

American Recovery and Reinvestment Act of 2009
Department of Housing and Urban Development
Program-Level Plan
Neighborhood Stabilization Program (NSP)

a. FUNDING TABLE:

ACTIVITY	FUNDING LEVEL
There are five eligible uses under NSP2 (and a greater number of possible activities): establishment of financing mechanisms for purchase of foreclosed homes; purchase and rehabilitation of abandoned or foreclosed homes; land banking of foreclosed homes; demolition of blighted structures; and redevelopment of vacant or demolished property	\$1,930,000,000.00
NSP TA will provide technical assistance to NSP1 and 2 grantees to increase their capacity to carry out neighborhood stabilization programs	\$50,000,000.00
HUD will provide training, technical assistance, monitoring, enforcement, research and evaluation activities	\$20,000,000.00
TOTAL	\$2,000,000,000.00

b. OBJECTIVES:

HUD's Recovery Act funds support three themes that align with the broader goals of the Recovery Act: (1) promoting energy efficiency and creating green jobs, (2) unlocking the credit markets and supporting shovel-ready projects, and (3) mitigating the effects of the economic crisis and preventing community decline. HUD's overriding objective in support of these goals is the creation and preservation of jobs.


The Recovery Act includes a \$2 billion appropriation for the Neighborhood Stabilization Program (NSP).

NSP provides assistance for the redevelopment of abandoned and foreclosed homes and residential properties in order that such properties be returned to productive use or made available for redevelopment purposes. NSP has five eligible uses of funds: establishment of financing mechanisms for purchase of foreclosed homes; purchase and rehabilitation of abandoned or foreclosed homes; land banking of foreclosed homes; demolition of blighted structures; and redevelopment of vacant or demolished property.

NSP was initially established by the Housing and Economic Recovery Act of 2008 (HERA). The HERA version of NSP (NSP1) provided \$3.92 billion in funding for emergency assistance to states and local governments. The Recovery Act provides an additional \$2 billion in NSP funding (NSP2) but makes several fundamental alterations to the program. First, the Recovery Act establishes NSP2 as a competitive program as opposed to the formula distribution. Second, NSP2 funding is available to non-profit organizations, as well as states and local governments. NSP is considered to be a component of the Community Development Block Grant (CDBG) program and basic CDBG requirements govern the NSP program. Recovery Act funding will also provide \$50 million of the \$2 billion for NSP technical assistance (NSP TA) to improve the capacities of NSP1 and 2 communities to swiftly carry out high-performing, compliant neighborhood stabilization programs.

The expected benefits of NSP are to stabilize property values and prevent neighborhood blight. In addition, we will contribute to HUD's overriding goal of creating and preserving jobs. NSP2 will provide fund-





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ing for the purchase and/or redevelopment of thousands of foreclosed and abandoned homes and properties across the nation. These actions will help to stabilize neighborhoods by limiting the downward pull that vacant properties exert on surrounding properties and will provide the opportunity for thousands of households to realize or regain the ability to own their own home. It will also aid communities by providing a ready source of funding to demolish and clear blighted structures or to land bank real property until such time as demand can be re-established. Further, the inclusion of non-profit organizations as eligible grantees in NSP2 will foster greater innovation in support of the goals of the program and offers the opportunity to increase coordination and cooperation between the public and private sectors.

c. ACTIVITIES:

Kinds and scope of projects and activities: NSP2 grantees have the opportunity to develop programs responsive to local real estate market conditions by choosing among the five eligible uses of NSP funds. Those uses are: (1) establishment of financing mechanisms for purchase of foreclosed homes; (2) purchase and rehabilitation of abandoned or foreclosed homes; (3) land banking of foreclosed homes; (4) demolition of blighted structures; and (5) redevelopment of vacant or demolished property. As NSP2 is a new competitive program open to states, local governments and non-profit organizations, HUD cannot estimate the nature and scope of programs that applicants may propose or that may ultimately be selected for funding. HUD will manage NSP TA under a demand-response system that will direct individual grantee and group technical assistance as requested by HUD or grantees to address risk and/or capacity issues in implementing NSP1 and 2.

Project/Activity: There are five eligible uses under NSP2 (and a greater number of possible activities): establishment of financing mechanisms for purchase of foreclosed homes; purchase and rehabilitation of abandoned or foreclosed homes; land banking of foreclosed homes; demolition of blighted structures; and redevelopment of vacant or demolished property.

Description: As NSP2 is a new competitive program open to states, local governments and non-profit organizations, HUD cannot yet estimate the nature and scope of programs that applicants may propose or that may ultimately be selected for funding.


Funding: \$1,930,000,000.00

Project/Activity: NSP TA will provide technical assistance to NSP1 and 2 grantees to increase their capacity to carry out neighborhood stabilization programs.

Description: NSP TA will use the demand-response system to determine which communities need assistance. HUD plans to direct some of the assistance to NSP1 high risk grantees to provide on-site assistance to meet the statutory fund use deadline. HUD HQ, selected field offices, and grantees will also be able to request or direct TA to address specific capacity needs. TA may include, but is not limited to, individual on-site consultation and training, group training, web materials, and printed materials such as detailed model programs

Funding: \$50,000,000.00





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Project/Activity: HUD will provide training, technical assistance, monitoring, enforcement, research and evaluation activities.

Description: HUD will hire staff, build IT systems and work with grantees to ensure effective and efficient implementation.

Funding: \$20,000,000.00

d. CHARACTERISTICS:

Type of Financial Award: B - Project Grants

Funding Amount: \$1,930,000,000.00

Methodology for Award Selection: NSP 2 is a competition and applicants are required to meet minimum thresholds, and are required to respond to identified criteria reflected in the Notice of Funding Availability (NOFA). The maximum number of points achievable is 150 points and applicants must score at least 115 points to be considered in the fundable range. HUD reserves the right to make adjustments within the fundable range.

Type(s) of Recipients: Government – State, Government - Local-County, Government - Local-City or Township, for profits?

Type(s) of Beneficiaries: Government - Public Nonprofit Institution/Organization, Government - Other Public Institutions/Organizations, Government - Federal Recognized Indian Tribal Governments, Government - US Territories and Possessions, Non-Government – Private, Nonprofit Institution/Organization, Non-Government - Quasi-Public, Nonprofit Institution/Organization, Interstate, Intrastate, State, Local – County, Local - City or Township, Regional Organization, Public nonprofit institution/organization, Other public institution/organization, Federally Recognized Indian Tribal Governments, US Territories, Individual/Family, Small business (as defined in 13 CFR part 121), Indian/Native American Tribal Government (Federally Recognized), Public/Indian Housing Authority, Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education), Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education), Private Institution of Higher Education, Individual, For-Profit Organization (Other than Small Business), Hispanic-serving Institution, Profit organization, Private nonprofit institution/organization, Quasi-public nonprofit organization, Other private institution/organization, Anyone/general public, Major Metropolis (over 250,000), Other Urban, Suburban, Rural, Low Income, Moderate Income, Pension Recipient, Welfare Recipient, Unemployed, Senior Citizen (60+), Alcoholic Drug Addict, Mentally Disabled, Physically Afflicted (e.g., TB, Arthritis, Heart Disease), Persons with Disabilities, Women, Veteran/Service person/Reservist (including dependents), Refugee/Alien, US Citizen, Other Non-White, Asian, Spanish Origin American Indian African American Land/Property Owner Homeowner Consumer, Small Business Person (an owner or employee as defined in 13 CFR Part 121), Industrialist/Business person, Farmer/Rancher/Agriculture Producer, Builder/Contractor/Developer, Engineer/Architect, Artist/Humanist Scientist/Researchers, Graduate Student

Type of Financial Award: B - Project Grants

Funding Amount: \$50,000,000.00



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Methodology for Award Selection: NSP TA is a competition and applications are required to meet minimum thresholds and are evaluated according to the published rating factors in the Notice of Funding Availability. The maximum number of points achievable is 100 points and applicants must score at least 75 points to be considered in the fundable range. HUD reserves the right to select a single national provider.

Type(s) of Recipients: Technical assistance providers such as nonprofits, for profits, Government – State, Government - Local-County, Government - Local-City or Township,

Type(s) of Beneficiaries: Government - Public Nonprofit Institution/Organization, Government - Other Public Institutions/Organizations, Government - Federal Recognized Indian Tribal Governments, Government - US Territories and Possessions, Non-Government – Private, Nonprofit Institution/Organization, Non-Government - Quasi-Public, Nonprofit Institution/Organization, Interstate, Intrastate, State, Local – County, Local - City or Township, Regional Organization, Public nonprofit institution/organization, Other public institution/organization, Federally Recognized Indian Tribal Governments, US Territories, Indian/ Native American Tribal Government (Federally Recognized), Public/Indian Housing Authority, Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education), Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education), Private Institution of Higher Education, Individual, Hispanic-serving Institution, , Private nonprofit institution/organization, Quasi-public nonprofit organization, Other private institution/organization, Anyone/general public, Major Metropolis (over 250,000), Other Urban, Suburban, Rural, Low Income, Moderate Income,

Estimated dollar amount of Federal in-house activity: \$20,000,000.00

e. DELIVERY SCHEDULE:

Milestone Description: Milestones will be related to HUD issuance of the NOFAs, application deadlines, award selections for NSP2- TA, scoring determination of applications to determine which ones received at least the minimum number of points for NSP2 to identify applicants that should complete consortia agreements, NSP2 award selections, HUD obligation of NSP2 funds to grants. There are also statutory deadlines for expenditure of 50% of NSP2 funds (2 years from grant agreement), and expenditure of 100% of NSP2 funds (3 years from grant agreement), and reporting achievements (quarterly).

Milestone: All NSP-TA and NSP2 grant agreements executed

Expected Completion Date: 2/17/2010

Milestone: HUD Obligates 100% of funds

Expected Completion Date: 2/17/2010

Milestone: Grantees expend 100% of funds

Expected Completion Date: 2/17/2013



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f. ENVIRONMENTAL REVIEW COMPLIANCE:

AREA OF COMPLIANCE	NSP ACTIVITIES	TA ACTIVITIES
Compliance with National Environmental Policy Act (NEPA)	NEPA reviews are required as in NSP1 and the CDBG program. Some NSP2 grantees (those with governments as applicants) will assume NEPA responsibilities. HUD will do the reviews for non-profit applicants.	N/A
Compliance with National Historic Preservation Act and related statutes	Same as above	N/A
Milestones dependent on environmental review process	Expenditure of 50% of funds within 2 years. Expenditure of 100% of grant within 3 years. (These are statutory. Funds must be recaptured if they are missed.)	N/A
Potential impact of environmental reviews on project implementation	Environmental review for nonprofits may be a burden for HUD, especially in the field. If HUD must do enough part 50 reviews, delays could occur that may jeopardize milestones above and result in recaptured grant funds.	N/A

g. MEASURES:

The NSP competitive submissions are due July 17, 2009. Before that date, it is premature for HUD to predict the number or characteristics of the applicants and projects. HUD will be evaluating applications and will be able to provide a relatively complete inventory of activities to be assisted with NSP funds following the submissions, and, based on the proposed activities, be able to provide informed estimates for further measures at that time.

Measure: Funds obligated by grantees

Measure Type: Efficiency

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Dollars

Explanation of Measure: Quantifies efficiency and timeliness by measuring the dollar amount of funds obligated by grantees on a quarterly basis.



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Actual: TBD

Goal Lead: Jessie Kome

Measurement Methodology: HUD will collect Quarterly Recipient Reports from grantees.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
0	0	0	0	\$120,000,000	\$120,000,000

Measure: Funds expended by grantees

Measure Type: Efficiency

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Dollars

Explanation of Measure: Quantifies efficiency and timeliness by measuring the dollar amount of funds expended by grantees on a quarterly basis.

Actual: TBD


Goal Lead: Jessie Kome

Measurement Methodology: HUD will collect Quarterly Recipient Reports from grantees.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
0	0	0	0	\$120,000,000	\$120,000,000





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h. MONITORING AND EVALUATION:

Description of Agency Periodic Review of Partners' progress:

(1) Data Collection and Reporting

- a. Spend Plan Submissions: These identify each grantee's plan for the use of funds. For NSP2, the use of funds will be described in detail in the competitive applications. If selected, recipients will submit details on the proposed projects and activities to HUD's reporting system. HUD field staff must review and approve the plans in the system before any draw vouchers or performance reports may be submitted.
- b. Financial Reports: HUD will generate and analyze two financial reports. These include a Summary Financial Report that indicates the amount of funds for each program, and a Funding Notification Report, which shows the amount of funding by program for every jurisdiction, including local governments and states.
- c. Quarterly Recipient Reports: The cornerstone of HUD's monitoring and evaluation system is the project and contract data collected from grantees. The Recovery Act specifically requires data collection fields for grantees and contractors. In addition to these data, HUD will also collect program-specific measures from grantees. DRGR collects summary information on program beneficiaries, start and end dates of each activity, national objective, number of housing units, location information including addresses of acquired and rehabilitated properties, dollars budgeted, obligated, and expended.
- d. Sample Survey of Outcomes: HUD has allocated a portion of the program funds for research, including an evaluation of NSP, which will capture changes in occupancy, tenure, and property values in NSP neighborhoods.

- (2) Ongoing Grantee Management: HUD categorizes grantees by risk, then monitors and allocates interventions, including training, technical assistance and if warranted, disciplinary action, accordingly. High Risk grantees are those who are new to the CDBG program, habitually poor CDBG or HOME performers, have open monitoring or audit findings, significant funding increases, recent critical staff turnover, extremely high Congressional or national media interest. HUD looks for factors, such as (1) timely expenditure of funds, (2) quality expenditure of funds, (3) budget/cost compliance, and (4) legal compliance and prevention of fraud. HUD may impose additional grant conditions such as more frequent reporting or HUD pre-approval of smaller draw requests than normal, and HUD may conduct frequent remote and on-site monitoring pursuant to existing monitoring guidelines and practices for the regular CDBG program (CPD Monitoring Handbook and Risk Analysis), with specific risk and monitoring guidelines under development for NSP. HUD staff and NSP TA contractors will provide a broad range of capacity building, such as on-site consultation and project-specific training, web and classroom training on technical areas such as land banking, financial compliance, environmental reviews and model program designs. The CDBG regulations in the 24 CFR 570.900 series provide for a very broad range of corrective actions and due process designed to stop noncompliance, prevent recurrence of the problem and mitigate the negative effects of the problem. HUD's choice of corrective actions ranges from sending a warning letter to a grantee, to requiring repayment of the grant funds, to legal action.





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- (3) Longer Term Evaluation and Research: HUD will perform an evaluation on NSP, which will capture changes in occupancy, tenure, and property values in NSP neighborhoods.

i. and j. TRANSPARENCY AND ACCOUNTABILITY:

With respect to reporting, OMB has issued detailed guidance on the requirements for recipients of the Recovery Act funds. Specifically, each prime and first tier recipient is required to report specified information to HUD 10 days after the end of each calendar quarter. This includes, but is not limited to a detailed list of all projects and activities for which Recovery Act funds were obligated or expended, an evaluation of the completion status of the project or activity, and an estimate of the number of jobs created or retained. In addition to the overarching requirements of the Recovery Act, HUD has also identified a number of program-specific measures that will be collected through this reporting process.

HUD expects that the transparency requirements of the Recovery Act, specifically the requirement to publish both spending and recipient performance reports, will create accountability amongst its managers and grantees. In addition, HUD will establish internal management controls to create a greater level of accountability for performance. There are three levels of internal performance reviews: 1) The HUD Recovery Act program management team will work with the leads of the program and cross-cutting teams to prepare a bi-weekly program snapshot report for the steering committee to review with the Deputy Secretary and Secretary. Drawing from the program and risk management plans, the reports will include summary-level quantitative financial and programmatic performance measures and targets, key milestones, and issues or risks. Interim spending and performance targets will be set to ensure that annual objectives from the program plans are met. Performance data will be summarized by grantee risk category, as defined in the agency's risk management plan. Performance measure targets and milestones that are missed, or that are in jeopardy of being missed, will be accompanied by an explanation of the reasons why, including any issues affecting progress and the specific plan for their resolution or mitigation. The report will also identify specific grantees with performance issues, and summarize the actions being taken to address them. 2) In addition to the bi-weekly program management team meeting and reporting, each program team will meet with the Secretary, Deputy Secretary and Steering Committee on a monthly basis to review a more detailed set of Recovery Act performance measures. 3) On a quarterly basis, these monthly meetings will include updated grant recipient data described above.



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k. BARRIERS TO EFFECTIVE IMPLEMENTATION:

Phase	Barrier/Concern	Proposed Solution	Targeted Resolution Date
Post-Implementation	<p><u>Staffing Resources :</u></p> <p>Given the new program’s emphasis on real estate workouts, mortgage refinancing, and in some cases, bulk purchases of foreclosed properties, HUD needs to hire additional staff with a working level expertise.</p>	<p>Office of Block Grant Assistance (OBGA) is in the process of obtaining hiring authority for 41 additional staff positions to oversee new grant applications. Although hiring new staff with expertise in this area is the most appropriate action, it may not be achievable in every office. Therefore, OBGA is seeking additional resources to provide training.</p>	TBD

I. FEDERAL INFRASTRUCTURE INVESTMENTS:

NSP is primarily a single family housing program; HUD expects that the majority of the funding will directly address housing needs associated with foreclosed and abandoned residential properties . However, a limited amount of infrastructure may be funded as grantees redevelop vacant or demolished properties and need to construct or renovate infrastructure to support their housing projects.





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