



Neighborhood Stabilization Program

Title III of Division B of the Housing and Economic
Recovery Act of 2008

Newton County Public Meeting
January 13, 2009

Housing and Economic Recovery Act of 2008

- Created a grant program called the Neighborhood Stabilization Program (NSP)
- \$3.92 billion appropriated to emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties
- Georgia received \$153 million
 - \$77,085,125.00 remains to be allocated

Eligible Uses of Grant Funds

- Expenditures must fall within one of six categories:
 - Establish Financing Mechanisms
 - Purchase and Rehabilitate Abandoned or Foreclosed Homes
 - Establish Land Banks to Purchase Foreclosed Homes
 - Demolish Blighted Structures
 - Redevelop Demolished or Vacant Properties
 - Administration and Planning Costs
 - Limited to 6% of total funds

Financing Mechanisms

- For the purchase and redevelopment of foreclosed homes
- Examples:
 - Soft-second loans
 - Shared-equity loans
 - Down payment assistance
- Homebuyers must qualify for home loans

Purchase and Rehabilitation

- Purchase and rehabilitate abandoned or foreclosed properties to sell, rent or redevelop
 - *Abandoned- foreclosure proceedings initiated, no mortgage or tax payments for 90 days AND vacant for 90 days*
- Must purchase property at discount from current market value
 - At least 5% below market for each property
 - All properties must average 15% below market value

Purchase and Rehabilitation

- Must sell properties at or below the cost to acquire and redevelop the property
- May use funds to redevelop property for nonresidential uses such as a public park
- Operating expenses may not be paid with grant funds

Land Banks

- Nonprofit entity established to assemble, temporarily manage, and dispose of vacant land
- May hold a property up to 10 years
- Alternatives to a Land Bank:
 - Direct county ownership of property
 - Purchase property through a non-profit corporation
 - Purchase property through a development authority

Demolition

- Demolish blighted structures
- Blighted structure- a structure which exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare

Redevelopment

- Redevelop demolished or vacant properties
- Includes new construction

Administration and Planning Costs

- 6% of total grant may be used for general administration and planning activities
- Pre-award costs for preparing the application may be reimbursed

NSP Requirements

- Target Low and Moderate Income Individuals and Families:
 - All funds must be used to benefit individuals and families whose incomes do not exceed 120% of area median income
 - 25% or more of funds must be used for the purchase and redevelopment of abandoned or foreclosed upon homes used to house individuals or families whose incomes do not exceed 50% of area median income

NSP Requirements

- Fund distribution priority for areas of greatest need as defined by:
 - Greatest percentage of home foreclosures
 - Highest percentage of homes financed by subprime mortgage related loan
 - Identification by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures

NSP Requirements

- Continued Affordability:
 - Sale, rental and redevelopment of homes must remain affordable to individuals within income requirements
 - “to the maximum extent possible and for the longest feasible term”

NSP Requirements

- Expenditure of Funds:
 - Funds must be obligated within 18 months of receipt
 - Funds not obligated within 18 months return to the state



Implications for Newton County

Newton County Statistics

- Estimates for 2008
 - 823 foreclosed properties
 - 117 properties to be auctioned
 - 5,000 vacant lots
 - 28% of mortgages are subprime (second highest in Georgia)

Money for Newton County

- Newton County as a whole was allocated \$2,170,830.00
 - \$428,070 for activities within Covington
 - \$1,742,760 for activities within County

Newton County Median Income

- Median Family Income= \$69,200
 - All funds must benefit people with incomes of = \$85,450
 - 25% of funds must benefit people with incomes of = \$35,600

Grant Application Process

- Application must include:
 - Identification of areas of greatest need
 - Statement of how each requirement and goal of NSP will be met
 - Detailed description of each activity proposed including:
 - Location
 - Proposed activity
 - Total budget
 - Prioritized list of proposed activities

Next Steps

- BOC has approved moving forward with grant application:
 - Identify NSP eligible activities in county
 - Identify partners to help carry out activities
 - Draft grant application
 - Submit application January 15, 2009

Next Steps

- Potential NSP eligible activities in county:
 - Develop public park on vacant lots within neighborhood in area of greatest need
 - Purchase and rehabilitate foreclosed homes in areas of greatest need (partner assisted)
 - Redevelop blighted areas (partner assisted)
 - Institute financing assistance for low-income homebuyers (partner assisted)

Next Steps

- Estimated amount of funds proposed to be used for NSP eligible activities in county:
 - Project 1
 - \$1,100,000 – purchase of foreclosed properties
 - \$200,000 – redevelopment, neighborhood improvement
 - \$150,000 – property repairs and improvement
 - \$150,000 – down payment assistance
 - \$170,000 – state and local admin

Next Steps

- Estimated amount of funds proposed to be used for NSP eligible activities in county:
 - Project 2
 - \$700,000 – new construction on blighted, vacant lots
 - \$350,000 – purchase of foreclosed properties
 - \$350,000 – property repairs and improvement
 - \$150,000 – down payment assistance
 - \$50,000 – redevelopment, neighborhood improvement
 - \$170,000 – state and local admin

Next Steps

- Estimated amount of funds proposed to be used for NSP eligible activities in county:
 - Project 3
 - \$550,000 – purchase of foreclosed properties
 - \$550,000 – property repairs and improvement
 - \$300,000 – new construction on blighted, vacant lots
 - \$150,000 – down payment assistance
 - \$50,000 – redevelopment, neighborhood improvement
 - \$170,000 – state and local admin

Next Steps

- Potential partners for carrying out NSP activities:
 - Non-profit organizations
 - Builders of Hope
 - Independent Educational Community Development Group, Inc.
 - Habitat for Humanity
 - Northeast Georgia Regional Development Center
 - Covington Housing Authority
 - Newton County Public Facilities

Next Steps

- Application due January 15, 2009
- For further information please contact Scott Sirotkin at 678-625-1657
- Public Meeting
 - Required prior to application submittal
 - Obtain citizens' views and input into the development of the NSP plan



Questions & Comments