

## Neighborhood Stabilization Program 2 (NSP2) Information

What is purpose of the NSP2 Program? The NSP2 program is a federal stimulus program established to stabilize neighborhoods distressed by the number of properties that have been foreclosed upon and abandoned. The program is funded through the Department of Housing and Urban Development (HUD).

How much money did Sarasota receive? \$23 million

How many applications did HUD receive and how many were funded? HUD received almost 500 applications for \$18 billion in funding. A total of 56 applicants received funding for \$2 billion.

Why did Sarasota receive these funds? According to HUD applications were selected using the following criteria:

- The extent of foreclosure needs in the applicant's target area
- The experience and the track record of the applicant administering other HUD programs
- The soundness of the proposed strategy to stabilize the target area
- Whether the proposed application was consistent with the goals of the federal stimulus program

Did every applicant receive the amount that they requested? No, many applicants had their funding requests reduced by HUD.

Was Sarasota's funding request reduced by HUD? No

How will the funds be used? The Sarasota application calls for the funds to be used for the following activities:

- Purchase, rehabilitate and sell or rent a minimum of 100 foreclosed and abandoned homes - \$17,000,000
- Purchase and demolish a minimum of 10 abandoned or foreclosed homes - \$100,000
- Construct 17 new homes on vacant or abandoned properties - \$1,700,000
- Complete Phase III of Janie's Gardens - \$2,500,000
- Administration of the NSP2 Program - \$1,700,000

Can the locations or activities be changed? Yes, within limits. This was a competitive application and HUD must determine that the changes would have still allowed the community to receive funding under the program.

When do the funds need to be used? 50% of the funds must be used within 2 years and all funds must be used in 3 years.

When will the program begin? The program cannot begin until HUD prepares the NSP2 grant agreement and after the City and County execute an Interlocal Agreement for the program, now scheduled to occur on March 16.

Will Program Guidelines be prepared for the program similar to the NSP1 program? Yes, staff intends to submit proposed guidelines to the City Commission at their March 1 meeting and the County Commission at their March 16 meeting.

Will the program guidelines for NSP2 be the same as NSP1? The NSP1 program guidelines were developed in conjunction with our nonprofit partners and will be the basis for the NSP2 program guidelines. The major changes that staff will propose will be:

- To raise the maximum project cost from \$150,000 to \$175,000
- To raise the maximum income level to purchase a home from 100% to 120% of the Area Median Income
- For the City to hold all mortgages until all funds are drawn from the U.S. Treasury department to help meet the shorter spending deadlines.

How can someone purchase an NSP1 or NSP2 home? The individual should contact one of the 5 nonprofit partners that will purchase, rehabilitate and sell NSP homes.

- Community Housing Trust
- GoodHomes Manasota
- Greater Newtown Community Redevelopment Corporation
- Habitat for Humanity, Sarasota
- Habitat for Humanity, South Sarasota County

How will the contractors be selected to rehabilitate the NSP2 homes? Contractors should contact the 5 agencies listed above and the Sarasota Housing Authority to learn about job opportunities through NSP2. There are no plans for the city to hire any contractors at this time.

Will local contractors be used to rehabilitate the NSP2 homes? Yes, the nonprofit partners have been told that one of the requirements to participate in the NSP2 program is that they will use local contractors and, whenever possible, to use contractors that are located or agrees to hire workers from the target area.

What will be the sales price of the homes? The cost to acquire and rehabilitate the home or the appraised value of the home after rehabilitation, whichever is lower.