

## ***Summary of CDBG Portion of HR3221***

### ***\$4 Billion in CDBG for Neighborhood Stabilization***

The bill provides \$3.92 billion in supplemental CDBG funds to be allocated to states and localities and used to stabilize neighborhoods and communities impacted by foreclosures. The funds can be used for:

- the discounted purchase and redevelopment of foreclosed homes and abandoned residential properties
- the establishment of land banks for foreclosed homes
- the establishment of financial tools such as “soft” second and shared equity mortgages and loan loss reserves
- the demolition of blighted structures
- the redevelopment of demolished or vacant properties.

The allocation of the funds will be based on a formula to be established by HUD within 60 days of the passage of the Act. The formula is supposed to insure that the money goes to the states and cities that need it most and must take into account:

- the number and percentage home foreclosures in each state or locality
- the number and percentage of homes financed by subprime mortgages
- the number and percentage of homes in default or delinquency

The funds must be distributed by HUD not later than 30 days after the establishment of the formula and states and localities must use them funds within 18 months after they receive them.

The funds are intended to primarily assist households at or below 120 percent of area median income. At least a quarter of the funds must assist very low-income households.