WHAT IS NSP?

- Neighborhood Stabilization Program (NSP) is a federal initiative for states to take direct action in neighborhoods that are hardest hit by the mortgage foreclosure crisis.

- NSP has been awarded in three (3) rounds of funding known as NSP 1, NSP 2, and NSP 3.

- On March 14, 2011, the U.S. Department of Housing and Urban Development (HUD) awarded the State of Delaware $5 million in NSP 3 funds.
BACKGROUND INFORMATION ON NSP 3

 Under NSP 3, Delaware offers 2 programs:
  • Rebuilding Our Communities (ROC) - $25,000 in downpayment assistance
  • Permanent rental housing for special needs populations

 This application falls under the Request For Proposals (RFP) advertised in June 2011.
  • NSP requires that at least 25% of the funds awarded must be used to target households who earn less than 50% of Area Median Income (AMI).

 For more information regarding NSP regulations, go to https://hudnsphelp.info/index.cfm.
Funds Available

- Funds are for permanent rental housing only.

- Reimbursement of eligible expenses for acquisition and/or rehabilitation of one (1) home per recipient.
  - DSHA may consider exceeding one (1) home maximum on a case by case basis.
  - However, this option is at DSHA’s discretion.

- MAXIMUM Total Development Cost (TDC)
  - $250,000.00 (including developer’s fee)
  - Maximum 8% Developer fee
## EXAMPLE OF BUDGET

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Rehabilitation Costs</td>
<td>$30,000.00</td>
</tr>
<tr>
<td>Maximum developer fee allowed</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>Maximum budget allowed</td>
<td>$250,000.00</td>
</tr>
</tbody>
</table>
NSP COMPLIANCE

- Property must be purchased at a **minimum 1% discount** based on appraisal completed within sixty (60) days of final offer.

- Foreclosed:
  - The property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified;
  - The property owner is ninety (90) days or more delinquent on tax payments;
  - Foreclosure proceedings have been initiated or completed;
  - OR
  - Foreclosure proceedings have been completed and title has been transferred to the Lender or Servicer or Developer.

- Definition of Vacant
  - A residential property has been certified as uninhabited for at least ninety (90) days.
HUD mandated the target areas chosen must be based on ‘needs score’.

This score is calculated using the number of foreclosure filings, acres of land, etc.

The census tracts with the highest ‘need’ are as follows:

<table>
<thead>
<tr>
<th>Kent and Sussex Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Census Tract</strong></td>
</tr>
<tr>
<td>408.00</td>
</tr>
<tr>
<td>414.00</td>
</tr>
<tr>
<td>430.00</td>
</tr>
<tr>
<td>502.00</td>
</tr>
<tr>
<td>518.02</td>
</tr>
</tbody>
</table>
HOW TO LOCATE ELIGIBLE PROPERTIES IN QUALIFIED CENSUS TRACTS..

1. Utilize interactive map on DSHA’s website
   - Go to www.destatehousing.com
   - Click on ‘Homeownership’ tab, then Rebuilding Our Communities (ROC).

2. Federal Financial Institutions Examination Council (FFEIC)
   - Select ‘2010’ in dropdown box, fill in address, then select ‘Search’.

3. Policy Map
   - Go to www.policymap.com.
SPECIAL NEEDS POPULATIONS

- Households earning less than 30% AMI
- Homeless persons
- Persons at risk of homelessness, including:
  - Youth aging out of foster care
  - Individuals with mental health and substance abuse conditions
  - Ex-Offenders re-entering the community
  - Veterans
  - Victims of domestic abuse
- Persons with disabilities, including:
  - Physical disabilities
  - Intellectual/developmental disabilities
  - Mental health disabilities
  - Persons with HIV/AIDS
<table>
<thead>
<tr>
<th>Key Dates</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 15, 2012</td>
<td>Developer Interest Meeting</td>
<td>Attendance is recommended via video conference.</td>
</tr>
<tr>
<td>November 16, 2012 to December 12, 2012</td>
<td>Application acceptance period. Must be submitted to DSHA’s Dover location by 3:00 PM.</td>
<td>Electronic or hard copy acceptable. Electronic submissions incompatible with Microsoft Office will not be accepted.</td>
</tr>
<tr>
<td>Prior to January 18, 2013</td>
<td>Funding awards to be announced</td>
<td>Announcements may be made prior.</td>
</tr>
<tr>
<td>Prior to February 1, 2013</td>
<td>Execute NSP 3 developer agreement</td>
<td></td>
</tr>
<tr>
<td>February 28, 2013</td>
<td>Deadline for acquisition funds to be expended.</td>
<td></td>
</tr>
<tr>
<td>March 14, 2013</td>
<td>HUD mandated NSP 3 expenditure deadline</td>
<td>This date is non-negotiable and processing time must be allotted</td>
</tr>
</tbody>
</table>
EVALUATION CRITERIA

- Timeline and Project readiness
- Demonstrated Capacity
- Insurance Requirements
- Tenant Selection and Property Management
- Scope of Work
**Affordable Rents**

**Maximum “Low HOME” Rents (as of February 9, 2012)**

<table>
<thead>
<tr>
<th>County</th>
<th>Efficiency</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kent County</td>
<td>$443</td>
<td>$474</td>
<td>$569</td>
<td>$657</td>
<td>$734</td>
</tr>
<tr>
<td>Sussex County</td>
<td>$439</td>
<td>$470</td>
<td>$564</td>
<td>$651</td>
<td>$727</td>
</tr>
</tbody>
</table>

- Rents (including tenant-paid utilities) may not exceed 40% of a household’s monthly gross income.

- Maximum rents (including tenant-paid utilities) will follow HOME program “Low HOME Rent Limit” as published annually by HUD for each county and described in 24 CFR 92.252(b), (c), and (f).
LONG-TERM AFFORDABILITY

Minimum long-term affordability will follow HOME program standards at 24 CFR 92.252(e).

<table>
<thead>
<tr>
<th>Investment Per Housing Unit</th>
<th>Minimum Period of Affordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $15,000</td>
<td>5 years</td>
</tr>
<tr>
<td>$15,000 - $40,000</td>
<td>10 years</td>
</tr>
<tr>
<td>Over $40,000</td>
<td>15 years</td>
</tr>
<tr>
<td>New Construction OR Acquisition</td>
<td>20 years</td>
</tr>
</tbody>
</table>
APPLICATION SUBMISSION CHECKLIST

- Application
- Certification of 501(c)(3) nonprofit status from the Internal Revenue Service
- Entity organizational chart
- Organization policies regarding internal processes for acquiring properties and attaining bids
- Minimum of three (3) MLS listings for potential NSP eligible properties for purchase
- List of proposed partners utilized for acquisition and rehabilitation. For example: Realtors, appraisers, architects, inspectors, management company, etc.

- Most recent audited financial statement

- Proposed budgets and timeline for:
  - Acquisition and rehabilitation (include projected acquisition expenses, construction hard and soft cost as well as sources for these funds).
  - Annual operating budget for your proposed activity

- Copy of liability insurance, policy binders including limits, carrier and expiration date.
For further information regarding submission of applications, contact:

Keanna Faison, Management Analyst
18 The Green, Dover, DE 19901

Phone: (302) 739-0260
E-mail: Keanna@destatehousing.com
ANY QUESTIONS???
THANK YOU FOR ATTENDING AND WE LOOK FORWARD TO WORKING WITH YOU.