

The Neighborhood Stabilization Program (NSP), Land Banking, and the Community Land Trust (CLT)



Florida's NSP grantees, (48 HUD entitlement communities and 24 state funded subgrantee communities) are facing a critical timeframe in which to obligate \$541 million in HUD funding on the acquisition and rehabilitation of foreclosed properties. Unless these funds are obligated by September 2010, the money reverts to the federal government.

To avoid the loss of NSP funding, every NSP community should have land banking as a strategy in its NSP plan. If land banking is not currently a strategy in your NSP plan, the plan should be amended as quickly as possible to provide for land banking.

Land banking extends the time period for expenditure of NSP monies for ten years, avoiding the loss of these critically needed funds from the community and providing the time needed to implement a successful program.

The June 19, 2009, NSP1 Federal Register Bridge Notice added language supporting the use of NSP funds for the operation of land banking expenses. This clarification greatly enhances the attractiveness of this strategy.¹

The Community Land Trust is considered a financial mechanism under the NSP rule and can play a valuable role in implementing the land banking strategy.

- It is the mission of a CLT to acquire land to be held long term, or in perpetuity, for the provision of affordable housing. The CLT uses a 99-year ground lease to ensure that future owners of CLT homes will be income eligible as well as receive affordable mortgage payments or rents.
- CLT's have financing potential to become qualified as FHA lenders and provide down payment assistance. The CLT organization can also finance mortgages with the support of NSP funding.
- The CLT organizations are prepared for long term management of land bank properties. Community Land Trusts are stewards of the land for the benefit of the community, and as such can, acquire, develop or rehabilitate properties and support qualified buyers with enhanced pre and post- purchase assistance.
- For more information, contact the **Florida Housing Coalition** at **850-878-4219**. HNN

¹ Please note that land banking does not satisfy the NSP 25% low income set aside as this must be shown in the closeout of the first phase of the program.