

## Neighborhood Stabilization Program Frequently Asked Questions

### 1. What is the Neighborhood Stabilization Program?

*HUD's Neighborhood Stabilization Program will provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.*

*The program will assist the City of Atlanta with current efforts to stabilize and preserve our communities most devastated by foreclosure. While foreclosure has been a huge citywide problem, funds will be used in the hardest hit neighborhoods throughout the City to acquire and redevelop foreclosed properties, both single family and multi-family.*

### 2. What activities are eligible under the Neighborhood Stabilization Program?

- *Establish funding mechanisms for the purchase and redevelopment of foreclosed homes including soft-second, loan loss reserves, and shared equity loans for low-and moderate-income homebuyers.*
- *Purchase and rehabilitate foreclosed properties in order to sell, rent, or redevelop such homes and properties.\**
- *Establish or enhance the capacity of a land bank to assist in property redevelopment efforts.*
- *Demolish blighted structures.*
- *Redevelop demolished or vacant property*
- *Planning & Administration*

### 3. Will the City be rescuing those who are behind on mortgage payments or want to sell their home with these funds?

*No, NSP funds must be used to address properties that have been abandoned or foreclosed upon. (I.e. bank owned or REO inventories HUD, VA, FHA, Fannie Mae, and Freddie Mac). NSP funds cannot be used to acquire homes from current owners. Abandoned properties must be vacant for 90 days with not payments of mortgages or taxes for 90 days.*

*The Housing and Economic Recovery Act (HERA) created two new programs "Home 4 Homebuyers" and "FHA Secure" designed to provide relief to current*

homeowners In addition, the housing finance authority have been given authority to issue tax exempt bond for refinancing of existing mortgages.

#### 4. How will the funds be spent?

FINANCING MECHANISMS	\$ 2,570,000.00
ACQUISITION, REHABILITATION AND DISPOSITION	\$ 11,200,000.00
LAND BANKING	\$ 375,000.00
DEMOLITION	\$ 289,473.80
REDEVELOPMENT	\$ 400,000.00
PLANNING & ADMINISTRATION	\$ 1,470,425.20
<b>TOTAL</b>	<b>\$16,305,619.00</b>

#### 5. How are areas/neighborhoods of greatest need chosen?

The City will initially target communities with a risk factors of 8 or more on a scale of 1 (lowest risk) to 10 (highest risk). HUD has established the criteria to address the hardest hit area based on:

- Areas at risk of increased foreclosure
- Highest % of Sub-prime loans
- Greatest % of Foreclosed properties

#### 6. How can communities make their case to the City and the affordable housing partners?

The City welcomes neighborhood participation. Communities with strong neighborhood community development and neighborhood associations are encouraged partner with the affordable housing partners to identify and target redevelopment areas whereby the impact can be visually realized.

#### 7. What is Citizen Participation Process?

HUD required a 15-day comment period prior to submitting of the NSP application to HUD on December 1, 2008.

11/2/08	NSP Public Notice-Atlanta Journal Constitution
11/10/08	Department Information Session 6:30pm to 8:00pm
11/12/08	CD/HR Public Hearing 11:00 am

Georgia Department of Community Affairs (DCA) required a 5-day public comment period prior to submitting the NSP application to DCA on January 15, 2009.

12/23/08	Public Notice on City Council and DPCD website
12/23/08	NSP NPU Notification

**8. How will the City choose specific properties within neighborhoods to purchase?**

*The NSP funds will be programmatically targeted to produce the highest impact, and to leverage the NSP with public and private funds. Initially, the City will commit funds to acquire and redevelop properties within 18 months. The goal is to generate program income in a "revolving fund" to be expended over a 4-year period to create a multiplying effect and increase the impact.*

**9. How will COA handle the selection of Housing Development Partners?**

*The City will issue a Request for Proposals (RFP) for non-profit and for-profit entities to submit funding request to participate in the NSP program. The Housing Partners will acquire foreclosed and abandoned properties, and rehabilitate single family and multifamily properties for sale or rent to low, moderate and middle-income families (LMMH). Housing Development Partners will be selected through a competitive evaluation process that will evaluate the proposals for project feasibility, the capacity of their organization, project readiness, and implementation of their project in the areas of greatest need.*

**10. When will the City/Housing Developers actually start purchasing properties?**

*It is estimated that the NSP funds will be available 2<sup>nd</sup> quarter 2009 with the first properties purchased during the 3<sup>rd</sup> quarter of 2009. The City and its affordable housing partners will negotiate the purchase of foreclosed and abandoned properties at a discount averaging 15% of the current market value (CMV)*

**11. What about property maintenance?**

*Acquired properties will be eligible to be transferred to the Land Bank Authority for interim property management and maintenance. Properties not transferred to the Land Bank Authority will be required to be maintained by the Owner/Housing Development Partner. NSP funds can be used for lawn cuttings, security and maintenance.*

**12. How soon do the funds have to be spent and what happens if the developer does not meet the development schedule?**

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*The HUD regulations require that the NSP funds must be committed to specific addresses within 18 months or will be recaptured. The Bureau of Housing is requiring its housing partners to commit its NSP funds to specific addresses within six (6) months. Should the Bureau of Housing decide that a housing partner's project is not performing satisfactorily or on a timely basis the City may de-obligate the nonperforming contract or allocation and reallocate the funds to a higher performing project or new housing partner.*

**13. What about the homeless? Will the City use these funds to aid in homeless housing/initiatives?**

*25% of the NSP funds must be used to provide affordable housing for very low-income families with incomes at or below 50% of the area median income. These funds will be used to provide affordable single family and multi-family rental units to house families at risk of homelessness.*

**14. Where can I find information about the City's NSP Program**

*The City has established a web-site updated regularly at <http://www.atlantaga.gov>.*