount from the current market appraised value of the home or property.
- Value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by grantee, subrecipient, developer or individual home buyer. Current condition must be taken into account



Sale of Homes

- The sale of an abandoned or foreclosed upon home or residential property to an individual as a primary residence must be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.



NSP

Purchase Discount

- Purchase price must include a discount from appraised value
- Discount should reflect likely carrying costs if the mortgagee were not to sell the property
- Individual property minimum – 5%
- Portfolio average minimum – 15%



NSP

Purchase Discount

- Carrying costs:
 - Taxes
 - Insurance
 - Maintenance
 - Marketing
 - Overhead
 - Interest, etc.