



Legislation Text

File #: 0162-2011, Version: 1

In response to the housing mortgage crisis, Congress passed an additional \$1.0 billion allocation of funds under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties. These funds are to be administered as grants by the U.S. Department of Housing and Urban Development (HUD), and provide that these funds are to be considered Community Development Block grant (CDBG) funds. These grant funds represent the third round of Neighborhood Stabilization Program funding (NSP3).

NSP3 funds can be used to: (A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers; (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; (C) establish land banks for homes that have been foreclosed upon; (D) demolish blighted structures; and (E) redevelop demolished or vacant properties. HUD requires that grantees use at least 25 percent of the funds for individuals or families whose incomes do not exceed 50 percent of the area median income. In addition, all activities funded by NSP3 must benefit low, moderate, and middle income persons whose incomes do not exceed 120 percent of area median income.

Funds are allocated to States and units of local government with the greatest need, which is based on - (A) the number and percentage of home foreclosures in each State or unit of general local government; (B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and (C) the number and percentage of homes in default or delinquency in each State or unit of general local government.

As a result of HUD's formula, the city of Columbus has been awarded \$4,843,460 of HUD NSP3 grant funds.

The city has developed an NSP3 program that will operate in designated areas of the city meeting HUD's criteria for greatest need. Program activities provide for the purchase of foreclosed or abandoned properties, as well as the rehabilitation, redevelopment or demolition of these properties, in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The city's NSP3 application describes the areas of greatest need as well as the various proposed programs and their respective budgets.

The regulations associated with the NSP3 program require that the draft application be placed on the City's website and that a 15 day public comment period occur prior to submission of the application. The application was placed on the City's website on January 21, 2011 with a public comment period from January 22 to February 5, 2011.

HUD requires that the city submit an application no later than March 1, 2011. This legislation authorizes the city to submit an NSP3 application to HUD and to make a substantial amendment to the city's Consolidated Plan's 2010 Action Plan.

FISCAL IMPACT:

This NSP3 grant application includes four program activities, and their respective budgets, totaling \$4,843,460. Fifty percent of all grant funds must be expended within two years and one hundred percent within three years. Grant program income is anticipated throughout the grant period, and is not yet budgeted.

To adopt the Neighborhood Stabilization Program 3; to authorize the filing of the Neighborhood Stabilization Program 3 application with the U.S. Department of Housing and Urban Development, and to make a substantial amendment to the Consolidated Plan's 2010 Action Plan and to declare an emergency.

WHEREAS, Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) authorizes the U.S. Department of Housing and Urban Development (HUD) to allocate \$1.0 billion nationally to particularly hard-hit regions trying to respond to the effects of high foreclosures; and

WHEREAS, HUD's third round of Neighborhood Stabilization Program 3 (NSP3) funding will provide targeted emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight; and

WHEREAS, the city of Columbus has developed an NSP3 grant application, which provides for the purchase of foreclosed or abandoned properties, as well as the rehabilitation, redevelopment or demolition of these properties, in order to stabilize neighborhoods and stem the decline of house values of neighboring homes; and

WHEREAS, the city of Columbus has received an NSP3 grant award of \$4,843,460 from HUD; and

WHEREAS, the NSP3 application requires a substantial amendment to the 2010 Action Plan which implements the city of Columbus' five year Consolidated Plan; Now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1: That the city of Columbus hereby adopts the recommended Neighborhood Stabilization Program 3 (NSP3), as set forth in the attachment "ORD0162-2011NSP3application".

SECTION 2: That the city of Columbus NSP3 application is hereby adopted, and that the Mayor, acting on behalf of the City of Columbus, is hereby authorized and directed to file such application with the U.S. Department of Housing and Urban Development and make a substantial amendment to the Consolidated Plan's 2010 Action Plan.

SECTION 3: That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.