WRITTEN STATEMENT OF
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BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES,

SUBCOMMITTEE ON INSURANCE, HOUSING AND COMMUNITY OPPORTUNITY

"The Obama Administration's Response to the

Housing Crisis"

OCTOBER 6, 2011

Chairwoman Biggert, Ranking Member Gutierrez, and Members of the Subcommittee, I am Mercedes Márquez, Assistant Secretary for Community Planning and Development (CPD) at the U.S. Department of Housing and Urban Development. Thank you for the opportunity to provide written testimony today on Project Rebuild, a key component of the American Jobs Act.

The American Jobs Act offers an aggressive strategy to expand employment opportunities for communities that have been particularly hard hit by the recession and or workers who may take longer to get back on their feet due to greater income losses and smaller savings than higher income workers. The President is proposing to invest $15 billion in Project Rebuild, a national effort to put construction workers on the job rehabilitating and refurbishing thousands of vacant and foreclosed home and businesses. Building on proven approaches to stabilizing communities through the Neighborhood Stabilization Program (NSP), Project Rebuild will bring expertise and capital from the private sector, focus on commercial and residential property improvements, and expand innovative property solutions like land banks.

To be sure, President Obama has offered this proposal at an important moment. Over the last two-and-a-half years, twice as many people have saved their homes than lost them to foreclosure. In all, more than 5.1 million families have received restructured mortgages since April, 2009 through Government administered programs and the private sector HOPE Now Alliance--which is more than double the number of foreclosure completions over that period.

But even as we have sped assistance to homeowners, the substantial overhang of foreclosed properties on the market continues to slow our recovery – dragging down property values and harming neighborhoods.

It is clear that no single sector can reduce vacancies and stabilize property values on its own. Both private and public partnerships and investment are needed to stabilize the nation's housing market and create jobs. Project Rebuild's injection of public capital will enable local governments and private entities (both for-profit and non-profit) to put unemployed people to work removing the blighting effects of foreclosed and abandoned properties. The net effect is a win-win proposition that jump-starts the economy, creates jobs for desperate families, provides affordable housing, and stabilizes neighborhoods for the long term.

There have been three rounds of NSP, known respectively as NSP1, NSP2, and NSP3, as well as the NSP technical assistance effort. NSP1 refers to the initial $3.92 billion program established by the Housing and Economic Recovery Act of 2008 (HERA), which was signed into law on July 30, 2008. NSP2 refers to the $2 billion appropriated in the American Recovery and Reinvestment Act of 2009 (Recovery Act) and the NSP technical assistance effort is a $50 million initiative funded by the Recovery Act appropriation. NSP3 refers to the $1 billion appropriated by the Dodd-Frank Consumer Protection and Wall Street Reform Act of 2010 (Dodd-Frank Act), with $20 million dedicated to furthering the NSPTA effort. NSP1 and NSP3 grants were made by formula allocation to states and units of general local government. NSP2 grants were made competitively to governments, nonprofits, and consortia, any of which could have for-profit partners. For-profit entities were not eligible applicants under NSP2.

NSP stabilizes neighborhoods through housing activities. NSP grantees may acquire and rehabilitate or redevelop foreclosed and abandoned homes and residential properties, demolish blighted property, redevelop vacant property, or operate landbanks for foreclosed homes. Of approximately 66,000 census tracts in the U.S, just under 19,000 had high risk scores in 2009. Of the high risk tracts, as of December 30, 2010, 5,823 had received some NSP investment. This means that only 31% of the high risk tracts have received NSP investment.

Project Rebuild will build on the success of the NSP model to address commercial vacancies, and better employ the capacity of our partners in the private sector. Of the proposed $15 billion appropriation: $10 billion is proposed for a formula allocation to states and local governments and $5 billion is proposed for a competitive program. HUD estimates that in this configuration Project Rebuild will treat at least 150,000 properties across all 50 states.

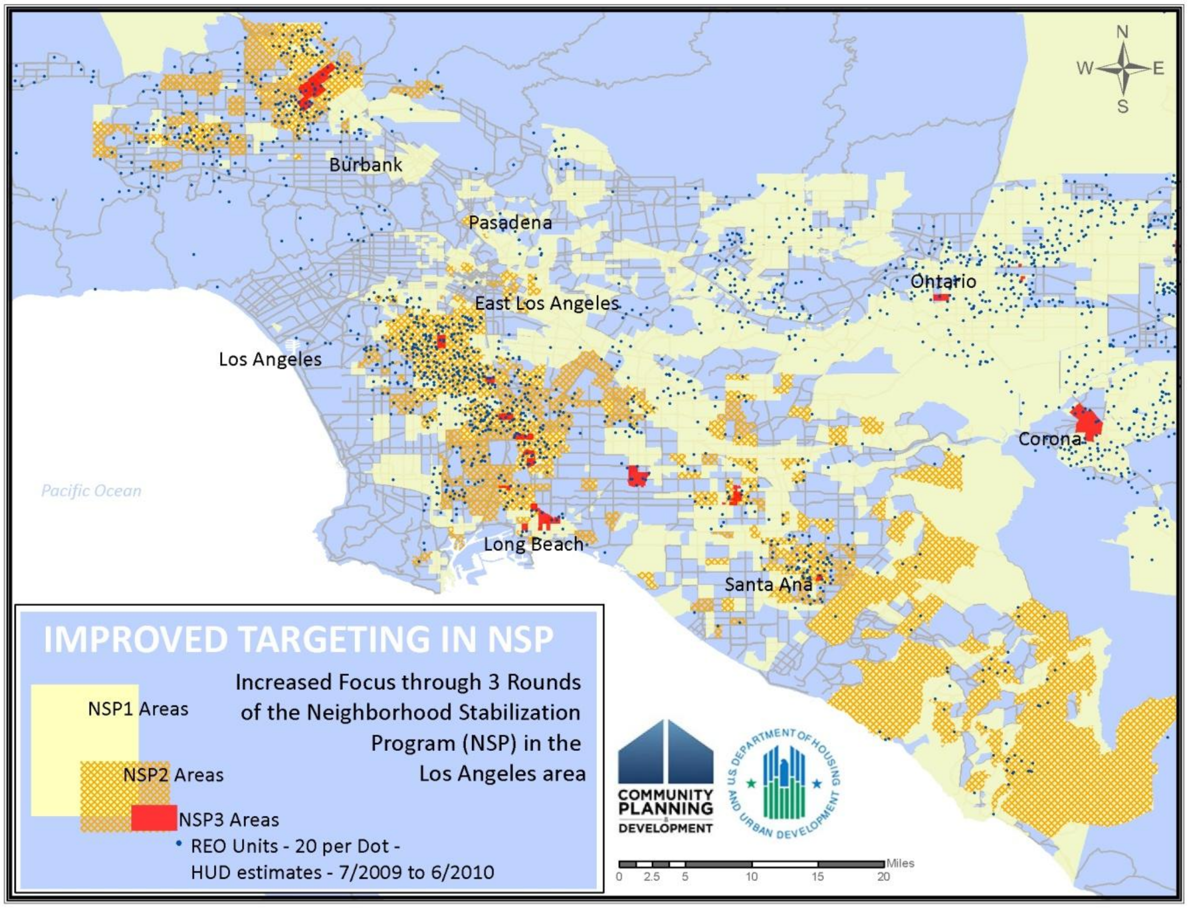
Targeted programs like Project Rebuild not only increase the value of formerly vacant lots or abandoned and foreclosed properties, but also incentivize businesses to invest in their communities. The three operational priorities of Project Rebuild will be job creation, targeting funds to foreclosure and unemployment needs, and leverage of financial resources. Applying these priorities, Project Rebuild will make funding available to eligible entities including not only local governments, States, and nonprofit organizations, and consortia, but also for-profit businesses to provide assistance, including innovative financing mechanisms, to purchase, rehabilitate, and/or redevelop foreclosed, abandoned, demolished, or vacant properties. Funding will also establish and operate land banks or demolish blighted structures.

Building on the Success of NSP

The NSP is already investing $7 billion to help local governments and nonprofit organizations turn tens of thousands of abandoned and foreclosed homes into the affordable housing communities need instead of leaving the homes to blight the community and drag down property values. Furthermore, of the $7 billion invested so far, 60% was targeted to communities of color, which have been hit particularly hard during this crisis.

With each round, we have seen increasing success. Starting with NSP2 in 2009, HUD directed grantees to target funds to high need areas with the goal of measurably reducing vacancies and stabilizing property values. With NSP2, HUD introduced an online, map-based targeting tool, using maps to share key data to grantees via an easy-to-use interface. With NSP3 in 2010, HUD improved the maps and applied the targeting requirement to a formula program. For Project Rebuild, HUD and grantees have the capacity to use this powerful online tool to direct new funds to where they can be most effective. This improved targeting is reflected in Figure 1 below, which demonstrates NSP targeting in the Los Angeles metro area.

FIGURE 1: IMPROVED TARGETING THROUGH THREE ROUNDS OF NSP



In order to determine whether grantee investments were delivering the intended outcomes, HUD funded an impact evaluation report that used the information on the reported types and locations of completed NSP activities to determine whether nationally available independent data showed progress toward the expected outcomes in areas in which NSP investment had already occurred. The early results are promising.

Currently, HUD is reviewing the report before final issuance. But I can tell you a few important findings. The analysis by The Reinvestment Fund (TRF), one of our technical assistance providers, comparing communities with NSP investment to similar communities without NSP investment shows that most NSP clustered investment areas did better than at least one of their comparable markets during the time period studied:

- 67 percent saw better home sale price changes. (source: TRF using First American Core Logic data)
- 73 percent saw better vacancy rate improvements. (source: TRF using US Postal Service data)
- 47 percent saw better home sale and vacancy rate improvements. (source: TRF)

The neighborhood stabilization approach has shown great promise. However, even in these NSP investment clusters, the problems presented by foreclosed and abandoned properties remain a significant challenge, as they remain a challenge for much of the country and for the national economy. Now, with data showing that NSP is beginning to achieve results, we think we have a way to improve the model to successfully tackle and resolve housing and employment problems a neighborhood at a time. Furthermore, even as a housing-only program, NSP generates direct, indirect, and induced jobs. The $7 billion of NSP will support an estimated 88,000 jobs by the time the funding is fully spent. These jobs are created in a variety of fields including housing construction, infrastructure construction, maintenance and repair, management, technical consulting services, real estate, state and local government.

Even with $7 billion, NSP was able to reach only 31 percent of the census tracts in the United States that are hardest hit by the foreclosure and unemployment crisis. With the clear benefits of NSP now emerging, it is logical to consider how to make the program more effective and bring it to more communities. How much more effective could a neighborhood stabilization program be if grantees could step beyond the housing-only model to deal with problem commercial properties by using them for economic development projects, or mixed-use projects? If grantees could apply knowledge of local markets and design programs to not only provide housing opportunities but also to generate jobs so neighborhood families can pay the rent or the mortgage? Project Rebuild would not only stabilize neighborhoods, it could help position hard-hit communities for a competitive future.

Foreclosed and abandoned properties have a debilitating effect on neighborhoods and often lead to blight, neighborhood decay and reduced property values, feeding a vicious cycle. In 2008, the Center for Responsible Lending estimated that homeowners living near foreclosed properties would see their property values decrease $5,000 on average. And while the national freefall in home prices stopped in early 2009, the housing market remains fragile and values are still falling in many places.

Project Rebuild will serve as a buffer against further decline by shoring up the equity of homeowners that live on the block where a program investment is made, or by providing a job-generating new business such as a grocery store or health clinic, or even a factory in a formerly abandoned commercial property. HUD will work with Project Rebuild grantees and with a range of private sector and non-profit partners to craft distinctive, market-oriented responses that help stabilize and improve target neighborhoods with smart investments.

Project Rebuild: Proposal Details

Nearly $10 billion of Project Rebuild funding will be provided to states and local governments by formula as specified in the American Jobs Act. Each of the 50 states and Puerto Rico will receive a minimum award. Insular areas and the District of Columbia will also receive direct awards. Project Rebuild proposes important modifications to the NSP model to extend the benefits of the program beyond affordable housing to greater job creation:

- Project Rebuild broadens eligible uses to allow commercial projects and other direct job creating activities, capped at 30 percent of funds.

- Up to 10 percent of formula grants may be used for establishing and operating a jobs program to maintain eligible neighborhood properties.
- Formula funding will go directly to states and entitlement communities across the country. Competitive funds will be available to states, local governments, for-profit entities, non-profit entities and consortia of these entities.
- Each state will receive a minimum of $20 million of the $10 billion in formula funds.
- Funds will be targeted to areas with home foreclosures, homes in default or delinquency, and other factors determined by HUD, such as unemployment, commercial foreclosures, and other economic conditions.
- HUD will strengthen existing accountability procedures by requiring that grantees have an internal auditor to continually monitor grantee performance to prevent fraud or abuse.

Formula and Competitive Allocations

HUD plans to allocate the $10 billion in Project Rebuild formula funds to grantees within 30 days of program enactment. HUD expects each formula grantee to complete community participation and to apply for its funds within 90 days of enactment, with HUD entering into grant agreements as quickly as possible thereafter with a goal of obligating all formula funds within 150 days of enactment.

The remaining $5 billion of Project Rebuild funding will be competitively allocated to high-capacity eligible entities, including local governments, states, nonprofits (including Indian Tribes and public housing authorities), for-profit businesses, and consortia. In designing the competition, HUD will consider demonstrated applicant capacity to implement programs, applicant knowledge of local market conditions and of appropriate responses, financial resource leverage, and other factors determined by the Secretary. HUD will publish a Notice of Fund Availability, allow grantees at least 45 days to prepare and submit applications, make selections, and obligate all funds within 150 days of enactment.

Both formula and competitive grantees will have three years to spend 100 percent of funding. HUD will establish further benchmarks for expenditures at one year and two years from award. Strict standards of oversight will ensure good stewardship of these funds. In addition to HUD's own on-site and remote grant monitoring, HUD will strengthen existing accountability procedures by requiring that grantees have an internal auditor to continually monitor grantee performance to prevent fraud or abuse. Grantees will be required to provide quarterly progress reports online and HUD will recapture funds from underperforming or mismanaged grantees to reallocate those funds to areas with greatest need.

HUD implemented NSP1 in just over 240 days, creating an unprecedented new formula program on the CDBG framework. NSP1 funds were appropriated July 30, 2008. HUD published the program requirements October 6, 2008. The deadline for grant applications was December 1, 2008. All but a very few grant agreements were executed by the end of March 2009.

HUD implemented NSP2 in about 360 days, again creating a new program on the CDBG framework – this time a competitive one. NSP2 funds were appropriated February 17, 2009. Congress allowed HUD up to 75 days to publish competitive criteria and up to 150 days before the application deadline. HUD published the Notice of Fund Availability May 4, 2009 and applications were due to HUD July 17, 2009. HUD announced awards in January 2010 and obligated all funds on February 11, 2010.

HUD implemented NSP3 in about 250 days. NSP3 funds were appropriated July 21, 2010. HUD published the Notice of program requirements October 19, 2010. The deadline for grant applications was March 1, 2011. All but a very few grant agreements were executed by the end of March 2011.

Not only will part of Project Rebuild be competitive, HUD will continue to perfect the targeting requirements and data support for the program, providing more detailed foreclosure and vacancy data via the same online mapping tool that targeted NSP2 and NSP3 funds. Only the nation's hardest hit neighborhoods will be eligible for Project Rebuild – applicants will have to select neighborhoods hit hardest with foreclosures, long-term distress and unemployment to be eligible to participate.

Project Rebuild will include the same local and vicinity hiring requirements applicable to NSP3. And the tenant protections provisions applicable to the NSP program will also carry through to Project Rebuild.

Project Rebuild, like NSP, will use the well established procedures of the Community Development Block Grant (CDBG) program funds, enabling CPD to quickly issue Project Rebuild program requirements on a framework familiar to thousands of local governments, states, and nonprofits. Unlike NSP funds, which are restricted to housing-related activities, Project Rebuild will permit economic development activities as well. Fortunately, the underlying CDBG program enables grantees to undertake a wide range of job-creating economic development activities including assistance (such as loans, grants, loan loss reserves, loan guarantees, interest write-downs, interim financing, micro-lending, business services, securitization, and matching funds) for commercial and industrial development and redevelopment, water and sewer projects, infrastructure modernization, neighborhood retail, and venture and working capital pools. Moreover, the proposed $15 billion will allow HUD to reach more local jurisdictions directly with a higher minimum allocation that will help grantees scale-up their efforts.

All Project Rebuild funds received by a grantee must be used to benefit individuals at or below 120 percent of area median income (AMI) by making investments that result in jobs, affordable homes, or other quantifiable benefits. Further, Project Rebuild will require that at least 25 percent of the funds be expended for *housing* activities that benefit households at or below 50 percent AMI.

Project Rebuild will allow the income of program beneficiaries to range up to 120 percent of area median income. This will mean that grantees may choose to use funds to create jobs for middle class residents. HUD will require strict underwriting guidelines, and provide capacity training for grantees to ensure public funds do not compete with private funding. In fact, Project

Rebuild is designed to help draw more private funds into the targeted communities to reignite job creation engines in some of the places that need it most.

To ensure that grantees have sufficient resources and continuing capacity to implement Project Rebuild, HUD will permit a portion of each grant to be used for administrative costs. Generally, this portion will be ten percent. However, HUD's experience with very large disaster recovery grants indicates that grantee administration of very large grants can realize economies of scale. Therefore, should any individual Project Rebuild grant exceed approximately $750 million; HUD will likely reduce the administrative cost portion of the grant to five percent.

Of the 0.75 percent of the Project Rebuild appropriation set aside for capacity building, HUD staff and other resources, and technology, a portion will be reserved for CPD's administrative and technology cost in managing Project Rebuild, and a portion will be reserved for a separate, second competition for capacity building technical assistance purposes to support neighborhood stabilization efforts. The Department will conduct this technical assistance competition and obligate all funds within 150 days.

Given Project Rebuild's size and tight deadlines, it is likely that HUD's front-end risk assessment for the funding will reveal a need for additional temporary hires to mitigate the risks of program launch and ongoing management risks through the life of the program. New temporary staff will join the existing temporary NSP staff stationed in field offices around the country to support management of grantees. HUD will need to retain term staff to continue to mitigate program risks throughout program closeout. Like NSP, some Project Rebuild activities will continue after expenditure deadline due to program income, large land bank property holdings, and ongoing major construction projects on grant-acquired properties using funds other than federal grant funds for construction.

NSP Program Status

The total appropriation for NSP has been $7 billion, a relatively small amount in the context of the problems that have arisen in the housing markets over the past four years. The shadow inventory as of July 2011 was 1.6 million properties and we expect NSP will impact nearly 100,000 properties in the nation's hardest-hit markets.

As of August 30, 2011, NSP1 and NSP2 grantees reported completing 32,854 units through acquisition and new construction or rehabilitation, direct homeownership assistance, or demolition –a third of the way there. NSP1 had an 18-month obligation deadline. With the support of HUD staff and our technical assistance efforts, grantees reached a 99.7 percent obligation rate and have currently expended 78.03 percent of their funds. At 29.71 percent expended, NSP2 grantees are well on their way to the 50 percent expenditure rate required by February 2012. Finally, NSP3 grantees have just gotten started, but are at 13 percent obligated.

Communities are also making good progress in meeting the statutory requirement to use 25 percent of each NSP grant to produce housing affordable to households with incomes at or less than 50 percent of area median income (AMI). In NSP1, grantees report committing more than $1.4 billion for such activities, over 34% of the total; more than $926 million has been drawn.

So far in NSP2, grantees have committed $261 million to meet this requirement and of this amount have drawn down about $143 million for these activities.

Because the NSP investment represents almost 20 percent of the REO over the past 18 months in NSP-targeted areas, we believe these efforts will have a " multiplier effect" that could have a profound impact on our local, regional and national housing markets alike. The NSP investment's stabilizing effects on the neighborhood makes the private sector more likely to acquire the units in the neighborhood. The TRF analysis seems to confirm this expectation. HUD will continue to monitor outcomes as NSP progresses.

We have learned a lot from NSP that we can bring to Project Rebuild. NSP grantees continue to make great strides in production. The fact that most communities started their NSP programs in the midst of the mounting fiscal distress facing local governments over the past three years cannot be ignored when evaluating their resources (or lack thereof) to quickly implement a new program, especially one that required expertise that many of them did not have in-house. Through our technical assistance effort, we have learned how to identify local program implementation problems and quickly boost grantee capacity.

Technical Assistance

The technical assistance effort already underway for NSP will provide the structure to deliver tremendous support to Project Rebuild grantees.

HUD used $50 million in NSP2 funding to create NSPTA. This competitive program distributed the funds to regional and national technical assistance providers. With NSP TA, we have focused on capacity building at the local level. For many years, technical assistance at the Department primarily focused on compliance – filling out the right forms and checking off the right boxes. Now, we have moved to provide technical assistance in a more holistic manner to truly meet the needs of grantees and build capacity. The additional $20 million of NSP3 TA will consolidate the gains of the original effort.

Through Project Rebuild technical assistance, we will assist communities by conducting individual needs assessments and following up with customized direct capacity building plans. In addition, HUD OIG audits and reports will be reviewed and considered as HUD deploys the TA resources. As we did with NSP, we plan to help create or increase the capacity of whole communities across the country to address this crisis responsibly by teaching grantees how to make neighborhood investments informed by market conditions.

We will continue to expand the online resource exchange where HUD, communities, and nonprofits share tools for effectively implementing neighborhood stabilization projects. The Project Rebuild TA resources will create economic development and affordable housing expertise at the local level that will last after the program is closed out. Problem solving clinics, Project Rebuild term employees – who will be hired from their communities – weekly technical webinars, and frequent feedback in the form of data snapshots increase the likelihood that the practitioner skills formed in carrying out the Project Rebuild program will translate into new or enhanced community ability to use other resources.

The existing online NSP resource exchange address is www.hud.gov/nspta. This is where grantees can find resources, ask questions, and request technical assistance. The technical assistance providers have developed nine toolkits for different program types (e.g. acquisition-rehab, lease-purchase, land banking) which enable grantees to easily adapt procedures manuals and document templates. The Department also produced training for new grantees and is offering on-site direct technical assistance through the providers.

NSP First Look

The Department has actively sought non-profit and private sector partners in its effort to make NSP successful. The National First Look Program is a first-ever public-private partnership agreement between HUD and the National Community Stabilization Trust (Stabilization Trust). In collaboration with national servicers, Fannie Mae, Freddie Mac and our FHA colleagues, the First Look program gives communities participating in NSP a brief exclusive opportunity to purchase bank-owned properties in NSP target neighborhoods so these homes can either be rehabilitated, rented, resold or demolished.

The program is based on a simple idea: that instead of the "retail" strategy so many communities resort to when it comes to neighborhood stabilization--establishing individual relationships with financial institutions, negotiating the best price one house at a time--we should be creating a wholesale strategy -- and market power. Since the program was announced in early September 2010, NSP grantees have had the opportunity to view over 50,000 properties through the First Look program, and purchased 1,316. These properties were purchased at an average discount of 13.6% below fair market value.

With the country's leading financial institutions participating in First Look, accounting for more than 75 percent of the REO inventory, First Look has cut the traditional 75-to-85 day in half. Moreover, grantees selectively pick the most strategically important properties, whether they are REO, short sale or deed-in-lieu. In addition, the system is extremely cost-effective because instead of using a staff intensive, one-off property acquisition approach, our partners have access to automated, state of the art mapping and property management tools -- so communities can spend more time targeting their efforts and optimizing their limited NSP resources.

Program Compliance and Monitoring

In implementing Project Rebuild, HUD will customize its procedures for preventing and eliminating fraud and abuse of funds to the special risks inherent in Project Rebuild. This will include a front-end risk assessment (FERA), updates to the annual CPD Risk Analysis Notice and the CPD Monitoring Handbook, a funds control plan, and use of an online financial management and performance reporting system that tracks financial status (including draw requests, disbursements, and program income transactions by activity) daily post-award.

To further manage risks, Project Rebuild grantees will be required to have an internal auditor to maintain day-to-day responsibility within the grantee for monitoring implementation of program requirements and grantee policies and procedures. Based on risk analysis results, HUD staff will monitor grantees both remotely and on-site to ensure program compliance. Technical assistance, training and capacity building are also a critical tool in preventing issues.

HUD intends to continue its strong working relationship with the Office of Inspector General (OIG) through including the OIG in clearance of key program requirements documents and regular meetings to discuss issues. The HUD OIG instituted an aggressive audit program focused on NSP shortly after its enactment in 2008. To date, the OIG has completed 42 NSP audits nationwide and 10 more are currently in progress.

I would like to note two evaluations completed by HUD's OIG that, in speaking to the effectiveness of CPD's implementation of NSP2, provide insight into HUD's capacity to implement Project Rebuild. The first evaluation, issued in September 2009 (Memorandum NO. 2009-AT-0801), addressed the front end risk assessment that CPD prepared for NSP2. A front end risk assessment (FERA) is a management tool required by OMB Circular A-123 and is used to minimize the Department's exposure to fraud, waste and abuse in the administration of its programs and is required for new program such as NSP. In its report, the OIG made no recommendations with regard to the NSP2 FERA and provided a positive review, stating:

> "Our review determined that the factors of general control environment, risk assessment, control activities, information/communication, and monitoring were adequately addressed and the major program objectives of timeliness, clear and measurable objectives, transparency, monitoring, and reporting were adequately emphasized in the assessment. "(p. 3-4)

The second OIG evaluation to note is one that assessed CPD's competitive review and award process for $1.93 billion in NSP2 funding (Audit Report 2010-AT-0001). This competition was administered by CPD's Office of Block Grant Assistance, which traditionally manages formula grants under the CDBG program. Nonetheless, HUD carried out the evaluation and selection process in accordance with all applicable requirements by reviewing 482 applications requesting more than $15 billion in funding. After performing its due diligence, the OIG did not issue any recommendations because there were no reportable deficiencies with the NSP2 evaluation and selection process. The following excerpts from the OIG report clearly make that point:

> "What we found: HUD followed the applicable requirements during the evaluation and selection process and included special conditions in the grant agreements as required." (p. 2)
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> "HUD properly evaluated and selected the applications for the NSP2 funding. It followed the requirements and procedures in the notice and employed quality control procedures to help ensure that its decisions were correct and supportable. In addition, it properly included special conditions in grant agreements for high risk grantees." (p. 8)
>
> "Our audit did not identify any reportable deficiencies, and, therefore, there are no recommendations." (p. 8)

The results of these two reviews will characterize CPD's efforts to implement and manage Project Rebuild. Overall, CPD continues to work with the OIG on audits of NSP, most of which focus on program implementation and oversight at the state and local grantee levels. In the cases in which these audits have identified program deficiencies, we have used these as opportunities to target technical assistance funding and to improve local capacity.

In December 2010, the Government Accountability Office completed a report on NSP1 (GAO-11-48). The report examined CPD and NSP1 grantee performance in the following areas:
(1) meeting HERA obligation time frames and income-targeting criteria; (2) actions HUD has taken to mitigate program risks and ensure grantee's compliance with key NSP1 requirements; and (3) HUD's efforts to collect program data and to assess the reliability of the data. As part of this effort, GAO analyzed data, interviewed selected grantees and HUD staff in Washington, DC and at 15 sites across the United States. The audit noted that data on program outputs could be improved and we at HUD have made those improvements and continue to train grantees and field staff on using the system. Despite this relatively minor note, GAO concluded that HUD and NSP1 grantees are taking actions to comply with program requirements as reflected by the following comment:

> "NSP 1 provided a mechanism for state and local governments to mitigate the destabilizing effects of mortgage foreclosures, but HUD and grantees faced a number of implementation challenges, including the program's tight time frames and the limited capacity of some grantees to undertake real estate activities. HUD took actions to help grantees meet these challenges though guidance, training, and technical assistance. Additionally, HUD established internal control procedures to mitigate risks and promote compliance with program requirements. Our work suggests that these efforts helped grantees obligate funds in a timely manner, adopt strategies appropriate to their communities, and follow program rules." (p. 41)

Project Rebuild will allow CPD to use up to 0.75 percent of the appropriation for administrative purposes and this resource will support hiring temporary Project Rebuild Specialists, to visit grantees and monitor their programs. As with NSP, HUD expects many of these temporary hires will be displaced real estate professionals who were impacted by the housing crisis so they will be capable of "hitting the ground running," supporting grantees with program compliance and program implementation issues. Project Rebuild administrative funds will make it possible for them to visit grantees and monitor their programs on-site on a regular basis. These visits help CPD establish relationships with our grantees and identify problems before they become serious hindrances to program implementation.

In just over three years since its authorization, NSP is delivering on its intent by assisting states and local governments to stabilize neighborhoods negatively affected by foreclosures. Project Rebuild is a critical part of the President's plan to increase the pace of job creation in America—it is a targeted initiative that will help low-income workers and their communities, who have been hit hardest by the recession. Project Rebuild will help rebuild the nation's economy by leveraging private capital and private market innovation to tackle the deepest pockets of distress in our nation's communities to create jobs, stabilize neighborhoods, and reduce vacancy.