

## DISTRIBUTION OF FUNDS

### **How can residents in my community access NSP1 funds to combat the foreclosure crisis we are facing?**

Please be advised that NSP1 grants are only distributed to designated NSP1 grantees—state agencies and selected local governments. HUD does not make grants directly to individuals or nonprofit organizations. Each grantee will have to determine how best to allocate its NSP1 grant so long as it complies with the eligible uses described in the October 6, 2008 NSP1 Federal Register Notice. When NSP1 grantees submit their action plan amendment to receive their NSP1 allocation, they will indicate how they plan to manage the funds. Local governments & states can distribute funds to other local governments, to nonprofits and other governmental entities, developers, and can carry out activities directly. In some cases, NSP1 grantees may choose to manage their grants collaboratively with other NSP1 grantees or contract out to a private organization. Individual citizens or nonprofits should check with their local government or state to find out how they may receive assistance. Further, contact information for each NSP1 grantee is available on HUD’s website located at <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/contacts/index.cfm>.

*Posted 10/31/08*

### **An Urban County has four cooperating cities which participate in its CDBG program. Several NSP1-related questions arise.**

#### **1. Can the County fund only in the unincorporated part of the County?**

The NSP1 funds must be targeted to areas of greatest need. If those are all in the unincorporated part of the county, then it can fund only in those areas.

#### **2. Can the County fund projects in cities that are not its urban county partners?**

Yes, subject to the “greatest need” requirement and with an agreement between the county and the non-partner cities. The county must also document compliance with section 570.309 of the CDBG regulations. This section requires urban counties to determine that such an activity is necessary to further the purposes of the HCD Act and that reasonable benefits will accrue to residents within the jurisdiction of the grantee.

#### **3. Can any city within the urban county (cooperating or not) apply to the state and receive NSP1 state funding?**

Yes, as long as the state’s rules allow it, any city could apply, as could the urban county itself.

*Posted 11/7/08*

**Can a participating city that is a member of an urban county, request NSP1 funds from both the county and the state, as long as the funds received from the state and the county are not used on the same project/activity?**

Any city or town that receives funds from a county NSP1 grantee as a participating jurisdiction in a county's program may also receive funds from the state. It is up to a state as part of its program design to decide whether it wishes to fund a city or town directly or to channel funding through the county for use in the city or town.

*Posted 2/24/09*

**How does the NSP1 Request for Release of Funds process apply to a grantee that is receiving both a direct NSP1 allocation and state-allocated NSP1 funds?**

The grantee must submit two separate Requests for Release of Funds; one would be directed to the State for the NSP1 State formula funds and one to HUD for the direct NSP1 allocation.