



Legislation Text

File #: 1860-2008, Version: 1

In response to the housing mortgage crisis, Congress passed the Housing and Economic Recovery Act (HERA) of 2008. Title III of Division B of this statute appropriates \$3.92 billion for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties, and provides that grants are to be considered Community Development Block grant (CDBG) funds. The grant program under Title III is commonly referred to as the Neighborhood Stabilization Program (NSP).

NSP funds are to 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 NSP must benefit low- and moderate-income persons whose incomes do not exceed 120 percent of area median income.

HERA calls for allocating funds 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 \$22,845,495 of HUD NSP grant funds.

The city has developed an NSP program that will operate in the areas of the city with the 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 NSP application describes the areas of greatest need as well as the various proposed programs and their respective budget.

The regulations associated with the NSP 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 November 7, 2008 with a public comment period from November 7 to November 22, 2008. In addition, the application was presented at the Health, Housing and Human Services Committee hearing on November 19, 2008 where public testimony was accepted.

HUD requires that the city submit an application no later than December 1, 2008. This legislation authorizes the city to submit an NSP application to HUD and to make a substantial amendment to the city's Consolidated Plan's 2008 Action Plan.

FISCAL IMPACT:

This NSP grant application includes four program activities, and their respective budgets, totaling \$22,845,495. All grant funds are to be obligated within 18 months and expended within 4 years. Grant program income is anticipated throughout the grant period, and is not yet budgeted.

To adopt the Neighborhood Stabilization Program; to authorize the filing of the Neighborhood Stabilization Program application with the U. S. Department of Housing and Urban Development; and to make a substantial amendment to the Consolidated Plan's 2008 Action Plan and to declare an emergency.

WHEREAS, the Housing and Economic Recovery Act of 2008 authorizes the U.S. Department of Housing and Urban Development (HUD) to allocate \$3.92 billion nationally to particularly hard-hit regions trying to respond to the effects of high foreclosures; and

WHEREAS, HUD's newly developed Neighborhood Stabilization Program (NSP) 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 NSP 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 NSP grant award of \$22,845,495 from HUD; and

WHEREAS, the NSP application requires a substantial amendment to the 2008 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, as set forth in the attachment "ORD1860-2008NSPapplication".

SECTION 2: That the city of Columbus Neighborhood Stabilization Program application, as provided for under Title III of Division B of the Housing and Economic Recovery Act of 2008, 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 2008 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.