

Statement by the National Foreclosure Prevention and Neighborhood Stabilization Task Force

Foreclosure Task Force Recommends NSP Vacant Property Change

November 18, 2009

The Honorable Christopher J. Dodd, Chairman
The Honorable Richard C. Shelby, Ranking Member
Committee on Banking, Housing & Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

The undersigned organizations and localities strongly support a legislative fix that would permit redevelopment or rehabilitation of vacant properties to qualify for the 25% low-income set-aside requirement of the Neighborhood Stabilization Program (NSP). Although NSP funds may be used for the purchase and redevelopment of vacant properties, the statute precludes the renting or selling these homes to very low-income households from counting toward the requirement that 25% of funds be spent on families with incomes below 50% of Area Median Income. Therefore, only abandoned or foreclosed homes count toward satisfying the 25% requirement.

Such a limitation is proving difficult for localities implementing NSP for several reasons:

First, this frustrates attempts to leverage NSP funds with other programs, such as the Low-Income Tax Credit (LIHTC) or the Community Development Block Grant (CDBG). Localities around the country have identified eligible vacant properties and secured LIHTC investment, but the deals have stalled because the NSP funding on such projects cannot meet the 25% low-income set-aside requirement. The problem is particularly acute in communities with large inventories of vacant tax lien foreclosures, which, under current municipal ownership, no longer qualify as foreclosed under NSP.

Second, this increases the per-unit cost to rehabilitate and sell low-income homes because localities must add deeper subsidies to scattered-site properties than would be required if NSP were leveraged to produce or rehabilitate multi-family rental developments.

Third, this prevents vacant properties from becoming productive neighborhood assets. The vacant property category is the most versatile for the purposes of holistic neighborhood stabilization. Disallowing vacant properties to count toward the set-aside requirement means that localities are often unable to rehabilitate vacant properties that have not gone through formal foreclosure proceedings. This means these properties remain blights on the neighborhood, offsetting any positive impacts from NSP investments in adjacent or nearby properties.

Therefore, we ask that you fix this statutory inconsistency and permit rehabilitation or redevelopment of vacant properties, already an eligible use under NSP, to count toward the 25% low-income set-aside requirement. We support the legislative language from Amendment number 2409 to H.R. 3288 that was proposed by Chairman Dodd on September 16, 2009.

Sincerely,

The undersigned organizations and localities:

Five Two Development, AL

Fuller Homes LLC, AL

Jefferson County Office of Community Development, AL

Enterprise Corporation of the Delta, AR, LA, MS, TN

Asian Pacific Policy & Planning Council, CA

Federal Reserve Bank of San Francisco, CA

San Diego Community Housing Corporation, CA

The WIN Project (Los Angeles), CA

Habitat for Humanity Greater San Francisco, CA

City and County of Denver, CO

Colorado Coalition for the Homeless, CO

Urban Land Conservancy, CO

NEWSSED CDC, CO

Del Norte Neighborhood Development Corporation, CO

Raquel Kennedy Consulting, LLC, CT

City of Lauderhill, FL

Pompano Beach Highlands Civic Improvement Assn., FL

Atlanta Neighborhood Development Partnership, GA

City of Atlanta, Department of Planning & Community Development, GA

Georgia State Trade Association of Nonprofit Developers, GA

Riverside Advisors, LLC, GA

City of Chicago, IL

City Of Waukegan, IL

F.W. Enterprises, Inc., IL

Gaskin Realtors, IL

Housing Action Illinois, IL

City of Elkhart, IN

King Park Area Development Corporation, IN

Frontier Housing Inc, KY

Bayou Area Habitat for Humanity, LA

Community Development Capital, LA

Habitat for Humanity of Louisiana State Support Organization, Inc., LA

Habitat for Humanity of Ouachita, LA

Habitat for Humanity: Calcasieu Area, Inc., LA

Louisiana Housing Alliance, LA

Neighborhood Housing Services of New Orleans, Inc., LA

New Orleans Area Habitat for Humanity, LA

Northcentral Louisiana Habitat for Humanity, LA

Rapides Habitat for Humanity, LA

Renaissance Neighborhood Development Corporation, LA

Volunteers of America Greater New Orleans, LA

MC Rebuilding Communities, LA

Local Initiatives Support Corporation - Gulf Region Rebuilding Initiative, LA, MS

Citizens' Housing and Planning Association, MA

Massachusetts Housing Investment Corporation, MA

Planning Office for Urban Affairs, Inc. Archdiocese of Boston, MA

Worcester East Side Community Development Corporation, MA

Boston Community Capital, MA

City of Worcester, Office of the City Manager, Executive Office of Neighborhoods and Housing Development, MA

Empire Homes of Maryland, Inc., MD

Habitat for Humanity of the Chesapeake, MD

Maryland Asset Building and Community Development Network, MD

Avesta Housing, Portland, ME

City of Ann Arbor, MI

Washtenaw County, MI

Reed Realtors, MO

Mayor Francis G. Slay of St. Louis, MO

Bilbrew Consulting Services, LLC (Jackson), MS

R3SM, Inc (Recover, Rebuild, Restore Southeast MS), MS

Habitat for Humanity of Durham, NC

Harbor Homes, Inc., NH

Paterson Habitat for Humanity, NJ

New Mexico Mortgage Finance Authority, NM

Rural Nevada Development Corporation, NV

Greater Rochester Housing Partnership, NY

Hope Community Inc., NY

Neighborhood Restore Housing Development Fund Corporation, NY

New York State Housing Finance Agency, NY

Regional Economic Community Action Program, Inc., NY

Restored Homes Housing Development Fund Corporation, NY

Polowitz & Schwach, LLP, NY

Butler County Community Development, OH

City of Cleveland, OH

Cleveland Housing Network, OH

Columbus Housing Partnership, OH

Community Shelter Board, OH

Cuyahoga County Land Reutilization Corporation, OH

Emerald Development and Economic Network, Inc. (Eden, Inc.), OH

Franklin County (Ohio), OH

LISC Greater Cincinnati and Northern Kentucky, OH

Neighborhood Progress, Inc., OH

Cincinnati Northside Community Urban Redevelopment Corporation, OH

Redevelopment Authority of the City of Philadelphia, PA

HousingWorks RI, RI

City of Knoxville Community Development Department, TN

We Are Friends in Need, TN

Texas Inter-Faith, TX

Coulecap, Inc., WI

Lakeshore CAP, Inc., WI

The Wisconsin Partnership for Housing Development, Inc., WI