

Neighborhood Stabilization Program (NSP) DCED's Draft Action Plan November 2008

Updated: 12/9/08

<http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/Index.aspx?progId=182>



Neighborhood Stabilization Program (NSP)

Allocations:

• Pennsylvania State (DCED)	\$59,631,318
• Allegheny (Ex: McKeesport/Penn Hills)	5,524,950
• Allentown	2,113,456
• Philadelphia	16,832,873
• Pittsburgh	2,002,958
• York County (Ex: York City)	<u>2,017,253</u>
• State Total:	\$88,122,807

Time Line:

Action Plan for Public Comment on DCED Website: November 1 – 17

Action Plan Due to HUD: Received by December 1, 2008

18 Month Clock to Use Funds



NSP Eligible Uses/Activities

- Financing Mechanisms (Foreclosed Homes)
- Acquire, Rehab, Resale (Foreclosed Homes)
- Land Banks (Foreclosed Homes)
- Demolition (Blighted Properties)
- Redevelopment including new construction & housing counseling (Vacant or Demolished Properties)

Update: PHFA may facilitate Acquisition of Foreclosed REO

NSP Areas of Greatest Need

Requirements:

Must Be Data-Driven Allocation Plan

Consider Subprime Lending, Foreclosure, Vacancy

- **Qualified Need Areas**

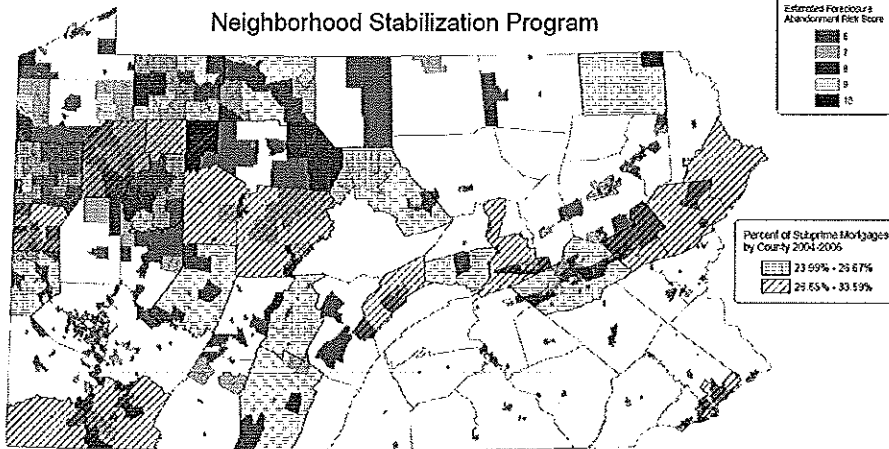
HUD Risk Score of 6 or Higher

Subprime Lending in 2004-2006 of 23.99% of mortgages issued

- **Priority Need Areas**

HUD Risk Score of 8 or Higher

Neighborhood Stabilization Program



10/16/2008

NSP Eligible Applicants

- Federal CDBG Entitlements
 - including 5 jurisdictions receiving direct allocations
- State Act 179 Entitlements
- Nonprofits with Limitations
 - must demonstrate that they can meet CDBG requirements including local certifications and environmental review
 - nonprofits in 5 direct allocation jurisdictions must apply through those jurisdictions

NSP Selection Criteria & Priorities

Neighborhood Stabilization (20 Points)

- Connection to Problem Lending/Foreclosure
- Targeting, Leverage, Impact
- Tipping Point, Middle Market, Marginal Neighborhoods

Capacity

- Knowledge/Implementation (15 Points)
- Specific Experience (5 Points)

Low-Income Households at or below 50% AMI (20 Points)

- Prorated Scoring
- Contract Payment Conditions Based on Application Commitment

NSP Selection Criteria & Priorities (cont'd)

Priority Need Areas (15 Points)

- HUD Risk Score 8 and above
- Activities may be outside this area but must show how proposed activities will address area's needs will addressed

Multi-Municipal (10 Points)

- Substantive role for one administrator – not conduit funding

Green Building (10 Points)

- LEED or NAHB Green Building
- Energy-efficiency is given partial scoring

Land Banks (5 Points)

Significant Provisions & Restrictions

- Most CDBG program requirements imposed
- Foreclosure requirements on certain activities
- Redevelopment includes new construction and counseling
- Purchase discount requirements (need HUD clarification)
- Sale limitations
- Program income requirements (need HUD clarification)
- Affordability requirements – same as the HOME Program
- Prohibition on foreclosure prevention
- 1-for-1 Replacement waived, but mitigation expected
- Prohibition on NSP funds repaying grantee's back taxes
- 6% → 6.25% net for Local Administration

Process

- Applications Postmarked by January 9, 2009
- Both Electronic Single App and Paper Copies Required
- Target Date for Approvals: January 31, 2009
- Contract with HUD starts 18-month clock (January – February 2009)
- Quarterly and Monthly Reporting – DRGR, not IDIS
- Potential Hold Back for High Performers
- Reallocations 7-9 months after contract awards