

National Foreclosure Prevention and Neighborhood Stabilization Task Force

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, off setting 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:

National Foreclosure Prevention and Neighborhood Stabilization Task Force

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 Lauderdale	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

National Foreclosure Prevention and Neighborhood Stabilization Task Force

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
Couleecap, Inc.	WI
Lakeshore CAP, Inc.	WI
The Wisconsin Partnership for Housing Development, Inc.	WI

National Foreclosure Prevention and Neighborhood Stabilization Task Force

Center for Social Welfare Under the American Constitutions
Consumer Federation of America
Council of State Community Development Agencies
Enterprise Community Partners
Habitat for Humanity International
JMB Preservation Advisors
Local Initiatives Support Corporation
Mercy Housing
National Alliance of Community Economic Development Associations
National Association for County Community and Economic Development
National Association of Affordable Housing Lenders
National Association of Counties
National Association of Housing and Redevelopment Officials
National Association of Local Housing Finance Agencies
National Community Development Association
National Community Stabilization Trust
National Council of State Housing Agencies
National Housing Conference
National Housing Institute
National Low Income Housing Coalition
National Vacant Properties Campaign
PolicyLink
Self-Help
Smart Growth America
The Housing Partnership Network
U.S. Conference of Mayors