

**OVERVIEW of New Federal Funding Streams for Housing:
Neighborhood Stabilization Program (NSP)
 (Housing & Economic Recovery Act of 2008)**

\$53 million in CDBG type funding to purchase and redevelop abandoned and foreclosed residential properties

- In general, HERA requires projects to serve persons and families at less than 120% of AMI and that at least 25% of funds be used for persons and families at less than 50% of AMI (A new CDBG National Objective is to benefit "Low - moderate and middle income (LMMI)" families)
- Funds can be used for:
 - Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed, in order to sell, rent or redevelop such homes and properties (No foreclosure purchased with HERA funds can ever be sold for more than the cost of acquisition and rehabilitation.)
 - Foreclosed homes shall be purchased at a discount of at least 5% from the current market-appraised value; the average discount during the 18 month period shall be at least 15%
 - Land banks—Must be foreclosed residential property; the property can be demolished and held as land only for up to ten years (HUD will not allow costs for boarding up, lawn mowing or costs to maintaining the property in static condition)
 - To demolish blighted structures; Redevelopment of demolished or vacant foreclosed residential properties
 - Financing including soft seconds, shared equity mortgages or loan loss reserves for LMMI Homebuyers.
 - HUD strongly encourages green building and energy efficiency improvements in all NSP activities and long-term affordability.
 - HUD is allowing a 5 year reinvestment period that will end July 30, 2013

The Neighborhood Stabilization Program allows the State to fund Non-profits, Housing Authorities, Housing Finance Authorities, Indian Tribes and *local government Entitlement areas*—unlike the existing CDBG program. State must develop a Housing Action Plan that gives "priority emphasis and consideration" to areas of *greatest need*

Federal and State allocations are as follows:

\$34,013,566 in state program funding:

- \$ 9,006,362 in Total Awards to Entitlements
- \$21,605,848 is available to distribute to the other highly impacted areas

Entitlement Areas:

- \$4,600,211 allocated to Adams County (Plus \$2,749,808 from State)
 - \$4,474,097 allocated to Aurora (Plus \$2,552,950 from State)
 - \$3,904,989 allocated to Colorado Springs (Plus \$162,085 from State)
 - \$6,060,170 allocated to Denver (Plus \$3,541,519 from State)
- All funds must be awarded and under contract within 18 months after receipt

**OVERVIEW of New Federal Funding Streams for Housing:
American Recovery and Reinvestment Act of 2009
(Pending Federal legislation)**

Passage of the affordable, low-income and workforce housing provisions contained in the Obama Administration's \$825 billion federal stimulus package is Colorado's best shot at additional funding, while priming the state economy, given that an investment of just \$26.5 million in affordable housing would generate: 3,200 new jobs; \$334 million in additional economic activity statewide; and \$290 million annual increase in revenues to the construction and real estate industries. The version which passed House Appropriations on January 21 currently contains almost \$10 million for housing preservation and development and at least \$2 million for housing related services in new, *one-time* funding. The amount would be much greater depending on Colorado's success in those programs that will be awarded competitively, like the \$4.2 billion for a second infusion of NSP funding.

Federal Housing Funds	*Estimated Colorado Allocation
\$5 billion for Public Housing Capital Fund	Indeterminate
\$1 billion in additional Community Development Block Grants (CDBG)	\$2,930,000
\$4.2 billion in additional funding for the NSP (Neighborhood Stabilization Program)	Indeterminate
\$1.5 billion for the HOME Program (Note that Enterprise is also seeking \$5 billion in HOME funding to help jumpstart the Low Income Housing Tax Credit Program)	\$6,660,000
\$2.5 billion for Energy Efficiency Housing Retrofits	Indeterminate
\$1.5 billion for the Emergency Shelter Grants program	Indeterminate
\$6.9 billion in energy efficiency block grants	Indeterminate
\$1 billion for the Community Services Block Grant (CSBG)	\$1,150,000
\$200 million to help local communities provide food, shelter, and support services including one-month utility payments to prevent service cut-off and one-month rent or mortgage assistance	\$1,177,600
\$100 million for competitive grants to remove lead-based paint hazards in low-income housing	Indeterminate
\$200 million to support \$1.2 billion in grants to rural community facilities	Indeterminate

*Estimates provided by the Colorado Division of Housing

For more detailed information and other state and national resources, please go to www.housingcolorado.org