

# **NEIGHBORHOOD STABILIZATION PROGRAM** **(NSP3) INFORMATIONAL BULLETIN**

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Alaska Housing Finance Corporation (AHFC) is the State Housing Finance Corporation and Public Housing Agency for the State of Alaska. The Corporation is responsible for development of the State Consolidated Housing and Community Development Plan (HCD) including any substantial amendments that may be required. The NSP3, as authorized by the Dodd-Frank Act, is to be used to further stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed, abandoned or vacant. The State of Alaska is the only designated recipient of Neighborhood Stabilization Program (NSP3) funds within Alaska. The State of Alaska will receive the minimum allocation of \$5 million.

## **CITIZEN PARTICIPATION OPPORTUNITIES**

The “NSP3 Informational Bulletin” is available to advise the public with regard to the NSP3 funding opportunity and possible uses for the funding. This bulletin does not represent decisions made with regard to the use and distribution of NSP3 funds, nor does it represent a full review of the NSP3 regulatory requirements. The following events provide additional opportunities for public input:

- A Public Hearing/Statewide Teleconference is scheduled for Wednesday, December 1, 2010, 4:00-6:00 p.m. in the AHFC Board Room at 4300 Boniface Parkway, Anchorage, Alaska. The hearing/teleconference will be held to garner comments on the program prior to the development of the draft Substantial Amendment. Written comments should be addressed to the contact persons above.
- A formal 15-day public comment period on the draft Substantial Amendment will begin on Monday, December 13, 2010, after the draft Substantial Amendment is complete.
- AHFC will work with local governments, the public, and other interested stakeholders during the citizen participation period to determine the best strategy(ies) to utilize to distribute and manage the funds.
- Additional NSP3 information will be posted on the AHFC website ([www.ahfc.us](http://www.ahfc.us)) as information becomes available.

- AHFC anticipates that the Substantial Amendment will be submitted for AHFC Board approval in January of 2011 and submitted to the Department of Housing and Urban Development on or before March 1, 2011.

As a first step, AHFC reviewed the activities and priorities reflected in the draft *Housing and Community Development CY 2011 Annual Action Plan for the Municipality of Anchorage (MOA)*, the *State of Alaska Consolidated Housing and Community Development FY2011 Annual Action Plan*, and the *SFY11-16, Five-Year Housing and Community Development Plan*. NSP3 projects will be consistent with the applicable consolidated plan. AHFC proposes that any project(s) developed within the MOA incorporate one or more of the draft CY11 MOA Annual Action Plan goals and objectives.

## **GREATEST NEED/TARGET AREA DISCUSSION**

HUD established areas of greatest need (target areas) by developing a HUD/NSP3 data set. All target areas proposed to be served through NSP3 in Alaska will have a minimum NSP3 Needs Score of “8.” AHFC proposes to consider the population in the target areas and weigh areas that have a high potential for impact against areas with higher need scores but little or no potential for impact. Some rural areas in the state have high need scores due to other factors, but report no foreclosure starts or completions. HUD requires each NSP3 grantee to specifically address how the NSP3 activity will impact areas with home foreclosures and subprime mortgage related loans and encourages grantees to understand local market conditions in order to create an effective program that will revitalize and stabilize the target neighborhood(s).

Additionally, the Corporation will consider the best approach to take to ensure the longest feasible continued affordability. To meet the NSP3 “deep targeting” requirement, AHFC proposes to target no less than 50% of the funding to be used to develop affordable rental housing opportunities for families whose incomes are at or below 50% of area median income (AMI), with the balance of the funds serving families at or below 80% AMI. Due to the proposed “deep targeting” of low to extremely low income families, no homeownership activities are proposed to be eligible for NSP3. Potentially NSP3 eligible communities which have one or more foreclosure starts and one or more foreclosure completions are located in the following communities: Anchorage, Kenai, Bethel, Ketchikan, Fairbanks, Juneau, and Kodiak.

AHFC will also weigh the pros and cons of the development of a single project site versus the development of multiple project sites in order to maximize impact. Targeting for impact is consistent with the NSP3 Regulation which states that the primary objective is the development of viable urban communities, by providing decent housing, a suitable living environment, and economic opportunity, principally for persons of low- and moderate-income.

## **DISTRIBUTION AND USE OF FUNDS DISCUSSION**

AHFC proposes to use one or more of the strategies outlined below for the NSP3 program in one or more target areas. Program strategies and target areas will be finalized after the public hearing/statewide teleconference and formal, NSP3, 15-day public comment period.

**STRATEGY:** Explore the use of the NSP3 allocation to expand the Public Housing Division’s (PHD’s) resources to serve families currently on the PHD waiting list who are at or below 80% area median income (AMI) in one or more identified target areas. The PHD waiting list currently stands at an unduplicated count of over 7,800 families as of November 1, 2010. The Public Housing Division, working directly, or through a competitively procured entity, would develop one or more rental projects in one or more target areas. The PHD would manage the new affordable housing resource. Fifty percent (50%) of the families served through this strategy would be at or below 50% AMI, with 40% of the families served at or below 30% AMI. Long-term affordability is proposed to be achieved through the use of the PHD’s Annual Contributions Contract (ACC) to provide ongoing subsidy for the units. All project sites will be located in areas currently served through PHD to assure the availability of long-term asset management, maintenance and administrative oversight services.

**STRATEGY:** Explore the viability of acquiring foreclosed or abandoned homes and residential properties for a “Land Bank” activity for future rental housing projects; or, the procurement of vacant properties for an immediate “site-specific” rental housing development activity in the target area(s). Properties would be acquired by AHFC and made available to potential project sponsors via a competitive, site-specific, rental housing development opportunity through the GOAL program. Using NSP3 funding in an “acquisition only” strategy would allow the Corporation to leverage the limited NSP3 funding with other funding resources. If additional resources became available in the future through a State or national opportunity, such the National Housing Trust or through a national reallocation of NSP1 funds, the additional funding sources could potentially augment the total amount of funding available for this strategy.

**STRATEGY:** Hold a competitive RFQ process to award NSP3 funding for viable rental development projects. Project sponsors would propose specific rental development projects within identified target areas.

## **NSP REGULATION HIGHLIGHTS**

- No obligation requirement, HUD suggests that funds be obligated within 18 months; 50% spent within two years; 100% expended within three years.
- Incorporate, to the maximum extent feasible, the hiring of individuals who reside in the vicinity of projects.
- All grantees must have a current CCR Registration and a DUNS number.
- A minimum of 25% of activities must serve individuals at or below 50% AMI. (AHFC proposes to increase to 50%)
- Incorporates green and sustainable development practices.
- Incorporates preference for rental housing. (AHFC proposes to use 100% of the NSP3 funding for the development of rental housing)
- Foreclosed property that is occupied by a non-owner tenant is subject to the terms and requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- NSP3 is for housing only, no public facility development.