



Capital at the point of impact.

## Neighborhood Stabilization Program

Last year, Congress passed and the President signed the Housing and Economic Recovery Act of 2008. Among the many things included in that piece of legislation (e.g., establishing a new regulator for the Government Sponsored Enterprises), is the Neighborhood Stabilization Program (NSP).

NSP provides \$3.97 billion in grants to entitlement communities according to a formula defined by US Department of Housing and Urban Development (HUD). These funds are intended to stabilize communities and can be used for many things including, but not limited to: acquisition of vacant or foreclosed properties, creation of a land bank, and rehabilitation of vacant homes.

While the NSP pool of funds is significant, it is not a sufficient amount given the magnitude of the problem. HUD provided entitlement communities data on resident income eligibility as well as HUD's estimation of foreclosure and housing abandonment risk in local areas. TRF's PolicyMap has mapped all this data for the entire nation. This data is accessible to the public online at [www.policymap.com](http://www.policymap.com). Users are able to use the maps online to better understand which areas HUD considers most at risk for foreclosure or which areas would be eligible for funds based on their income. Users can also create and save their maps as JPEGs or PDFs to include in their HUD application.

However, it is widely accepted that the data that HUD provided is not sufficiently fine grained or up-to-date to help communities smartly target their proposed activities.

TRF recently provided data support to two state governments on their NSP plan. The State of New Jersey contracted with TRF to help them prepare their NSP plan to HUD, a plan that has since been accepted by HUD. After submitting their plan and learning of TRF's work, Pennsylvania contracted with TRF to help refine their plan. Under NSP, Pennsylvania could receive as much as \$88 million;

with Philadelphia receiving as much as an additional \$16.8 million.

TRF analyzed more fine-grained and up-to-date data on mortgage originations and delinquencies. Further we created very precise counts of lender/servicer-owned real estate so as to help communities locate where they want to propose activities and for the State(s) to determine whether the proposed activities are commensurate with the magnitude of the problem. All of these data are mapped and tabulated and made publicly available for use in the preparation of local NSP spending proposals. Our goal for this body of work is to maximize the likelihood that the NSP funds stabilize the communities in which they are used – as Congress intended.

### Pennsylvania NSP Analysis

For Pennsylvania, TRF collected and analyzed data from multiple sources to identify areas where the investment of NSP dollars has the greatest likelihood of positively impacting the community.

The analysis looks to highlight the NSP eligible areas where foreclosures, high cost of lending and delinquency rates are high and where the median homes sales price falls between 50% and 130% of the county average. This tool is designed to assist both DCED and practitioners to develop plans that appropriately respond to the unique nature of the foreclosure problem in their local community.

The information can help:

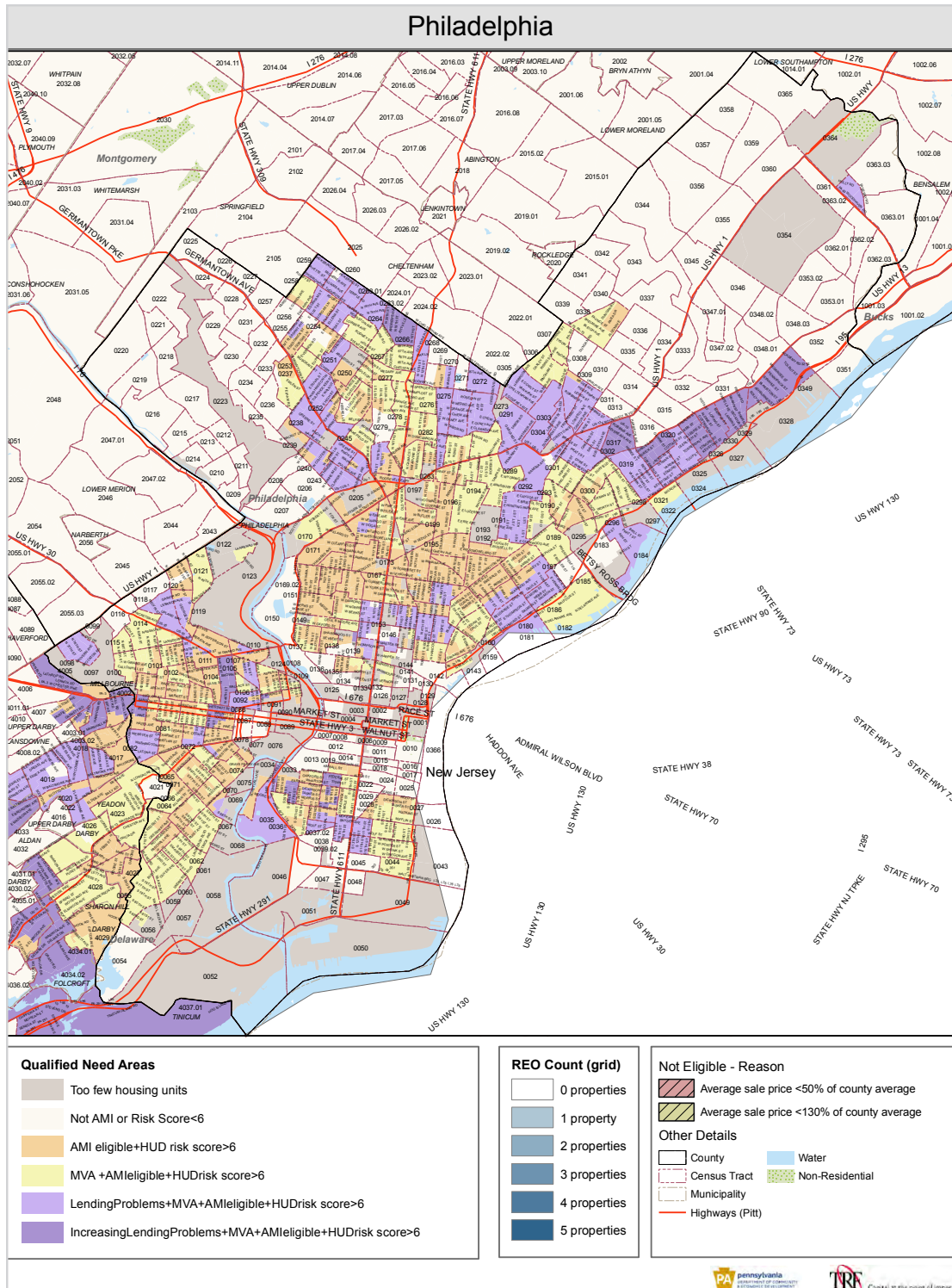
- To evaluate plans and determine if proposals are seeking funding to work in an area of greatest need.
- To assess where you may be able to build upon the stable areas of the market to increase the likelihood that properties acquired/rehabilitated with NSP funding will have a market demand for resale.
- To determine whether the project is appropriately sized to address the extent of the problem.
  - Is this course of action enough to produce

any impact on the market?

- Could the project concentrate resources in one area and achieve better results?
- Can other programs and funding sources be directed to address the area that has historical disinvestment and concentrate

funding to the area where the presence of REOs is a new problem?

The map below provides an example of the type of analysis available for every county in Pennsylvania.



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