



US Dept. of Housing and Urban Development
Fresno Office for the SJ Valley

Response to the Housing Market Disaster
October 2008



Responding to Disaster

- Rescue
- Restrain
- Rebuild
- Reform



Responding to Disaster

- Rescue **counsel/intervene**
- Restrain **vacant home ordinance**
- Rebuild **acquire, rehab, sell**
- Reform **regulate**



Responding to Disaster HERA

- Rescue \$150m counseling, H4H
- Restrain (Cal SB 1135)
- Rebuild \$3.9b NSP, FHA, HTF
- Reform FNMA, FRMC, FHA



NSP Information

- Extensive information available on HUD's website – www.hud.gov/nsp
- Includes
 - Statutory language from PL 110-289
 - Federal Register Notice – October 6, 2008
 - Action plan amendments guidance
 - Area median income data required by NSP
 - HUD targeting data
 - Best practices



Allocations

- HERA Provides \$3.92 Billion to assist States and localities in redevelopment efforts
- Considered a Special Allocation of 2008 CDBG Funds
- Amounts determined by formula established by HUD using criteria specified by HERA



Allocations in SJ Valley

■ CA STATE PROGRAM	\$145,071,506
■ STOCKTON	\$12,146,038
■ SAN JOAQUIN CO	\$9,030,385
■ BAKERSFIELD	\$8,982,836
■ KERN CO	\$11,211,385
■ FRESNO	\$10,969,169
■ FRESNO COUNTY	\$7,037,465
■ STANISLAUS CO	\$9,744,482
■ MODESTO	\$8,109,274
■ VISALIA	\$2,388,331



Applying for NSP Funds

- Action Plan Substantial Amendments due by December 1, 2008
- Joint agreements are permitted
- 15 day public comment period
- Revisions/resubmissions of disapproved plans are due to HUD NLT 45 days from first disapproval –in no case later than February 13, 2009



Criteria for Local Distribution

- NSP grantees must target funds to give priority emphasis and consideration to areas with 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.



Period to Use Funds

- NSP grantees must use funds to purchase and redevelop abandoned and foreclosed homes and residential properties **no later than 18 months** after execution of the grant agreement
- Use=obligate for a specific project



Joint Agreements

- Urban Counties
 - If county qualifies for an NSP grant, existing urban county cooperation agreements for FY '08 regular CDBG will apply to NSP
 - Counties should review cooperation agreements to address potential conflicts with HERA provisions
 - If a locality is not presently part of an urban county, look to state for funding



Planning and Administration

- Up to 10% of NSP Grant plus program income
- No matching requirements
- 10% applies to the grant as a whole



Uses of NSP Funding

- Five eligible uses specified by HERA
- Eligible uses have root in CDBG program with exception of land banking provision
- HUD is tying NSP eligible uses to Entitlement CDBG eligibility provisions



Uses of NSP Funding

Eligible Use

A. Establish financing mechanisms for purchase & redevelopment of foreclosed upon homes & residential properties...

Eligible Activities

- As an activity delivery cost for an eligible activity (designing & setting it up)
- Financing of an NSP eligible activity, to carry out that activity, is eligible as part of that activity



Uses of NSP Funding

Eligible Use

B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties

Eligible Activities

- Acquisition
- Disposition
- Relocation
- Direct homeownership assistance
- Eligible rehabilitation and preservation activities for homes and other residential properties
- Housing counseling for those seeking to take part in the activity



Uses of NSP Funding

Eligible Use

C. Establish land banks for homes that have been foreclosed upon

Eligible Activities

- Acquisition
- Disposition (includes maintenance)



Uses of NSP Funding

Eligible Use

Eligible Activities

D. Demolish blighted structures

Clearance, for blighted structures only



Uses of NSP Funding

Eligible Use

E. Redevelop demolished or vacant properties

Eligible Activities

- Acquisition; Disposition
- Public facilities and improvements
- Housing Counseling Public Services (limited to prospective purchasers or tenants of redeveloped properties)
- Relocation
- New housing construction
- Direct homeownership assistance
- 570.204 activities by CBDO



Eligible Uses Summary

- All grant funds must be used for an eligible activity according to HERA
- Each activity must also be CDBG eligible and meet a LM national objective
- HUD must grant written approval for any CDBG activities not listed for that eligible use
- CDBG regulatory definitions of eligible activities apply to NSP except where specifically modified
- New housing construction is eligible as redevelopment



Ineligible Activities

- Ineligible Activities:
 - Generally, if an activity is ineligible under CDBG, it is ineligible under NSP
 - Not eligible under HERA:
 - Foreclosure prevention
 - Demolition of non-blighted structures
 - Purchase of properties not abandoned or foreclosed upon



NSP Income Targeting

- Income eligibility for NSP based on 120% of area median income
- Metro area median or state nonmetro median, based on where the activity is undertaken
- HUD is providing 120% AMI data on website – www.hud.gov/nsp



NSP Income Targeting

25% to 50% of median requirement:

- 25% of NSP grant plus program income for purchase/redevelopment of abandoned/foreclosed residential properties to house individuals or families with incomes at/below 50% of area median income
- Principal way to comply will be through rental housing
 - New construction or conversion
 - Acquisition or acquisition + rehab
 - Affordable rents & affordability period
- Address needs in Continuum of Care



Other Rules for Grantees

- Purchase Discount
- Rehab Standards
- Sale of Homes
- Continued Affordability
- Program Income
- CDBG Action Plan Amendment
- Reallocation and Recaptures
- Reporting-
- Eminent Domain, Relocation



Linking Other HUD, State, and Private Resources

- FHA
- MF
- CDBG, HOME
- CoC, McKinney
- FHEO

- CalHFA
- RCAC Counseling
- HCD MF Programs
- New Trusts Funds

- CRA Programs
- Home Financing
- Bank on Fresno, CVFLI
- Bank NSP



KnowledgePlex Chat

Strategic Use of NSP—Alan Mallach

Adjusting strategy to Neighborhood

- Older and Blighted
- Established but troubled
- New Growth

<http://www.knowledgeplex.org/xchat.html>