

## Neighborhood Stabilization Program

**Total Funding Available:** \$2.0 billion (\$1.93 million for “Neighborhood Stabilization Program 2” (NSP2) and \$50 million for “Neighborhood Stabilization Program – Technical Assistance” (NSP-TA))

**N.C. Funding Available:** N/A (administered at federal level)

**Overview:** Created with the Housing and Economic Recovery Act of 2008, the Neighborhood Stabilization Program provides emergency assistance to states, local governments, and non-profits to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program (NSP) provides grants to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

NSP is a component of the Community Development Block Grant (CDBG) program. The CDBG regulatory structure is the platform used to implement NSP and the HOME program provides a safe harbor for NSP affordability requirements.

NSP grantees develop their own programs and funding priorities. However, **NSP grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income.** In addition, all activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income. Activities may not qualify under NSP using the “prevent or eliminate slums and blight” or “address urgent community development needs” objectives.

NSP funds may be used for activities which include, but are not limited to:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
- Establish land banks for foreclosed homes;
- Demolish blighted structures;
- Redevelop demolished or vacant properties

With the funds allocated to this program by the federal stimulus legislation, the U.S. Department of Housing and Urban Development (HUD) has divided the funding into two separate competitive applications. The first is NSP2, funding available for carrying out the activities of the NSP, and the second is NSP-TA, which will provide technical assistance grants.

**Special Factors:** HUD must ensure grants are made in areas of greatest number and percentages of foreclosures. Additional consideration will be given for grantee capacity to execute projects, leveraging potential, concentration of investment to achieve neighborhood stabilization, and other factors at the discretion of the HUD Secretary.

The HUD Secretary will obligate all funding within one year. Eligible entities are states, local governments and nonprofit entities. **HUD has established a minimum grant size of \$5 million. Further, an application must have the effect of either returning a minimum of 100 abandoned or foreclosed homes back to productive use or otherwise eliminating or mitigating their negative effects on the stability of the target geography.** Grantees must expend at least 50 percent of funds within 2 years, and all of the funds within 3 years.

There are several other rules that apply to leasing and rights of subsequent property owners after they take interest in a formally foreclosed property.

**How to Access Funding:** The deadline for NSP2 is July 17, 2009, and the deadline for NSP-TA is June 8, 2009. Further guidance is available at [http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp2\\_nofa.pdf](http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp2_nofa.pdf).

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Director, Office of Community Planning and Development (Greensboro Field Office)  
Department of Housing and Urban Development  
[www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/](http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/)

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## **HOME Investment Partnerships**

**Total Funding Available:** \$2.25 Billion

**State Funding Available:** \$52 Million

**Overview:** HOME provides formula grants to States and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and rehabilitate affordable housing for rent. This grant is restricted by the American Recovery & Reinvestment Act of 2009 to providing an additional amount for capital investments in low-income housing tax credit projects.

**Special Factors:** Funds remain available to HUD until September 30, 2009. Housing credit agencies must commit at least 25 percent of funds within one year of enactment, 75 percent in two years, all funding in three years. Secretary may recapture funds if timelines are not met.

Priority is to be given to projects that are expected to be completed within 3 years of enactment. In addition, projects that were awarded low income housing tax credits under section 42(h) of the Internal Revenue Code in FY 2008, 2009, and 2010 are specifically eligible.

**How to Access Funding:** Funding has been distributed to the N.C. Housing Finance Agency per formula based on percentage of HOME funds apportioned to the state. NCHFA will then distribute its allocation competitively to project owners per a qualified allocation plan to owners who receive low income tax credits. **In the past, local governments themselves have not been typical applicants for this funding.**

**Federal Contact:** Department of Housing and Urban Development  
Home Investment Partnership Program  
[www.hud.gov/recovery/tax-credit.cfm](http://www.hud.gov/recovery/tax-credit.cfm)

**State Contact:** N.C. Housing Finance Agency, [www.nchfa.org](http://www.nchfa.org), (919) 877-5700

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