

From: Housing.Counseling  
Sent: Thursday, November 13, 2008 11:22 AM  
To: 'SF-HOUSING-COUNSELING-L@hudlist.hud.gov'  
Subject: HUD's new Neighborhood Stabilization Program (NSP)

To: All HUD Approved Housing Counseling Agencies

Subject: Housing Counseling update on HUD's new Neighborhood Stabilization Program (NSP)

As some of you may already know, Congress recently passed the Housing and Economic Recovery Act of 2008, which authorized and appropriated \$3.92 billion for the establishment of HUD's new Neighborhood Stabilization Program (NSP). NSP provides 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.

Specifically, NSP provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is administered through HUD's Office of Community Planning and Development (CPD) as a component of the Community Development Block Grant Program (CDBG).

Overall NSP funds may be used to support activities which include, but are not limited to:

- \* Establishing financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- \* Purchasing and rehabilitating homes and residential properties abandoned or foreclosed;
- \* Establishing land banks for foreclosed homes;
- \* Demolishing blighted structures; or
- \* Redeveloping demolished or vacant properties

To help prevent future foreclosures the legislation also requires each homebuyer that purchases a home through an NSP assisted program to receive "8 hours of housing counseling" from a HUD-approved housing counseling agency before obtaining a mortgage loan. Despite the word choice in the legislation, CPD has indicated that 8 hours of homebuyer education will satisfy the requirement.

Due to this specific requirement to receive housing counseling education from a HUD-approved housing counseling agency many of you may be requested to provide housing counseling education services for State or local agencies responsible for administering the NSP. Housing counseling/education is an eligible expense under NSP. Funding decisions are made by the state or local government agency responsible for administering the block grant, so counseling agencies are encouraged to enter into a dialogue with these agencies to discuss partnership and reimbursement.

If you would like more information on NSP please visit

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/> To obtain contact information for your State's Neighborhood

Stabilization Program visit

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

Director, Program Support Division  
Office of Single Family Housing