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Neighborhood Stabilization Program

NSP was authorized as Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) and amended by the American Recovery and Reinvestment Act (ARRA). \$3.92 billion in emergency assistance was appropriated for NSP under HERA. NSP funds are considered a supplemental appropriation of Community Development Block Grant funds and, unless otherwise stipulated by HERA, are subject to CDBG regulations.



Neighborhood Stabilization Program

Purpose of NSP:

To 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.



Neighborhood Stabilization Program

Allocation criteria:

Areas with the greatest percentage of home foreclosures

Areas with the highest percentage of homes financed with subprime mortgages

Areas identified as likely to face a significant rise in the rate of home foreclosures



Neighborhood Stabilization Program

Tennessee Allocation - \$49,360,421

\$34,365,295 for areas of highest need throughout the State



Neighborhood Stabilization Program

\$12,340,105 (25% of total allocation) to assist households and individuals at or below 50% or the area median income.

(These funds are being made available by application to the agencies that participate in the Continuums of Care in non-Metro counties.)



Neighborhood Stabilization Program

\$2,468,021 for administrative expenses.

(Note: 10% of the State allocation is available for administrative expenses. THDA will retain 5% for its program administration and will make the balance available to grantees.)



Neighborhood Stabilization Program

Eligible Applicants

Units of local government including CDBG entitlement cities and Small Cities jurisdictions

Non-profit 501(c)(3) organizations



Neighborhood Stabilization Program

Entitlement jurisdictions in Tennessee are eligible to apply for State funding:

- City of Memphis
- Shelby County
- Nashville/Davidson County
- City of Knoxville
- City of Chattanooga



Neighborhood Stabilization Program

- NSP
- Eligible
- Activities



Neighborhood Stabilization Program

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



Neighborhood Stabilization Program

For the purposes of NSP, a “home” is defined as any type of permanent residential dwelling unit, such as detached single family structures, townhouses, condominium units, multi-family rental apartments and manufactured homes where treated as real estate (not personal property).

“Residential properties” includes all the above plus vacant land that is currently designated for residential use, e.g. through zoning.



Neighborhood Stabilization Program

Eligible Activities (continued)

(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. This also includes relocation costs, direct homeownership assistance and housing counseling. (Note: Same definition of “residential properties” applies.)



Neighborhood Stabilization Program

Eligible Activities (continued)

Establish and “operate” * land banks for homes and “residential properties” * that have been foreclosed upon.

** [as amended by the American Recovery and Reinvestment Act of 2009 (ARRA)]*



Neighborhood Stabilization Program

Eligible Activities (continued)

Demolish blighted structures.



Neighborhood Stabilization Program

Eligible Activities (continued)

Redevelop demolished or vacant properties “as housing” *, including new construction of housing to redevelop demolished or vacant properties. NSP funds cannot be used to demolish public housing.

* *As amended by ARRA.*



Neighborhood Stabilization Program

Eligible use E allows acquisition of any property type (commercial, industrial, residential, etc.) for redevelopment as housing.

Property acquired under this use need not be abandoned or foreclosed upon, but it must be vacant and it must have been previously developed.

