



**Oregon**  
Theodore R. Kulongoski, Governor



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## News Release

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### **Oregon's \$19.6 million Neighborhood Stabilization Plan approved**

*Salem* – HUD has [approved](#) Oregon's Neighborhood Stabilization Plan that guides \$19.6 million in federal funds to communities affected by foreclosures resulting from subprime mortgages.

“Oregon has strong consumer protection laws on the books that enabled the state to take action against more predatory mortgage lenders in 2008 than in previous years, and state-supported counseling services also have helped many families avoid foreclosure in the first place,” Gov. Ted Kulongoski said. “But because it’s impossible to be fully insulated from the nationwide mortgage crisis, we need to prevent the ripple effects of concentrated foreclosures. These dollars will keep communities viable and preserve the value of surrounding homes.”

The NSP money will be made available to qualified government entities, developers and individuals to acquire, rehabilitate, demolish and redevelop foreclosed properties. The plan was written by Oregon Housing and Community Services, the state agency that finances low- and moderate-income housing.

“Our team has put tremendous effort into assembling this plan, designed to prevent neighborhoods from turning into foreclosure wastelands,” Victor Merced, OHCS director, said. “Oregon will receive a relatively small chunk of the federal NSP money, but every dollar counts in the fight to save our communities from the collapse of the housing markets.”

NSP, a HUD program, was created by the federal Housing and Economic Recovery Act to help resurrect neighborhoods blighted by subprime foreclosures. Oregon's plan may be reviewed at:  
[http://www.ohcs.oregon.gov/OHCS/DO\\_NSP\\_Amendment.shtml](http://www.ohcs.oregon.gov/OHCS/DO_NSP_Amendment.shtml)

Key elements include:

- Distribution of 60 percent (or about \$11.4 million) of the NSP funds through many of Oregon's Community Development Block Grant entitlement communities where significant foreclosures threaten neighborhoods.
- These Community Development Block Grant entitlement communities are: Portland/Multnomah County, Gresham, Clackamas County, Washington County/Beaverton/ Hillsboro, Salem, Eugene, Springfield, Medford and Bend.

- Distribution of 40 percent (or about \$8.1 million) will be retained by OHCS and is targeted for the remainder of the state, primarily rural areas, where identifiable concentrations of foreclosures exist.
- Counties not hit with high concentrations of foreclosures and not expected to receive NSP funds are: Benton, Curry, Gilliam, Hood River, Sherman, Wallowa and Wheeler.
- The NSP money is to acquire, rehabilitate, demolish and redevelop foreclosed properties, and in limited instances to “bank” properties for future use.
- The properties must be purchased at a discounted rate of at least 15 percent below current appraised market value from the lenders that foreclosed on them.
- Properties may be single-family or multi-family.
- The end purchasers are likely to be governmental entities (cities or counties), housing authorities, or other non-profit developers or for-profit developers. They may also be individuals.
- Twenty-five percent of the NSP money must be used to help very-low-income persons and families.
- Beneficiaries may not earn more than 120 percent of the area median income where they live. Across Oregon, this varies from \$48,840 to \$81,600 per year for a four-person family.

OHCS submitted its NSP amendment containing key public comments to HUD at the end of November 2008. With the plan approval and subsequent release of monies, Oregon’s \$19.6 million in NSP funds must be obligated to specific activities, according to these rules, within 18 months of HUD signing a grant agreement with OHCS. This means the money must be applied to specific properties within that time, or by July 2010.

Oregon Housing and Community Services is the state’s housing finance agency and community services program administrator. The department provides financial and program support to create and preserve opportunities for quality, affordable housing serving Oregonians of lower and moderate income, and administers federal and state antipoverty, homeless, energy assistance and community service programs.

The OHCS mission is to "Provide leadership that enables Oregonians to gain housing, become self-sufficient and achieve prosperity."