

March 17, 2011

House of Representatives Passes Bill to Rescind NSP3 Funds

Today, the House of Representatives passed the Neighborhood Stabilization Program (NSP) Termination Act (HR 861) along party lines (242-182). NSP was created in 2008 and provides grants to states and local governments to purchase and redevelop abandoned or foreclosed homes. The bill would rescind all unobligated NSP3 funds only – NSP1 and NSP2 would not be impacted.

As of this date, three foreclosure bills have been passed by the House and will be sent to the Senate (FHA Refinance Program, Emergency Mortgage Relief Program, and NSP Termination Acts). The Senate is not likely to take up these three bills, COSCDA has heard, and President Obama has stated that he would veto the bills if passed.

Conservative House members have targeted these mortgage assistance programs because they claim they only delay the housing recovery and are a waste of taxpayer dollars. Judy Biggert (R-IL), Chairwoman of the House Financial Services, Subcommittee on Insurance, Housing and Community Opportunity wants to end NSP3 because it allows banks to “off-load their bad investments onto taxpayers.” Others in the House defend the program. Rep. Barney Frank (D-MA), Ranking Member of the Financial Services Committee, stated that if NSP3 is rescinded, cities will be left without a way to deal with foreclosed or abandoned properties.

COSCDA will continue to reach out to Senators and remind them of the importance of the NSP. Please talk with your Senators about NSP3 during the Congressional recess (March 21 – 26) and show them the difference that NSP is making in your communities. Contact information for Senators can be found at <http://thomas.loc.gov/>.