

January 8, 2009

Dear Representatives and Senators:

Now is the time to act. Experts estimate that at least 3.5 million Americans will lose their homes in 2008 and 2009. As this foreclosure crisis continues to expand and wreak havoc on our economy, we urge the inclusion of \$5 billion in neighborhood stabilization funding in the upcoming economic stimulus package to mediate the effects of the economic downturn by rebuilding our communities and creating new jobs.

While the \$3.9 billion Congress appropriated as part of the Housing and Economic Recovery Act (HERA) for the Neighborhood Stabilization Program (NSP) will be instrumental in restoring foreclosed homes to productive use, the funding is projected to assist less than 100,000 homes nationally. Overall, this is less than 10 percent of the one million homes projected to be vacant by the end of 2008, and many communities are expected to run out of NSP funds shortly after the monies are made available to localities in February 2009.

This funding will help communities hit hard by foreclosures to gain desperately needed economic stability. As the new neighborhood stabilization funds are expended, we estimate that over 125,000 properties will be purchased and rehabilitated. Those properties will:

- Create in excess of 100,000 jobs;
- Pay in excess of \$210 million in property taxes annually;
- Generate an additional \$10.7 billion in economic activity nationwide; and
- Save localities nearly \$1.3 billion in costs ranging from trash removal, grass cutting, and boarding up vacant properties to more serious problems of vandalism, increased property and personal crime rates and arson.

In addition, we strongly recommend allowing grantees to set aside 5 percent of program funds to increase the capacity of local community development corporations, community land trusts, housing authorities and other nonprofits that are implementing the stabilization activities. Significant funds should also be made available to establish a risk capital fund, such as the proposed National Community Stabilization Trust, to leverage NSP funds with other public and private resources, and to build the local infrastructure and capabilities of local organizations implementing the stabilization activities. Other regulatory and legislative changes that would apply to new and old NSP funds are under discussion with staff at HUD.

These funds will help state, county and city efforts scale up to meet overwhelming and growing demand in local communities hit hardest by the foreclosure crisis. The undersigned organizations urge you to include neighborhood stabilization funding in a broader economic relief package.

Sincerely,