

## NSP2 Correction NOFA Summary

The NSP2 Correction Notice will make the following changes:

➤ **Geographic threshold requirement**

- Change: Allow NSP2 applicants to use a combined index score based the higher score for each census tract, rather than requiring applicants to choose between the two scores.
- Reason: There is concern that requiring applicants to choose one index or the other for their entire program would unnecessarily penalize application designs that work in diverse geographies, such as national, regional, and statewide applications.
  
- Change: Clarify that HUD may take geographic scope of an application into account in the scoring process to promote variations in program design.
  
- Reason: This would allow for flexibility in the scoring process to take into account the program design and management variations that will be driven by the different geographic scopes that will be proposed by NSP2 applicants.

➤ **Eligible Use (C) errata**

- Change: make a technical correction to the eligible activities table to activity (C), adding the words “and operate”:  
“(C) Establish and operate land banks for homes and residential properties that have been foreclosed upon”
- Reason: This is a technical correction in accordance with a Recovery Act amendment. The new language matches the statute.

➤ **Purchase Discount**

- Change: Rescind the aggregate 5 percent purchase discount while leaving the 1 percent discount on individual purchases intact.
- Reason: The aggregate requirement creates an inflexibility that requires applicants to offset purchases below the average discount with higher-discounted properties. There are concerns that this may distract from the purposes of the program, and may in some cases affect home values in affected neighborhoods. This change was also recommended in Barney Frank’s letter of May 22, 2009.