*Neighborhood Stabilization Program (NSP)*

*BHRI/NSP Request for Proposals*

***NSP-Specific Attachments***

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***The primary intent of the Neighborhood Stabilization Program (NSP) is to acquire and/or rehabilitate abandoned or foreclosed properties in areas hardest hit by the foreclosure crisis. Please refer to the OHCD (Programs – NSP) for more detail on areas targeted and specific program requirements.***

 Subject property is:

 Abandoned/Vacant [ ]

 Foreclosed [ ]

***If Acquisition only, you must submit:***

Voluntary Acquisition Letter to Seller [ ]

Current appraisal\* [ ]

*\*NSP requires that properties acquired are purchased at a discount from appraised value. Appraisals must be done with 60 days of acquisition.*

**Care should be taken to assure HUD regulations regarding “limitations on activities pending clearance” (aka “choice limiting actions” provisions) of HUD environmental review regulations are not violated. Obligation and/or expenditure of any funds in the development project are prohibited until completion of the environmental review process and issuance of a ROF from the appropriate authority. Signing a Purchase & Sales agreement or issuance of a Request For Bid may be deemed violations. Violations may prevent NSP assistance to the project.**

1. **(NSP ELIGIBILITY & NATIONAL OBJECTIVE)**

The applicant must provide a detailed narrative explanation of how the project complies with NSP requirements regarding Eligibility and National Objective found at 24 CFR Part 570.

**Eligibility:**

**Eligible Activities**

NSP funds may be used for activities which include:

* Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
* Redevelop demolished or vacant properties

The community MUST detail the Eligibility/HCDA Citation and address every component of eligibility as necessary to be considered. Failure to adequately address this requirement will result in the denial of the proposal.

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Note: If project is “New Construction”, assure narrative explains how NSP funds are eligible (since New Construction is generally ineligible under CDBG regulations). Please refer to notices/guidance linked to this application or contact OHCD staff for more information.

The use of NSP funds must also meet one of the following NSP national objectives:

* Housing Activities: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.
* Area Benefit Activities: Benefiting all the residents of a primarily residential area in which at least 51% of the residents have incomes at or below 120% of area median income.
* Limited Clientele Activities: Serving a limited clientele whose incomes are at or below 120% of area median income.

The community MUST detail how the project will demonstrate compliance with NSP national objective requirements. The specific regulatory citation(s) and/or backup documentation should be included in the narrative. Any forms/procedures used to document compliance should be attached.

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1. **NECESSARY AND REASONABLE**

ATTACH DOCUMENTATION DEMONSTRATING COMPLIANCE WITH HUD “NECESSARY & REASONABLE” REQUIREMENTS

In order to document costs incurred are “necessary and reasonable” in accordance with federal regulations, the State is advising communities to do the following on each application.

For Rehabilitation - A pre-inspection and cost estimate should be developed prior to obtaining any bids on a proposed project. The bids received should be compared to the cost estimation with any significant variances explained in writing. The pre-inspection should comprehensively document the conditions of the structure and, whenever possible, collect photographic/other evidence supporting the necessity of the improvements.

For “New Construction” – A comparison of costs in the development budget to industry norms. Comparison of Total Development Costs to those typical of projects of similar size/scope. Comparison of total costs to price of comparable unit on market.

Additional Narrative (if necessary):

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