CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 11, 2011

H.R. 861
NSP Termination Act

As ordered reported by the House Committee on Financial Services on March 9, 2011

H.R. 861 would terminate the Neighborhood Stabilization Program (NSP) and would rescind certain unobligated balances associated with the program. CBO estimates that enacting H.R. 861 would not affect direct spending because CBO expects that all funds targeted by the legislation would be obligated by the time the bill is enacted. The bill also would not affect revenues; therefore, pay-as you-go procedures do not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Since 2008, the Congress has provided about $7 billion to the NSP for grants to state and local governments to purchase and redevelop foreclosed and abandoned homes and residential properties (see Public Laws 110-289, 111-5, and 111-203). As of February 2011, about $6 billion of those funds have been obligated (that is, the federal government has entered into a legal commitment to make those funds available to grantees). CBO expects that the program will obligate the remaining $1 billion over the next few months.

H.R. 861 would terminate the NSP once all obligations of the program have been liquidated. The legislation also would cancel unobligated balances that remain from the $1 billion provided by Public Law 111-203. (The legislation would have no effect on the $6 billion made available by Public Laws 110-289 and 111-5.)

For this estimate, CBO assumes H.R. 861 will be enacted in the summer of 2011, at which point all remaining funds are expected to be obligated. Because the bill would only cancel unobligated balances, spending would not be affected.[1]

The CBO staff contact for this estimate is Daniel Hoople. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

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[1] If the bill was enacted sooner, or if the pace of obligations was slower than anticipated, some unobligated balances may remain at the time of enactment. In that case, the budget authority of the NSP would be reduced by the amount of unobligated balances, resulting in a corresponding decrease in direct spending.