Neighborhood Stabilization Program NSP2
American Recovery and Reinvestment Act
June 2009
Background

• NOFA and prior NSP2 webinar posted at www.hud.gov/recovery on NSP page
• FAQs on NSP1 and NSP2 posted at www.hud.gov/nsp
• Compressing presentation today to allow time for additional questions from viewers
Terms

• NSP1
• HERA
• NSP2
• Recovery Act
• CDBG
• HCD Act
In a nutshell

- $1.93 billion for NSP activities
- NSP2 is still a CDBG component
- NOFA issued May 4; deadline July 17, 5pm
- Paper application, electronic threshold
- Eligible applicants are broader than CDBG
- Six scoring factors
- 150 points, with 115 the fundable threshold
- Minimum “ask” is $5 million, 100 units
- Whole grant expended in three years
Principles

- Retain CDBG distinctive requirements
- Target and reconnect neighborhoods
- Rapidly arrest decline
- Assure compliance with the NSP deep targeting
- Ensure longest feasible continued affordability
- Support projects that optimize economic activity
- Coordinate planning and resources
- Leverage resources and remove destabilizing influences
- Set goals
- Ensure accountability
NSP (CDBG) Objectives

• Development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income

• Coordinated undertaking

• Rational use of land

• Energy efficiency
Outcomes

• Short-term
  – Arrest decline in home values in target geography
  – Reduce or eliminate vacant and abandoned property in target geography

• Long-term
  – Increased residential sales
  – Increased median market values
Eligible Applicants

• State
• Unit of General Local Government
  – Entitlement status does not matter
• Nonprofit entity (public or private)
  – Treated like entitlements except for environment, AFFH, financial circulars
• Consortium of nonprofit entities
  – Consortium = two or more public or private nonprofits, with one lead
Consortium Agreements

• Consortium agreement with application. All parties agree:
  1. To apply together
  2. To cooperatively carry out the program if funded
  3. Which is the lead applicant
  4. Authorize environmental reviews if governmental entities are involved
Consortium Funding Agreements

• After initial scoring, if application scores at least 115 points, must submit consortium funding agreements by December 1, 2009

• Individual agreements between lead and each member detailing responsibilities
Nonprofits

• Public or private
• IRS ruling or state agency letter
• Governments
• Public housing authorities
• Redevelopment authorities
• Foundations
• Each must show capacity for at least one NSP activity
Grant Size

- Minimum request is
  - $5 million AND
  - 100 units
- Application must establish applicant capacity to expend the requested grant in 3 years
- This does not mean “grant + PI”
- Still must expend program income before draws from grant
Other thresholds

• Eligible fund use
• Income targeting/benefit
• Citizen participation – streamlined and modernized
• Required definitions are in application – note required green rehab standard
Organizational Capacity

- Demonstrated organizational capacity – must have completed at least 75 units of each activity (relevant to the NSP application) in past two years
- Declare online
- Demonstrate on paper
Geographic Need

• Policy change: See posted NOFA update

• Now have three need index columns – foreclosure, foreclosure+vacancy, AND highest from either
Geographic Need

• Scale from 1 to 20, with 20 highest need
• Application threshold: Average for target geography must be at least 18.
• Online tool allows selection of tracts on a map and automatically calculates average
• Data also available for download
Neighborhood Stabilization Program Grants

The Neighborhood Stabilization Program (NSP) provides grants to address the problems associated with homes that have been foreclosed upon and are creating economic problems for their communities. The first round of funds (NSP1) was allocated under a formula to 309 governmental grantees that spread NSP1 funds all over the country. **The competition for the second round of funds (NSP2) is underway from May 4-July 17, 2009.** For more details on NSP see [http://www.hud.gov/nsp](http://www.hud.gov/nsp).

This NSP Mapping tool can be used to support either NSP funding round. For NSP1, this tool can help grantees get additional information on their areas of greatest need. For NSP2, this tool will help applicants determine geographic areas that are eligible to include as NSP2 target geography.

The $1.93 billion NSP2 program is intended to fund state, local, or non-profit grantees in the implementation of neighborhood stabilization programs to address the problems associated with homes that have been foreclosed. The threshold requirement for the NSP2 competition will help HUD determine whether applications are targeting neighborhoods with a need for the funds. The qualifying threshold for the competition is an average index score of 18 for the total proposed target geography. This will result in approximately 30 percent of all Census Tracts potentially eligible to be NSP2 target geography.

To support NSP, Office of Policy Development and Research has set up mapping [http://www.huduser.org/nspgis/nsp.html](http://www.huduser.org/nspgis/nsp.html)
We are experiencing heavy traffic volume. Please be patient after clicking on the tracts, while the web page is updated.

Search by address (or) Zoom in 4 more level(s) to view and select the desired census tracts

The "foreclosure" risk score is based on rank census tracts by two measures: (i) percent of foreclosure problems and (ii) number of foreclosure problems. Each tract receives the higher rank (from 1 to 20) from those two rankings.

The "vacancy" risk score is based on an algorithm that combines 90-day vacancy rates with foreclosure problem rates and then ranks census tracts from 1 to 20 on this estimate. For more information on how these estimates were developed, see the methodology.

The NSP tool displays the average risk score for selected census tracts. The average score is color coded with red indicating high risk. HUD grants are available only for the high risk areas. The census tracts need not have high risk scores for both foreclosure rates and vacancy rates.
The "foreclosure" risk score is based on rank census tracts by two measures: (i) percent of foreclosure problems and (ii) number of foreclosure problems. Each tract receives the higher rank (from 1 to 20) from those two rankings.

The "vacancy" risk score is based on an algorithm that combines 90-day vacancy rates with foreclosure problem rates and then ranks census tracts from 1 to 20 on this estimate. For more information on how these estimates were developed, see the...
Geographic Need

- NEW FEATURE: Users create accounts and save configurations for later submission to HUD
- Target geography may be discontiguous
- Applicant must show it will serve entire proposed area
- Single neighborhood, city-wide, metro-wide, regional, and national scale applications all possible
Submission Requirements

• Must meet all threshold requirements to be rated and ranked
• All materials on web
• 40 page limit for narratives
• Extra pages allowed for consortia, partners
Submission Requirements

- Assembly format specified - 8.5x11, 12 point font
- Paper submission and online threshold submission by July 17, 2009 at 5 pm at HUD HQ in Washington, DC
- Note recommended delivery services
- Note 48-hour recommendation
Other stuff

• Funding restrictions
  – Comply with Appendix 1 program requirements
  – 10 percent for general admin
  – 10 percent for demolition
  – No demolition of public housing
• Pre-award costs at applicant’s risk
• Ineligible and unallowable costs
Factor 1

• Need/Extent of the Problem (40 pts)
  – a. Target geography (10 points, also a threshold factor)
Factor 1

– b. Market conditions and demand factors (30 pts)
  • Market absorption
  • Over-building, over-valuation, economy?
  • Income characteristics and cost burden
  • Other decline/instability factors
  • ID NSP activities “most likely to stabilize”
Factor 2

• Demonstrated Capacity of the Applicant and Relevant Organizational Staff (40 points)
  – Past Experience of the Applicant (30 points)
  – Management Structure (10 points)
    • Description
    • References
Factor 3

• Soundness of Approach (45 points)
  – Proposed activities (15 points)
    • Overall program and how it will achieve outcomes in target geography
    • Use of funds (in table and narrative) and firm commitments
    • Demolition v. preservation
    • Demolition exception (if applicable)
Factor 3

• Soundness of Approach
  – Project completion schedule (5 points)
  – Income targeting for 120 and 50% AMI (5 points)
  – Continued affordability (5 points)
Factor 3

• Soundness of approach
  – Consultation, outreach, communications (5 points)
  – Performance and monitoring (10 points)
  • Monitoring plan
  • Internal audit responsibility
Factor 4

• Leveraging other funds, or removal of substantial negative effects (10 points)
  – Follow directions in the NOFA
  – HUD will rank leverage and RSNE separately from highest to lowest
  – Applicants in the top third in either index get full points.
Factor 4

Leverage = firm commitments / NSP2 funds

- Cash, in-kind, donated land, donated services OK
- No sweat equity, no homebuyer mortgages
Factor 4

Removal of negative effects = 
(Units acquired and rehabilitated + 
Units demolished) 
/ total vacant residential units in target area
Factor 5

• Energy efficiency and sustainable development factors (10 points)
  – Transit accessibility (4 points)
  – Green building standards (3 points)
  – Re-use of all NSP sites (1 point)
  – Deconstruction (1 point)
  – Other (1 point) (See appendix 2)
Factor 6

• Neighborhood Transformation and Economic Opportunity (5 points)
  – (1) Certify consistency with a comprehensive, regional, or multi-jurisdiction plan
  – (2) Describe how NSP2 activities relate to and increase the effectiveness of the plan
Review and Selection

• 115 points to be fundable
• Other factor: past performance
• Adjustments by HUD
Administrative

• Use of DRGR system for reporting
• Amendments discouraged, they cause re-ranking
• NSP2_help@hud.gov
• AFFH
• Certifications
Administrative

- Duration of funding: 2 years to expend 50%; 3 years to expend 100% of GRANT.
- DUNS- CCR
- Recovery Act general requirements
- Appendix 1 – NSP Program Requirements
Environmental Review

Statutes

• National Environmental Policy Act of 1969

• Related laws and authorities include
  – Historic Preservation
  – Flood Plain
  – Endangered Species
  – Coastal Zone
  – Toxic Site
  – Wetlands
HUD Regulations

- 24 CFR Part 58 Procedures for Responsible Entities (RE)
- 24 CFR Part 51 Hazards
- 24 CFR Part 52 Intergovernmental
- 24 CFR Part 55 Floodplains
- 24 CFR Part 50 HUD Procedures
When do environmental requirements apply?

- When an Application is made to HUD
- When an Application is made to a Responsible Entity for HUD funds.
Who is the responsible entity?

- FOR NSP2- NOT ALWAYS SAME AS Regular CDBG
- State or unit of general local government
  - If lead applicant
  - If member of consortium, but not lead
  - Only inside its own jurisdiction
  - NOT if government is a subrecipient
Need Help?

• See Environmental slides in previous NSP2 Webinar

• Your HUD Environment website: http://www.hud.gov/offices/cpd/environment/index.cfm

• Website includes the name, address and phone number for HUD’s Field Environment Officers
Cobb County, Georgia

- Presenting the viewpoint of an NSP1 grantee about program implementation
  - Nick Autorina, Managing Director, CDBG Program Office, Cobb County, Georgia

- NOTE: Mr. Autorina’s views are his own and do not represent HUD. [WE ARE WAITING FOR NICK’s SLIDES.]
NSP2

• Question and answer period