



MEMO

To: Developers, Eligible Cities and Towns
From: Carol Ventura, Director of Development
Date: July 14, 2009
Subject: Neighborhood Stabilization Program (NSP) Bulletin 2009-02

Since January, Rhode Island Housing has successfully administered a separate NSP Land Bank specifically for NSP-eligible property in order to acquire and hold abandoned and foreclosed properties located in targeted areas. Upon receipt of applications by developers with approved neighborhood stabilization plans, Rhode Island Housing acquired property for temporary holding while efforts are made to rehabilitate/redevelop the property.

Our ongoing review of the Rhode Island Neighborhood Stabilization Land Bank indicates substantial progress in meeting the goals of the NSP Plan. Based on the current number of closed transactions, the number of pending acquisitions that await closing, and the amount of remaining funds for the land bank, we are forced to limit future acquisitions made with the land bank funding mechanism to strategic investments to meet community expenditure goals and to purchase critical properties. To ensure that all remaining land bank funds (including any related program income) are used in strategic and high impact areas, funding will be limited by community and by development entity. This change will be effective immediately.

Limitations by community will be based upon the targeted expenditures that are identified in the state's NSP action plan. Communities that are projected to exceed their stated targeted expenditure with a combined amount of NSP funding from Neighborhood Stabilization Land Bank, NSP Housing Development Assistance, and NSP Homebuyer Assistance may no longer acquire properties through the NSP Land Bank. Developers and development entities with at least five (5) closed or pending acquisitions will no longer have applications considered for acquisition by the land bank. Upon development and construction completion of NSP-funded properties and subject to the availability of funding, developers may be eligible to submit new applications.

Direct acquisitions made in immediate conjunction with rehabilitation may be financed through NSP Housing Development Assistance. Eligible entities must submit a proforma and identify funding sources, a reuse plan, and a schedule to renovate the properties to be acquired and rehabilitated in support of the Neighborhood Stabilization Plan. Proposals will be evaluated for feasibility by Rhode Island Housing staff. The Office of Housing and

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Community Development and Rhode Island Housing will collectively review proposals against threshold criteria, determine the necessary level of funding, and approve NSP funding as subordinate financing. Loans and grants may not exceed an amount reasonably necessary to assure financial feasibility.

Completed applications will be reviewed by Rhode Island Housing staff for feasibility and compliance with program requirements. Eligible applications will then be reviewed by a joint committee of Office of Housing and Community Development and Rhode Island Housing staff.

Applications will not be considered for funding unless they meet all Threshold Criteria identified below:

- **Developer Capacity** - The developer must have the demonstrated capacity to implement the project as proposed.
- **Financial Feasibility** - A financial analysis of the project must reveal it is financially feasible and all other funding resources have been secured or are imminent.
- **Regulatory Compliance** - The proposed project must comply with all applicable rules and regulations related to the CDBG and NSP programs.
- **Program Design/Objective Compliance** - The proposed project must comply with all components of the State NSP Program Design and its stated objectives.
- **Timeliness** - It must be likely the project will be completed within one year of funding commitment.
- **Target Area** - The project must fall within the boundaries of an identified Target Area with an approved Neighborhood Stabilization Plan and funds must be available in the subject jurisdiction/category.
- **Beneficiary Income Levels** - The project must benefit households earning less than 120% AMI and 65% of the funds must serve households with incomes of less than 50% of median.
- **Neighborhood Impact** - The project must be in support of a plan of sufficient size and scope to impact the neighborhood. The Plan must adequately document impact.

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- The proposal must demonstrate how it will meet Continued Affordability (including Enforcement) requirements and ability to implement funding immediately.

Rhode Island Housing and the Office of Housing and Community Development will consult with affected communities, including Providence, in reviewing projects.

For additional information on the Neighborhood Stabilization Program, please visit www.hrc.ri.gov/NSP.php.

If you have further questions or comments, please feel free to contact Joe Voccio at 457-1284 or jvoccio@rhodeislandhousing.org or Kim Smith at 450-1305 or ksmith@rhodeislandhousing.org.