

NAR Issue Summary

Housing / HUD Community Development/Economic Revitalization

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

H.R. 3221, the Housing and Economic Recovery Act (HERA) of 2008 included a provision to establish a Neighborhood Stabilization Program (NSP). The bill also provided nearly \$4 billion in grants for states and localities to purchase and redevelop foreclosed properties. The goal of the program is to allow states and localities to purchase bulk tracts of homes which have been foreclosed or abandoned and avoid the problems that can be created when whole neighborhoods are decimated by foreclosures. The funds can be used to purchase, manage, repair and resell foreclosed and abandoned properties. They can also be used to establish financing mechanisms for purchase and redevelopment of foreclosed homes. After purchase the homes must be used to assist individuals and families with incomes at or below 120% of area median income. Twenty-five percent of funds must be used for households with incomes at or below 50% of area median income. Funds must be committed within 18 months of receipt (expected to be March 2009).

The American Recovery and Reinvestment Act, signed into law on February 17, 2009 included an additional \$2 billion for the NSP. The money was distributed on a competitive basis, with funding awarded in late 2009. A subsequent round of funding in 2010 provided another \$1 billion, also on a competitive basis.

I am a real estate professional. What does this mean for my business?

States and localities have limited time to spend this money and are still working to obligate funds that have been awarded, and they need local expertise to make it happen. Communities can use the money to purchase foreclosed homes, rehabilitate homes, demolish homes, redevelop demolished or blighted areas, establish land banks, or assist low-moderate income homeowners with home financing.

NAR Policy:

NAR supports federal programs to help with foreclosure mitigation and neighborhood revitalization.

For more information, visit [REALTOR® Neighborhood Stabilization Project](#).

Opposition Arguments:



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N/A.

Legislative/Regulatory Status/Outlook

States and localities had until December 1, 2008 to submit initial plans to HUD outlining how they planned to spend their allocated monies under Round One. HUD entertained applications for Rounds 2 and 3 in 2009 and 2010 and awarded grants based on those applications.

REALTORS® who wish to be involved with implementation this program should contact the local CDBG administrator in your community. A list of the appropriate agencies can be found on HUD's website at:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoods/pg/statelinks.cfm>.

In addition, this link includes information on how much your state/locality received, and additional information and details about the program. Once you have identified the appropriate agency, ask them for a copy of the plan they submitted to HUD. This will help determine how your community plans to spend the funds, and what role REALTORS can play.

House has voted to rescind Round 3 funding (\$1 billion). Senate is not expected to concur.

Current Legislation/Regulation (bill number or regulation)

[H.R. 861](#), terminating the Neighborhood Stabilization program and rescinding Round 3 funding, passed the House in March of 2011. Pending in Senate where no action is anticipated.

Legislative Contact(s):

Megan Booth, mbooth@nar.realtor, 202-383-1222

Joe Harris, jharris@nar.realtor, 202-383-1226

Regulatory Contact(s):

Sehar Siddiqi, ssiddiqi@nar.realtor, 202-383-1176

