

Public Notice of Substantial Amendment to Neighborhood Stabilization Program 2 (NSP2)

The New York City Department of Housing Preservation and Development (HPD or the Department) has developed a Substantial Amendment to the Neighborhood Stabilization Program 2 (NSP2) application submitted by the Department. The Substantial Amendment addresses how the Department will manage the second round of Neighborhood Stabilization Program (“NSP2”) funding from the U.S. Department of Housing and Urban Development (“HUD”). Under the NSP2 program, HPD has received a grant of \$20,059,466. In preparation for the submission to HUD of the Substantial Amendment to HPD’s NSP2 Action Plan, HPD is soliciting public comment on the City’s proposed plan of NSP2 fund use.

This public notice serves as a request for public comment on the substantial amendment. There are two (2) alterations to the existing action plan that HPD is proposing as part of the substantial amendment. They are as follows:

- 1) The HPD action plan contains an activity that is implemented by a subrecipient, the New York Mortgage Coalition (NYMC). The NYMC uses funds allocated from HPD to implement a home buyer assistance loan program. Details of this program can be found on NYMC’s website at <http://nymc.org/nsp2>. Originally, \$4,200,000.00 was budgeted in support of this program, with \$270,460 set aside in NSP2 activity “05b – NYMC Admin” to provide funding for two (2) staff people who are dedicated to implementing this program. The remaining \$3,929,540.00 was budgeted in support of the homebuyer loans themselves as well as to support mortgage counseling and other program implementation costs (in existing activity “01 – NYMC – LMMI”). As a result of the pace of homebuyer closings occurring at a slower pace than had initially been anticipated, we are proposing reducing this \$3,929,540.00 by approximately \$2,400,000.00 and reprogramming this \$2,400,000.00 into a new activity that will be able to provide Neighborhood Stabilization Program Funds to needed communities in a timely fashion. The program originally targeted 40-50 closings in eligible census tracts. With the reduced funding following this amendment, we are anticipating approximately 25 homebuyer closings which would result in 30-35 assisted units. As of early January, nine (9) closings with 14 units have already had successful closings.

- 2) HPD is proposing a new activity which will reprogram the approximately \$2,400,000.00 in funds freed up from the reduction described in the paragraph above. These funds will be applied to homes purchased by RUN, LLC as part of the NSP1 funded REO Homes program. These homes had been purchased from banks who had taken possession of the homes through foreclosure proceedings. Neighborhood Restore has acquired and is rehabilitating approximately 95 homes and selling the completed homes to income eligible homebuyers. Funds to purchase and acquire these homes were provided by HPD's and NY State's Federal NSP1 funds as well as private loans provided by a bank consortium. A subset of these homes remains unsold and is in NSP2 eligible census tracts. The approximately \$2,400,000.00 described here will be used to partially pay back the loans provided by the bank consortium related to these NSP2 eligible properties that have yet to be sold. This will permit more pricing flexibility for RUN, LLC in selling the completed homes which should accelerate the pace at which the homes can become reoccupied. Additionally, it is expected that in paying back some of the existing bank loans, the underlying bank consortium will be supportive of an expansion of the REO Homes program by an additional five (5) homes, generating greater neighborhood stabilization as a result.

This substantial amendment and related source documents for the NSP2 funds will be available on the Department website as of January 10th, 2013, at <http://www.nyc.gov/hpd> and for public review at HPD. Written comments can be mailed to HPD, c/o Neighborhood Stabilization Grant Administration, 100 Gold St, 9th fl., NY, NY 10038. For phone contact, please try (212) 863-7511. The public review period ends on Friday, January 25th, 2013.