

Neighborhood Stabilization Program Grants

Introduction

HUD's new Neighborhood Stabilization Program will provide emergency assistance to state and local governments 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 every state and certain local communities 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. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008.

Nature of Program

HUD awards grants to states and local jurisdictions to stabilize communities hardest hit by foreclosures and delinquencies. The regulations for NSP grantees are noted at 73 FR 58330

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.

Eligible Uses

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

Proposed Neighborhood Stabilization Program Budget: Racine, WI
(Revised March 25, 2009)

<u>Activity Name</u>	<u>Activity Component</u>	<u># Units</u>	<u>Estimated Unit Cost</u>	<u>Estimated Total Cost</u>
Demolition/New Construction (Redevelopment)	Acquisition	3	\$ 35,000	\$ 105,000
	Demolition	4	\$ 10,000	\$ 40,000
	New Construction	4	\$ 175,000	\$ 700,000
	Homebuyer Education	4	\$ 600	\$ 2,400
SUBTOTAL				\$ 847,400
Rehabilitation Loans to Purchasers	Homebuyer Education	10	\$ 600	\$ 6,000
	Rehabilitation Loans	10	\$ 25,000	\$ 250,000
SUBTOTAL				\$ 256,000
Purchase/Rehab/Resale	Acquisition	10	\$ 40,000	\$ 400,000
	Rehabilitation	10	\$ 22,500	\$ 225,000
	Pre-purchase Costs	10	\$ 2,500	\$ 25,000
	Carrying Costs	10	\$ 4,000	\$ 40,000
	Homebuyer Education	10	\$ 600	\$ 6,000
SUBTOTAL				\$ 696,000
Housing Subtotal				\$ 1,799,400
Program Administration	Lead-based Paint Risk Assessments	20	\$ 400	\$ 8,000
	Property Appraisals	20	\$ 800	\$ 16,000
	Property Inspections	20	\$ 500	\$ 10,000
	Construction Administration	14	\$ 6,607	\$ 92,498
	Program Monitoring & Reporting			\$ 8,457
SUBTOTAL				\$ 134,955
GRAND TOTAL				\$ 1,934,355