



BUILDING AN INCLUSIVE GREEN ECONOMY STRONG ENOUGH TO LIFT PEOPLE OUT OF POVERTY

## MEMO

To: Community Partners  
From: Policy Team  
Date: November 24, 2008  
Subject: National Stabilization Program

Dear Community Partners:

*Important note: This program is moving very quickly; see below for more details on deadlines and suggested action steps.*

We're writing to follow-up on the Neighborhood Stabilization Program, administered by HUD. It's a significant funding resource that can support your efforts to build the inclusive green economy in your community NOW! It will enable states, counties, cities, and their partners, including nonprofit organizations to:

1. Acquire and/or rehabilitate or redevelop foreclosed homes for homeownership or rental
2. Establish land banks to stabilize neighborhoods and
3. Encourage re-use or redevelopment of urban property.

**We see it as a potentially great opportunity to begin retrofitting American homes in the hardest-hit communities.** It's also a great opportunity for graduates of green-collar training programs and workers to get experience!

As a part of the Housing and Economic Recovery Act of 2008 (HERA), sponsored by Representative Barney Frank and passed this July, the federal government set aside \$5 billion for the Neighborhood Stabilization Program (NSP), which is administered by the U.S. Department of Housing and Urban Development (HUD) through its Community Development Block Grant (CDBG) Program. The goal of the NSP is to provide emergency assistance to communities around the nation hardest hit by foreclosures. More specifically, it allocates money to states, counties, and cities to purchase foreclosed and abandoned homes, and to resell, rehabilitate, or redevelop them in an attempt to stabilize the housing market. Of the \$5 billion, \$3.9 billion is allocated for states (with each state receiving a minimum of \$19.6 million) and \$1.1 billion for cities and counties. In determining the allocations, HUD followed Congress's direction that grants be targeted to areas based on the number and percent of foreclosures, subprime mortgages, and mortgage defaults and delinquencies.

### Who may receive funds?

NSP grants are only distributed to state and local governments. Each grantee will determine how best to allocate (use) its grant so long as it complies with the eligible uses (described below). Local and state governments can distribute funds to other local governments, other governmental entities, and nonprofit organizations, and can carry out activities directly. In some cases, NSP grantees may choose to manage their grants collaboratively with other NSP grantees or contract out to a private organization.

### What are eligible uses?

#### **NSP grantees may use funds to begin retrofitting America.**

- Grantees may purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed, in order to sell, rent, or redevelop them;
  - Rehabilitation may include increasing energy efficiency and providing renewable energy sources; HUD encourages grantees to strategically incorporate modern green building and energy efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.
  - Grantees may also redevelop demolished or vacant properties; this includes new construction of housing and building infrastructure for housing.

Below are some other ways the funds can be used:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties for low- and moderate-income homebuyers;
- Establish land banks for homes that have been foreclosed;
  - A land bank is a governmental or a non-governmental authority with powers to acquire and revitalize vacant or foreclosed property, either directly or through CDCs. In the past, land banks have primarily been used for economic improvement or to prevent a downward spiral of property values. However, in some cases, land banks have been used for more instrumental purposes such as to create affordable housing or smart growth.
- Demolish blighted structures.

For more detail, see Title III of the Housing and Economic Recovery Act of 2008 and <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nspelibleuses.doc>.

### What are targeting requirements?

Grantees may only use funds for projects that benefit individuals and families whose income does not exceed 120 percent of the area median income. At least 25 percent of appropriated funds must be used to purchase and redevelop abandoned or foreclosed homes or residential properties that will house families whose incomes are less than 50 percent of the area median income. Additionally, priority should be given to areas with the highest percentage of foreclosures, highest percentage of subprime mortgages, and highest projected rise in foreclosure rates.

Application process for government recipients (states, cities, counties, and tribal areas):

HUD issued notice of the program on September 29, 2008. In order to obtain allocated funds, each state or eligible local government was required to publish a proposed amendment to its annual CDBG action plan by November 15, 2008 and to provide a public comment period of at least 15 days. Each grantee must submit its amendment to HUD by December 1, 2008. The Secretary of HUD has stated that HUD will review and approve amendments as quickly as possible. The absolute deadline is February 13, 2009 for HUD to complete the annual plan amendment review process, including revisions and resubmissions of plans. Grantees have 18 months to obligate these funds from the time that HUD signs an NSP grant agreement with the grantee, and four years to expend the funds.

Application process for subrecipients (NGOs, CDCs, etc):

Even if a local government did not apply for NSP funds from HUD as a primary recipient by the November 15 deadline, it may still be eligible to apply for funds from the state NSP program as a subrecipient. Community groups, nonprofits, and small businesses may also be eligible to apply for NSP funds. (See attachment for more detail on current available information on application process for subrecipients).

How are NSP funds different from traditional CDBG funds?

The NSP is designed to inject funds into traditional CDBG programs with fewer obstacles.

Unlike a CDBG, the NSP does not require state matching funds for administrative costs.

Unlike the CDBG program, a state receiving NSP funds may carry out NSP activities directly for some or all of its assisted grant activities in the same manner that entitlement communities are permitted under 24 CFR 570.200(f). Such activities include, but are not limited to, carrying out activities using its own employees, procuring contractors, private developers, and providing loans and grants through nonprofit subrecipients (including local governments and other public nonprofits such as regional or local planning or development authorities and public housing authorities).

**Action steps:**

Green For All wants to help community organizations and local governments to play a major role in the implementation of the NSP.

In particular, we think a substantial portion of the funds allocated to state and local governments should fund community-based programs that help low-income communities to keep their homes, and retrofit or redevelop them in the greenest and cleanest ways possible, thus promoting energy conservation and savings while also creating new green jobs. Here are some suggested actions steps based on if the public comment period is open or closed:

If your city, county, or state public comment period is still open:

(1) Send in public comments to your local and/or state governments, before the end of their public comment period about their proposed NSP plans/amendments, which are posted on their websites (some links provided below).

(2) Recommend that your local or state governments develop NSP plans that:

- (a) allow community-based organizations to apply for NSP funds (either local or state) and city governments to apply for county and state NSP funds.
- (b) incorporate green building and energy efficiency initiatives (such as weatherization, other energy efficiency, solarization, etc.) in all NSP funded rehabilitation and redevelopment projects.
- (c) link the green rehabilitation and redevelopment projects to workforce development initiatives, so as to connect trained green-collar workers with new green jobs!

If the applicable public comment periods are no longer open, look into application processes for nonprofit organizations to apply to their local or state governments for funding under the NSP program.

#### **NSP funding allocations at a glance for a few states and cities:**

Georgia: Amount allocated statewide: \$153,037,451

- Amount allocated to the State of Georgia: \$77,085,125. The State of Georgia has applied for [NSP funds](#) and has provided [public notice](#). The public comment period closes November 30, 2008.
- Fulton County \$10,333,410. Fulton County has applied for [NSP funds](#) and provided [public notice](#). The public comment period began November 3 and closed November 18, 2008.
- Atlanta \$12,316,082. The City of Atlanta has applied for [NSP funds](#) and provided public notice.

Illinois: Amount allocated statewide: \$172,509,479

- Amount allocated to the State of Illinois: \$53,113,044. The [Illinois Housing Development Authority](#) has applied for NSP funds and provided [public notice](#). The public comment period began Nov. 7 and ends November 21, 2008.
- Cook County \$28,156,321. Cook County has applied for NSP funds and provided [public notice](#). The public comment period closes November 24, 2008.
- Chicago \$55,238,017. The City of Chicago has applied for NSP funds and provided [public notice](#). The public comment period closes at noon on November 22, 2008.

Louisiana: Amount allocated statewide: \$38,795,050

- Amount allocated to the State of Louisiana: \$34,183,994. The [Louisiana Housing Finance Agency](#) has applied for [NSP funds](#) and provided public notice. The public comment period began October 29 and closed November 10, 2008.
- New Orleans \$2,302,208. The City of New Orleans has not applied for NSP funds.

Massachusetts: Amount allocated statewide: \$54,806,330

- Amount allocated to the State of Massachusetts: \$43,466,030. The State of Massachusetts has applied for [NSP funds](#) and provided public notice. The public comment period began November 3 and closed November 19, 2008.
- Boston \$4,230,191. The City of Boston has applied for [NSP funds](#) and provided public notice. The public comment period closed November 14, 2008.

New Jersey: Amount allocated statewide: \$63,995,490

- Amount allocated to the State of New Jersey: \$51,470,620. The [New Jersey Department of Community Affairs](#) has applied for [NSP funds](#) and provided [public notice](#). The public comment period ended November 19, 2008.
- Newark \$3,406,849. The City of Newark has not applied for NSP funds.

New Mexico: Amount allocated statewide: \$19,600,000

- Amount allocated to the State of New Mexico: \$19,600,000. The State of New Mexico has not applied for NSP funds.

New York: Amount allocated statewide: \$100,318,608

- Amount allocated to the State of New York: \$54,556,464. The [New York State Housing Finance Agency](#) has applied for [NSP funds](#) and provided [public notice](#). The public comment period began November 7 and ended November 21, 2008.
- New York City \$24,257,740. The [NYC Department of Housing Preservation and Development](#) has applied for [NSP funds](#) and provided [public notice](#). The public comment period began November 11 and ends November 25, 2008.

Pennsylvania: Amount allocated statewide: \$88,122,808

- Amount allocated to the State of Pennsylvania: \$59,631,318. The Commonwealth of Pennsylvania's [Department of Community & Economic Development](#) has applied for [NSP funds](#) and provided public comment. The public comment period closed on November 17, 2008.



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Pennsylvania, cont.

- Philadelphia \$16,832,873. The City of Philadelphia has applied for [NSP funds](#) and provided [public notice](#). The public comment period closed November 19, 2008.
- Allegheny County \$5,524,940. Allegheny County has not applied for NSP funds.
- Pittsburgh \$2,002,958. The City of Pittsburgh has not applied for NSP funds.

Wisconsin: Amount allocated statewide: \$47,976,588

- Amount allocated to the State of Wisconsin: \$38,779,123. The State of Wisconsin has applied for [NSP funds](#) and provided [public notice](#). The public comment period began November 8 and closes November 24, 2008.
- Milwaukee \$9,197,465. The City of Milwaukee has applied for [NSP funds](#).