

Neighborhood Stabilization Program Instructions for Grantee Submissions

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PROGRAM REQUIREMENTS

Areas of Greatest Need

Jurisdictions that receive NSP funds must give priority emphasis to the areas of greatest need within their states, including those:

- (1) with the greatest percentage of foreclosures,
- (2) with the highest percentage of homes financed by subprime mortgage related loans, and
- (3) identified as likely to face a significant rise in the rate of home foreclosures.

To assist grantees in identifying areas of greatest need, HUD developed a [foreclosure and abandonment risk score](#) to assist grantees in targeting the areas of greatest need within their jurisdictions.

Eligible Uses of NSP Funds

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

- Establishing financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- Purchasing and rehabilitating homes and residential properties abandoned or foreclosed;
- Establishing land banks for foreclosed homes;
- Demolishing blighted structures; or
- Redeveloping demolished or vacant properties

For more information, HUD prepared a [Guide to NSP Eligible Uses](#).

Low/Moderate/Middle Income (LMMI) Requirements

- All NSP funds shall be used to benefit individuals and families whose incomes do not exceed *120 percent of area median income*, measured as 2.4 times the current [Section 8 income limit](#) for households below 50 percent of median income, adjusted for family size.
 - **Note:** An entitlement community receiving money from the state must apply the *area median income* levels applicable to its regular CDBG program; not the “balance of state” levels.
- At least 25 percent of NSP funds shall be used for the purchase of abandoned or foreclosed upon homes or residential properties that will be used *to house* individuals or families whose incomes do not exceed *50 percent of area median income*.

Grantees may visit the [NSP Data website](#) to identify LMMI areas.

SUBMISSION REQUIREMENTS

What to Submit

- NSP Substantial Amendment to the 2008 consolidated/action plan
- [SF-424 \(Signed & Dated\)](#)
- Signed certifications (Signed & Dated).

Note: Grantees may use the [Substantial Amendment Template](#), which includes a form for the NSP Substantial Amendment and certifications.

Deadlines

- November 15, 2008. By November 15, 2008, grantees must publish and post their proposed NSP Substantial Amendments to their websites for the required 15-day public comment period.
- December 1, 2008. Grantees must submit a *substantially complete* Substantial Amendment by the December 1, 2008 deadline. Failure to submit a substantially complete Substantial Amendment on time means that HUD may reallocate the funds set aside under the formula.

Note: Further information on how to submit will be forthcoming.

Who Submits

- Each eligible grantee may submit its own NSP Substantial Amendment; OR
- Contiguous grantees (metropolitan cities or urban counties) in the same metropolitan area may submit joint requests, resulting in a single combined grant and a single NSP Substantial Amendment. A jurisdiction need not have a joint agreement with an urban county under the regular CDBG entitlement program to request a joint program for NSP funding. Grantees must specify which jurisdiction will receive the combined grant and administer the funds; OR
- Any eligible grantee may submit a joint request with its state. The state will receive the combined grant and administer the funds.

Note: Any existing entitlement city/urban county joint agreements and urban county participation agreements governing Fiscal Year 2008 regular CDBG will apply to NSP as well.

Management Information System

- Disaster Recovery Grant Reporting system (DRGR) is the Management Information System used for NSP;
- Grantees may submit Substantial Amendments via [DRGR](#); or
- Grantees submitting paper Substantial Amendments must set up their action plan in DRGR prior to the first required performance report. Applicants submitting paper NSP Substantial Amendments are encouraged to use the [NSP Substantial Amendment Template](#) and Checklist in order to expedite HUD review.

Submission of Paper Substantial Amendments, Certifications, and SF-424s

- Further information forthcoming. Please contact your HUD field office for guidance.

Public Comment

- The proposed action plan must be published via the usual methods used for the grantee's consolidated plan and action plans, and on the (lead) grantee's public website for at least 15 calendar days for public comment.
- For joint requests, the citizen participation process must include citizens of all jurisdictions participating.
- The final NSP Substantial Amendments must include a summary of public comments.

Internet Postings

Grantees must maintain a website available to the general public containing the following information:

- Proposed NSP Substantial Amendment (for at least 15 days prior to final Substantial Amendment),
- Final NSP Substantial Amendment (*Note: If a state is incorporating an entitlement jurisdiction's consolidated plan and NSP needs, include a hyperlink to the entitlement jurisdiction's consolidated plan and NSP substantial amendment*),
- Standard Form 424, and
- DRGR Reports

Language

- All program information, including the NSP Substantial Amendment must be available in the appropriate languages for the geographic area for persons with limited English proficiency.
- *This may be a particular issue for states.* Because regular state CDBG funds are not used in entitlement areas, state CDBG staffs may not be aware of limited English proficient speaking populations in those metropolitan jurisdictions.

Pre-Award Costs

A grantee may incur pre-award costs necessary to develop the NSP Substantial Amendment and undertake other administrative actions necessary to receive the NSP grant, beginning September 29, 2008. A state may also authorize its subrecipients to incur costs prior to the state's award of funds to subrecipients.

Waivers

Grantees seeking a waiver under the provisions of the NSP notice, seeking to undertake an activity other than those specified in the NSP notice, or who have inquiries regarding whether an activity requires a waiver, should contact their local HUD field office.

Further information shall be forthcoming regarding the process of submitting waivers.

NSP SUBSTANTIAL AMENDMENT CONTENTS CHECKLIST

To ensure their submissions are substantially complete, grantees should include the following in their NSP Substantial Amendment.

General Information

- *Contact information.* Include administrator contact information.
- *Web Address.* Include the URL of administrator's website, where NSP documents are available.

Needs, Distribution, Use of Funds, and Definitions

- *Needs Data.* Summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.
- *Distribution and Use Narrative.* Narrative describing how the distribution and use of NSP funds prioritize the geographic areas of greatest need, including those:
 - with the greatest percentage of home foreclosures;
 - with the highest percentage of homes financed by a subprime mortgage related loan; and
 - identified as likely to face a significant rise in the rate of home foreclosures.
- *Definitions.* Narratives shall include definitions of:
 - "blighted structure" (in the context of state or local law);
 - "affordable rents;"
- *Descriptions.* Narratives shall describe:
 - how the jurisdiction will ensure continued affordability for NSP-assisted housing; and
 - what housing rehabilitation standards shall apply to NSP-assisted activities.
- *Acquisition and Relocation.* If a grantee is planning to use NSP funds to demolish or convert any low- and moderate-income dwelling units, grantees shall include—
 - the number of low- and moderate-income dwelling units—i.e., \leq 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities;

- the number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion);
- the number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Activity Information Describing the Use of Funds

A description of *each* activity shall include:

1. General Use Information (For All Activities)

- The eligible use of funds under NSP.
- The eligible activity or activities under the CDBG program that correlates with the NSP eligible use. To help determine which CDBG activities correlate with uses under the NSP, grantees can consult the [crosswalk](#) from the NSP Notice.
- The geographic areas of greatest need addressed by the activity or activities.
- Appropriate performance measures (e.g., units of housing to be acquired, rehabilitated, or demolished).
- The amount of funds budgeted for the activity.
- The name and location of the entity that will carry out the activity.
- The expected start and end dates of the activity.
- Expected benefit to income-qualified persons or households.
- Whether the activity will count towards the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50 percent of area median income. If so, the estimated amount of funds to be used for this purpose.

2. Specific Activity Requirements (if Applicable)

Describe the general terms under which assistance will be provided, including:

- Discount required for acquisition of foreclosed upon properties for activities involving property acquisition.
- Range of interest rates for financing mechanisms.
- Duration or term of assistance.
- Tenure of beneficiaries. (renters vs. homeowners)
- How the housing production activities ensure affordable housing