

**COMMUNITY PLANNING AND DEVELOPMENT
NEIGHBORHOOD STABILIZATION PROGRAM
2011 Summary Statement and Initiatives**

(Dollars in Thousands)

NEIGHBORHOOD STABILIZATION PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2009 Appropriation	\$3,920,000	[\$1,980,000] ^{a/}	\$3,920,000	\$3,920,000	\$115,667
2010 Appropriation/Request	[1,980,000]	1,260,000
2011 Request	---	---	---	---	---	<u>1,107,000</u>
Program Improvements/Offsets	-1,980,000	-153,000

a/ This is a \$1.98 billion appropriation in the American Recovery and Reinvestment Act and is shown in the Community Development Block Grant funds as part of the President's 2011 Budget. An additional \$20 million is shown in the HUD, Salaries and Expenses account.

Summary Statement

HUD is not seeking additional funding for Neighborhood Stabilization Program (NSP) fiscal year 2008 formula or fiscal year 2009 competitive grants rounds of funding in the fiscal year 2011 Budget. The Department is focused on implementing and evaluating the two new NSP initiatives that deal with the current foreclosure crisis and its impact on communities. The operation and impact of the NSP formula and competitive funds will be carefully monitored and evaluated.

In fiscal year 2009, the American Recovery and Reinvestment Act (Recovery Act) appropriated an additional \$2 billion in funding for NSP and made several fundamental changes to the program. First, it directed that HUD establish a competition for the funds and that the competition be open to states and local government. In addition, non-profit organizations were made eligible with each being able to have for-profit partners. The Recovery Act made several changes to NSP as enacted in HERA (fiscal year 2008 formula NSP program), specifically altering the eligible uses involving land banking and redevelopment activities, repealing revenue provisions, and adding substantial tenant protection provisions.

Program Priorities

The NSP was established by the Housing and Economic Recovery Act of 2008 (HERA) and funded by that legislation at a level of \$3.92 billion. The Recovery Act provided an additional \$2 billion in NSP funding but altered several key characteristics of the program. The HERA funds are referred to as NSP 1 and the Recovery Act funds are referred to as NSP 2. HERA directed that HUD treat these funds as if they are CDBG funds except where HERA supersedes the CDBG authorizing statute. Also, the funds would not be treated as CDBG if HUD establishes alternative requirements to expedite the use of funds.

Neighborhood Stabilization Program

The Neighborhood Stabilization Program is intended to assist states and local governments in addressing the effects of abandoned and foreclosed properties. Grantees may use the funds to undertake five eligible uses:

- Establishment of financing mechanisms to assist in the purchase of foreclosed homes;
- Acquisition and rehabilitation of abandoned and foreclosed homes;
- Establishment and operation of land banks;
- Demolition of blighted property; and
- Redevelopment of vacant or abandoned property.

Under NSP 1, HUD distributed \$3.92 billion to 309 states and local governments through a formula based on criteria specified in HERA. HUD published a notice in the Federal Register on October 6, 2008, that outlines the NSP requirements and made allocations. Pursuant to the notice, grantee action plans for the funds were due to HUD not later than December 1, 2008. HUD reviewed and approved all plans by the end of March 2009 and all grantees have executed grant agreements. Grantees are now engaged in implementing their NSP 1 programs; and although they had until approximately September 2010 to obligate funds to eligible activities, funds were obligated by September 30, 2009, a year ahead of the deadline. HUD is working with the grantees to ensure that they expend their funds within 18 months of obligation, per the statute.

The Recovery Act appropriated an additional \$2 billion for NSP and directed HUD to run a competition for the funds. Further, the Recovery Act enabled non-profits and consortia or non-profits to compete for the funds along with states and local governments. The Recovery Act directed HUD to issue the competition guidelines within 75 days of enactment and to take applications within 150 days of enactment. The NSP 2 programmatic NOFA for \$1.93 billion was issued on May 4, 2009 and applications were due July 17, 2009. The Department made announcements in January 2010.

The Department issued a second NOFA on May 4, 2009, to provide \$50 million in NSP technical assistance funding. Applications were due June 8, 2009 and on August 25, 2009, CPD awarded the \$50 million to ten providers in order to deliver technical assistance to both NSP 1 and NSP 2 grantees.

Major program evaluations/audits/issues

No evaluations or audits have yet been completed with regard to NSP 1 or NSP 2. The Office of the Inspector General is implementing an aggressive review of NSP 1 funds and has already completed a number of audits.

PERFORMANCE DATA

Performance data will be collected through the Disaster Recovery Grant Reporting System.

Neighborhood Stabilization Program

**COMMUNITY PLANNING AND DEVELOPMENT
NEIGHBORHOOD STABILIZATION PROGRAM
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Neighborhood Stabilization								
Supplementals	<u>[\$1,980,000]</u>	<u>\$3,920,000</u>	<u>\$3,920,000</u>	<u>\$3,920,000</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	<u>[1,980,000]</u>	<u>3,920,000</u>	<u>3,920,000</u>	<u>3,920,000</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>

NOTE: The 2009 Budget Authority is a \$1.98 billion appropriation in the American Recovery and Reinvestment Act and is shown in the Community Development Block Grant Fund justification as part of the President's 2011 Budget. An additional \$20 million is shown in the HUD, Salaries and Expenses account.

<u>FTE</u>	<u>2009 Actual</u>	<u>2010 Estimate</u>	<u>2011 Estimate</u>
Headquarters	<u>...</u>	<u>...</u>	<u>...</u>
Field	<u>...</u>	<u>...</u>	<u>...</u>
Total	<u>...</u>	<u>...</u>	<u>...</u>

Neighborhood Stabilization Program

**COMMUNITY PLANNING AND DEVELOPMENT
NEIGHBORHOOD STABILIZATION PROGRAM
Program Offsets
(Dollars in Thousands)**

Neighborhood Stabilization Supplementals	<u>Amount</u>
2009 Appropriation	[\$1,980,000]
2010 Appropriation/Request .....	...
2011 Request	<u>...</u>
Program Improvements/Offsets .....	...

Neighborhood Stabilization Program

**COMMUNITY PLANNING AND DEVELOPMENT
NEIGHBORHOOD STABILIZATION PROGRAM
Crosswalk of 2009 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Neighborhood Stabilization						
Supplementals	[\$1,980,000] ^{a/}	...	...	\$3,920,000	\$3,920,000
Total	[1,980,000]	...	...	3,920,000	3,920,000

a/ This is a \$1.98 billion appropriation in the American Recovery and Reinvestment Act and is shown in the Community Development Block Grant Fund justification as part of the President's 2011 Budget. An additional \$20 million is shown in the HUD, Salaries and Expenses account.

Neighborhood Stabilization Program

COMMUNITY PLANNING AND DEVELOPMENT
 NEIGHBORHOOD STABILIZATION PROGRAM
 Crosswalk of 2010 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Neighborhood Stabilization						
Supplementals
Total