

## **Homeless Assistance and the Neighborhood Stabilization Program**

HUD is providing \$3.9 billion to communities that have been hit hard by the foreclosure crisis through the Neighborhood Stabilization Program (NSP). At least 25 percent of the funds must serve people with incomes below 50 percent of area median income. This program offers an excellent opportunity for housing and homeless assistance providers to create permanent housing and permanent supportive housing to people experiencing or at risk of homelessness.

### **How Can Funding be Used?**

Funds can be used by a city or state agency to purchase a foreclosed or abandoned property and turn it over to a nonprofit organization. The property could be used by the nonprofit organization to provide affordable housing—including permanent supportive housing—to people experiencing homelessness or at risk of homelessness. Different communities are considering various models such as Oxford Housing, group living, permanent supportive housing, and rental housing. Although funds cannot be used for the operating costs or services provided in housing, they can be used to acquire and rehabilitate the property.

From HUD's NSP Fact Sheet ([http://www.hudhre.info/documents/NSP\\_factsheet.pdf](http://www.hudhre.info/documents/NSP_factsheet.pdf)):

NSP funds can be used to purchase and rehabilitate abandoned or foreclosed properties, demolish blighted structures, [and] redevelop demolished or vacant properties... Grantees can also create “land banks” to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging redevelopment of urban property.

...

NSP offers an unparalleled opportunity to fund new [special needs housing] projects... There are many possible models that communities could use. For example, an NSP grantee could acquire and rehabilitate a single-family or multi-family home and “dispose” the property to a nonprofit. Alternately, vacant property could be redeveloped into permanent supportive housing units for persons with special needs.

### **Eligible Activities**

Eligible uses include, but are not limited to, the following functions. The Federal Register notice has additional details about these uses (see “Additional Resources” below).

(A) Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

(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.

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

(D) Demolish blighted structures.

(E) Redevelop demolished or vacant properties.

### **How to Apply**

NSP grants are provided to city and state governments by formula (see NSP Allocations in the “Additional Resources” section). These jurisdictions must submit a plan to HUD by December 1 describing how they will use the funding. There is a 15 day public comment period that must be completed before the plan is submitted. Housing and homeless assistance providers should contact their city or state housing department as soon as possible to participate in the planning process.

### **Additional Resources:**

NSP Fact Sheet

[http://www.hudhre.info/documents/NSP\\_factsheet.pdf](http://www.hudhre.info/documents/NSP_factsheet.pdf)

Federal Register Notice

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nspnotice.pdf>

NSP Allocations—How much will your city or state receive?

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/localallocations.xls>

HUD's NSP website

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/>