

NEIGHBORHOOD STABILIZATION PROGRAM 3 (NSP3)

The Neighborhood Stabilization Program 3 (NSP3) provides qualified Small Rental Property Program (SRPP) awardees with gap financing in the form of forgivable loans, administered as a program-managed construction option, in order to help Property Owners restore their damaged units and offer them at affordable rents to serve low- to- moderate income families. Of these, at least 50% shall serve families at or below the 50% Area Median Income (AMI) tier with remaining units serving families at or below the 80% AMI tier. Approximately 30 units will be restored and rebuilt under the NSP3 Option.

Note: Only existing SRPP applicants can participate in the NSP3 Option, and participation is by invitation only. New applications are not being accepted to participate in the NSP3.

The NSP3 Option was included in the SRPP Request for Proposal (RFP) on October 28, 2011, which incorporated the implementation and administration of the NSP3 Option into existing SRPP functional teams and processes in order to leverage existing infrastructure and minimize costs associated with program delivery and administration.

Program Dates:

- Action Plan was submitted to HUD (Grant Number B-11-DN-22-0001) and approved March 10, 2011.
- Public Service Announcement released February 14-28, 2011.

NSP3 Option Overview & Program Requirements

Funding Amount:

- Limited Funding will be distributed and prioritized based on eligibility.
- 50% of funding must be spent by March 10, 2013.

Targeted Area:

- The Lower Ninth Ward was selected using a HUD Tracking Map and was identified as suffering the “greatest need”.
- Property boundaries are within St. Claude, Andry, Egania, Urguart, Forstall, N. Prieur and Avenue F.

Maximum Award:

- \$100,000 per affordable unit needing repairs (Partially Damaged properties)
- \$150,000 per affordable unit being rebuilt (New Construction properties)
- The property must be able to be rehabilitated or rebuilt within the maximum award.

Award Calculation: Determined using current cost to complete construction minus duplication of benefits plus allowable activities. Subject to the maximum award allowed.

Affordability Period:

Award Amount	Term
New Construction	
0 - \$150,000	20 years
Existing Construction	
< \$15,000	5 years
\$15,000 - \$40,000	10 years
> \$40,000	15 years



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Forgiveness:

- Follows SRPP policy for the Modified Forgiveness schedule and allows the straight line methodology of forgiveness based on equal installments to be determined based on the loan term (5, 10, 15 or 20) over the years of affordability.
- Accelerated Forgiveness is not allowed.

Operating Income Analysis per Project: Operating Income Analysis must be performed on each property, and a Cash Flow Acknowledgment and Operating Reserve Agreement is required for each property at closing.

Contractor Selection:

- NSP3 shall utilize existing SRPP contractors which were approved through RFP #107140-023, *Rehabilitation and New Construction of Small Multi-Family Rental Property*, released on June 27, 2009.
- Existing SRPP contractors were ranked and scored on April 9, 2012, and the top three (3) contractors were selected.

Applicant Selection, Eligibility & Prioritization

Applicant Selection & Eligibility

- Must be an active SRPP applicant with signed Incentive Commitment Letter, and
- Property must be located in the boundaries in the Lower Ninth Ward, and
- Must provide proof of ownership, clear title and non-bankability.

Property Requirements

Green Standards: All properties must be built to energy-efficiency green standards in accordance with SRPP requirements. The cost shall be included in the cost to repair or rebuild the property.

Zoning / Unit Mix

- All of the units in the subject property must be affordable (50%, 65% or 80% AMI Tier). No Owner Occupied, Business or Market Rate units will be allowed.
- Based on zoning requirements in the Lower 9th Ward, only 2 units per property.

Appliances: Appliances shall be included in the cost to complete construction. Additionally, if the Applicant selected the appliance as a scoring item in their original SRPP application, the item(s) will be included in the cost to complete the property. The Applicant cannot opt out or negotiate an extended term to change original scoring items.

Vacancy: All units must be currently vacant and have been continuously vacant since November 1, 2006.

Tenant Eligibility

Maximum Rents: Maximum rents will be based upon SRPP established maximum rent.

Area Median Income (AMI) Tiers: All NSP3 units will follow the established SRPP policy for affordable units based on the 50%, 65% or 80% AMI tiers.

Income Limits: SRPP will review and approve tenant income based on 50%, 65% or 80% AMI tier requirements.

For more details on the NSP3 Option, please visit
http://www.road2la.org/SRPP_AboutUsFAQs.aspx#nsp3

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