



Neighborhood Stabilization Program

Montgomery County



Neighborhood Stabilization Program (NSP)

- A component of the Housing and Economic Recovery Act (HERA) signed into law on July 30, 2008
- Allocated \$3.92 billion across the country to CDBG entitlement communities for the purposes of stabilizing neighborhoods affected by foreclosures
- Not to be used for foreclosure prevention
- Montgomery County will receive \$5,988,000



How funds were allocated

HUD used a formula to allocate funds to each state or general unit of local government based upon:

- The number and percentage of home foreclosures
- The number and percentage of homes financed by subprime mortgage-related loans
- The number and percentage of homes in default or delinquency

Not all entitlement communities received funds. Those not receiving a direct allocation are able to apply to the State



Use of Funds

Eligible uses of NSP funds:

- establish funding mechanisms for the purchase and redevelopment of foreclosed homes including soft-seconds, loan loss reserves, and shared equity loans for low-and moderate-income homebuyers;
- purchase and rehabilitate residential properties that have been foreclosed, in order to sell, rent, or redevelop such properties;
- establish land banks for properties that have been foreclosed;
- demolish blighted structures; and
- redevelop demolished or vacant property



Key Definitions

- **Foreclosed** - a property is “foreclosed upon” when the tax or mortgage foreclosure is complete under state or local law (HUD is generally defining it as after title has transferred or transfer in lieu of foreclosure)
- **Abandoned** – a property is considered abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days and the property has been vacant for at least 90 days



Where the Money Can be Used

Money must be spent in areas with the greatest need (as defined by HUD's criteria)

- HUD provided data which has identified the census tracts that are eligible to participate in the program
- The data further suggests which census tracts have the greatest needs
- The eligible census tracts include our already-existing CDBG target neighborhoods and has expanded eligibility to other neighborhoods
- The income limits for this program have been increased from the traditional 80% of the AMI as low-mod to 120% of the AMI as low-mod-middle income



The County's Approach

- Utilize mapping to determine areas of greatest need
 - We have sought input from partners including:
 - CountyCorp
 - Dayton Metropolitan Housing Authority
 - The Homeless Solutions Project
 - Elected officials such as Auditor, Recorder, Treasurer, Courts, Clerk, etc. All have offered their support and the assistance of their offices
 - Jurisdiction meeting scheduled for October 24
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Timeline

- While money has already been allocated, entitlement communities must submit by December 1, 2008, an application identifying how the funds will be used, where the funds will be used, and how many people will benefit from the activities.
- The application is considered a substantial amendment to our Annual Action Plan and requires many of the same processes as our CDBG & HOME programs.
- Due to the timing of BCC meetings and November holidays our draft plan must be ready by October 30 to allow for public comment and for BCC approval in order to submit the plan.
- Once HUD approves the application (sometime in February) we will have 18 months to begin implementing each activity.
- Funds must be expended by June 2013 but all activities must begin within the first 18 months.



Next Steps

- Continue dialogue with partners
- Determine which activities we'd like to pursue , such as:
 - purchase/rehab to be able to rent or sell (both small and large scale),
 - apply money toward funding mechanisms such as down payment assistance
 - demolitions, etc.
- Iron out specifics of the plan



QUESTIONS?

