

**Neighborhood Stabilization Program  
PHFA Housing Forum  
May 18, 2009**

BUILDING PITTSBURGH WITH

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## Outline of Presentation

- Brief Overview of the Neighborhood Stabilization Program (NSP1)
- Pittsburgh's Proposed Activities
  - Identifying the Activities
  - Preparing to Quickly Act
- Brief Overview of NSP2

## NSP1 - Overview

- Title III of Division B of the Housing Economic Recovery Act, 2008 (HERA) was signed by the President on July 30, 2008
- Section 2301 – Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes
- HUD has assigned the name of Neighborhood Stabilization Program
- \$3.92 Billion Nationwide
- Pittsburgh received \$2M and State received \$59 M
- MUST BE USED FOR AREAS OF GREATEST NEED

## NSP1 - Eligible Uses for Areas of Greatest Need

- A. Establishing financing mechanisms for purchase and redevelopment of FORECLOSED homes and residential properties
- B. Purchasing and rehabilitating homes and residential properties ABANDONED or FORECLOSED
- C. Establishing land banks for FORECLOSED homes (Note: All properties in the land bank need to be redeveloped within 10 years)
- D. Demolishing BLIGHTED structures
- E. Redeveloping demolished or vacant properties

## NSP 1- Definitions

- **Abandoned** – “A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.”
- **Foreclosed** – “A property has been foreclosed upon at the point that, under state or local law, the mortgage or tax foreclosure is complete.”
- **Blighted Structure** – “A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.”

## NSP 1- Important Facts / Requirements

- All NSP funds shall be used to benefit individuals and families whose income do not exceed 120% of area median income
- At least 25% of NSP funds shall be used for the purchase/redevelopment of abandoned/foreclosed residential properties that will be used to house individuals or families whose incomes do not exceed 50% of area median income
- Any purchase of a foreclosed upon residential property must be at a DISCOUNT from the current market appraised value (95%)
- The sale of an abandoned or foreclosed upon home or residential property to an individual as a primary residence must be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.
- Homebuyer training required
- Must obligate and/or spend the funds in eighteen months.

# Pittsburgh's Proposed Activities

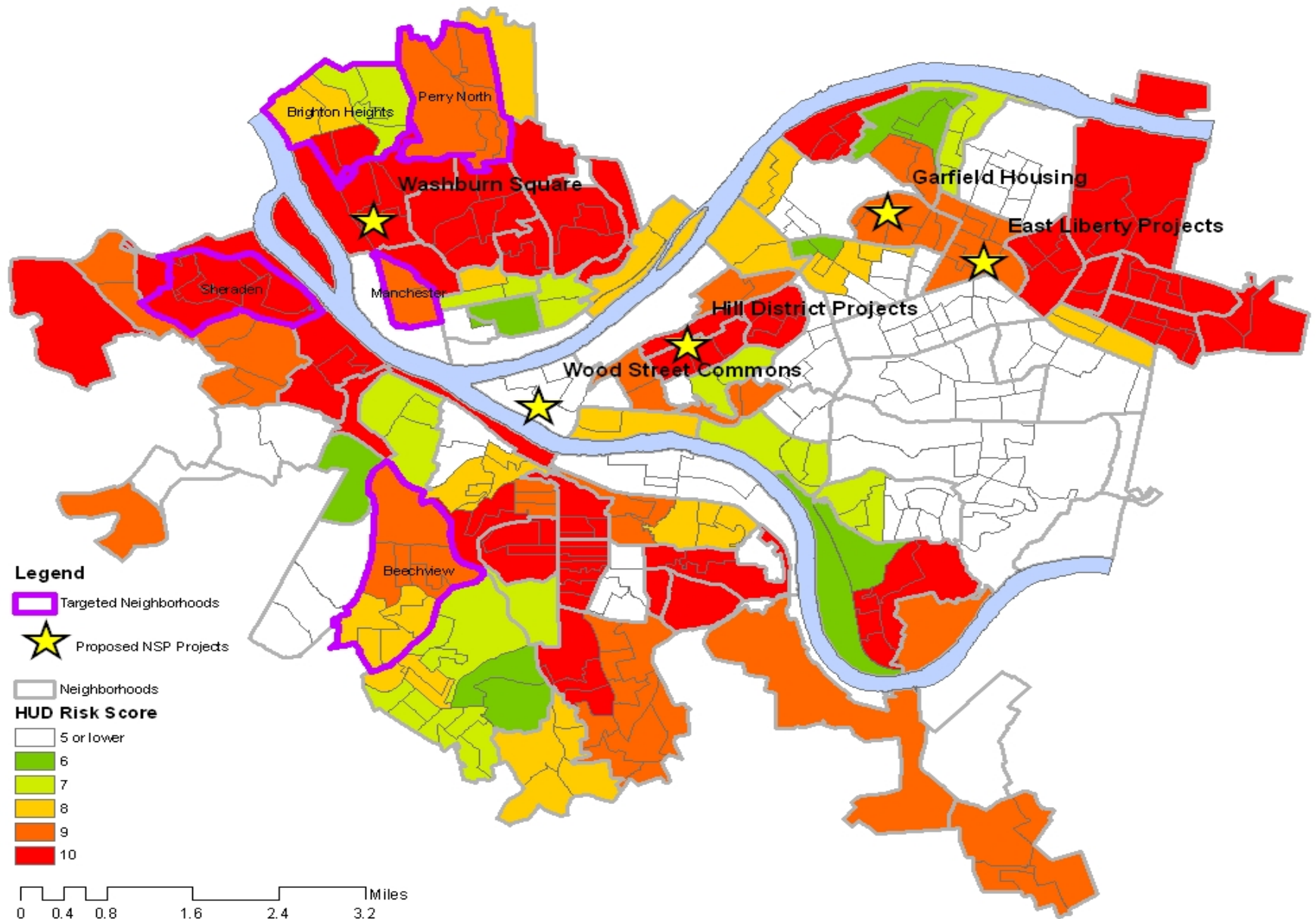
## Formula Grant from HUD - \$2M

- Pittsburgh's Greatest Need – Demolition
  - Demolish BLIGHTED Properties in 8, 9, and 10 areas on the HUD Map
- Addressing the 50% of Median Income Requirement
  - Support existing pipeline LIHTC developments on City owned (tax FORECLOSED or ABANDONED) land
- Administration

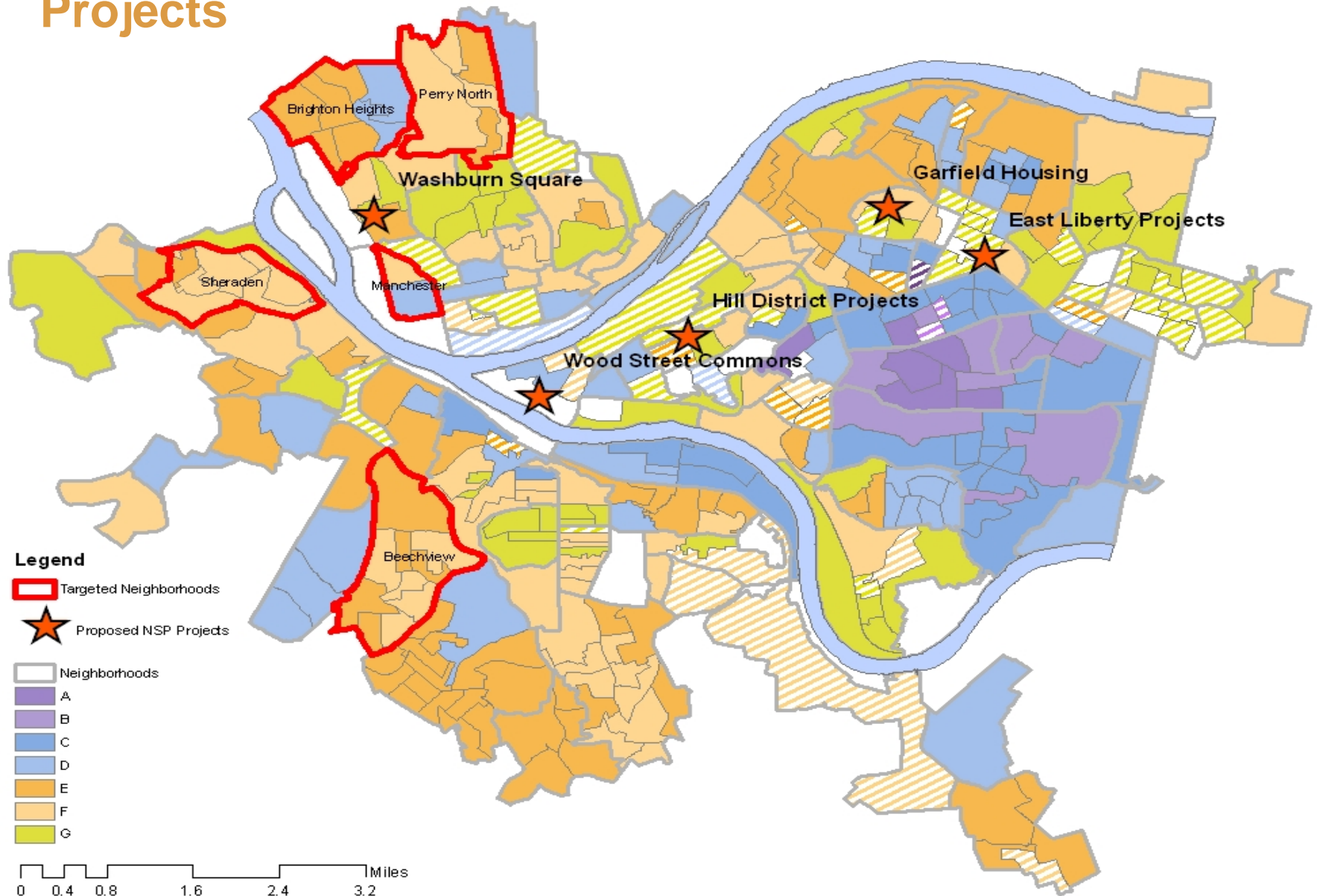
## Application to DCED - \$19.9M

- 1) **Strategically looked at Pittsburgh's target areas and compared to HUD critical areas, DCED data, and Market Value Analysis data**
- 2) Identified existing projects where those areas overlap
- 3) Studied existing planning resources such as the City's Market Value Analysis (created by the same firm as DCED's data)
- 4) In addition to requesting funds for several existing projects, proposed a new strategy to acquire foreclosed properties and rehabilitate them for sale to homeowners
- 5) Chose projects that will make the greatest impact

# HUD Risk Score with Proposed NSP Projects



# Pittsburgh's Market Value Analysis with Proposed NSP Projects



## Examples of Proposed NSP Projects in Pittsburgh

- **Wood Street Commons** – An existing Single Room Occupancy building in Downtown Pittsburgh that helps individuals in need of food and shelter reintegrate into safe and permanent housing opportunities. It is currently in the foreclosure process. It is essential that this building be acquired by a non-profit who will keep the building functioning in its existing use. Allegheny County also applied to DCED. The project houses people at or below 50% of median income.
- **Oak Hill Phase II Public Infrastructure** – Oak Hill II is the second phase of a large HOPE VI Mixed-income housing development. Pittsburgh applied for funds for the construction of roads and streets – qualified under E. “Redevelopment of Vacant Land”



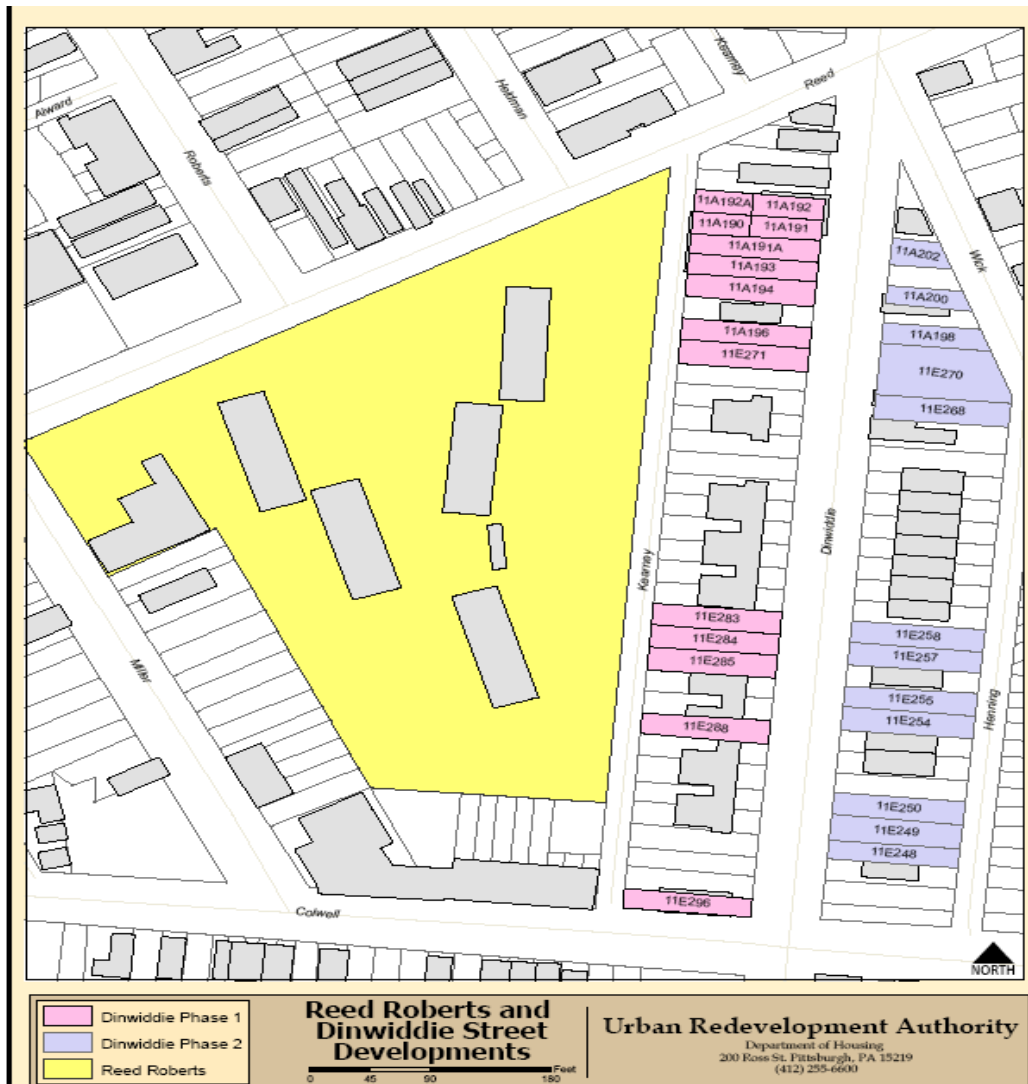
# Oak Hill Phase II Master Plan Addressing Critical Need



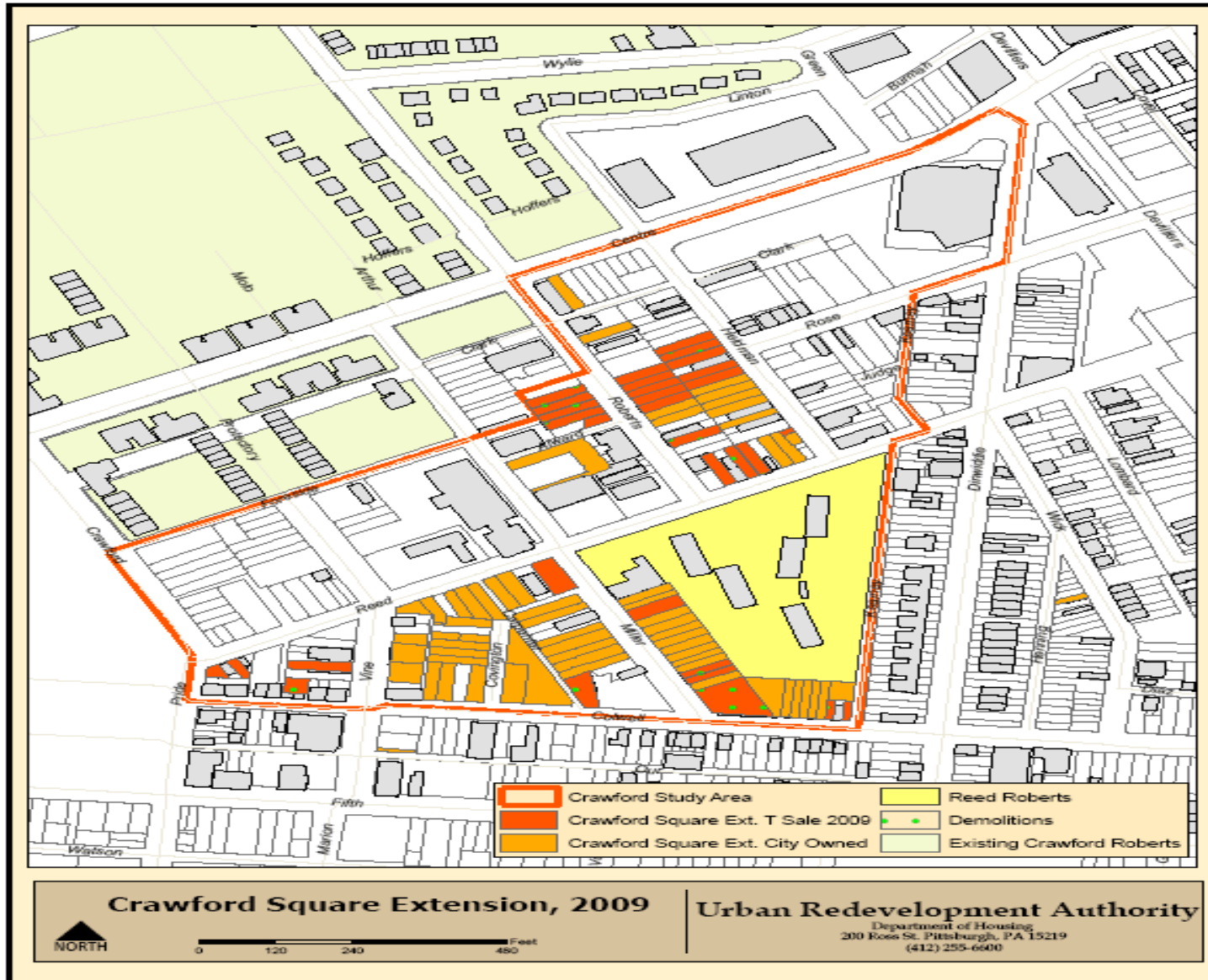
## Examples of Proposed NSP Projects in Pittsburgh

- **Liberty Park Phase II and Dinwiddie Street Phase I:** These are planned LIHTC developments – funds will be used to build on vacant land and to acquire foreclosed upon properties. Note: can only count the units towards the low income requirement if they are built on foreclosed or abandoned land.
- **Habitat for Humanity:** The new construction of homes to be sold to households below 50% of median income. Will be constructed on land that the City acquired via a tax sale.
- **Crawford Square Extension and Garfield Kincaid Acquisitions:** Funds are requested to acquire foreclosed or abandoned land in both locations for use in future low income and mixed-income developments.

# Dinwiddie Phase I Map -Hill District Targeting and Addressing Critical Need via Acquisition and Construction Units for Households below 50% Median Income



# Crawford Square Extension -Hill District Targeting and Addressing Critical Need via Acquisition



## New Program Created in Pittsburgh

- New Program Created Specifically for the NSP Program – URA identified six neighborhoods in the City of Pittsburgh to run an acquisition and rehab program for foreclosed properties.
- Chose the neighborhoods based on the HUD Critical Need Map, the City's Market Value Analysis, and the number (%s) of foreclosures in the neighborhoods.
- The Pittsburgh Housing Development Corporation, the Northside Leadership Conference, and/or Pittsburgh History and Landmarks will manage the acquisition, rehab, resale process.
- URA will streamline the lead-based paint, environmental review, and contractor selection processes.
- 50% of the units must be resold to households below 50% median income.

## Data Used to Determine Neighborhoods

Neighborhood	Foreclosure Filings	Households	Filing Rate	Foreclosed	Foreclosure Rate	Resold?	Resale Rate	MVA
Sheraden	150	2621	0.06	89	59%	65	73%	E/F
Chartiers City	13	238	0.05	5	38%	3	60%	E
Mt. Oliver	12	246	0.05	6	50%	2	33%	F
Allentown	71	1505	0.05	33	46%	24	73%	F/G
Perry South	121	2612	0.05	48	40%	34	71%	F/G
Elliott	60	1415	0.04	30	50%	20	67%	E/F/G
Knoxville	81	1923	0.04	35	43%	20	57%	E/F/G
Windgap	25	667	0.04	15	60%	9	60%	E/F
Homewood West	21	583	0.04	5	24%	3	60%	F/G
Marshall-Shadeland	87	2448	0.04	43	49%	30	70%	E/F/G
Perry North	73	2116	0.03	33	45%	20	61%	E/F
Spring Garden	20	621	0.03	10	50%	5	50%	F/G
Arlington	28	880	0.03	18	64%	11	61%	F/G
Brighton Heights	115	3664	0.03	48	42%	34	71%	D/E
Crafton Heights	57	1819	0.03	20	35%	10	50%	E/F
Beechview	126	4048	0.03	73	58%	51	70%	E/F
Esplen	7	231	0.03	2	29%	2	100%	G
Beltzhoover	38	1298	0.03	16	42%	10	63%	G
Manchester	37	1348	0.03	12	32%	10	83%	D/F
Overbrook	45	1726	0.03	22	49%	16	73%	E

## What is Pittsburgh Doing to Move Fast (in anticipation of a NSP award)?

- 1. Moving forward with the existing developments – but isolate activities that will be funded by NSP (NSP cannot be used to reimburse previously spent funds)
- 2. Identify teams who are ready to purchase the foreclosed properties as soon as NSP funds are awarded (i.e., Wood Street Commons, acquisitions in focused neighborhoods)
- 3. Put in place the staff infrastructure to run the programs (i.e., prepare Engineering and Construction Department and brief URA Board and Real Estate Loan Committee)
- 4. Be ready to initiate all environmental review clearances as soon as funds are awarded

## Looking Further into the Future – NSP 2

- NSP II - \$2B authorized under the American Recovery Act
- Not formula based –apply directly to HUD
- Eligible Applicants – State governments, a unit of general local government, a nonprofit entity or consortium of nonprofit entities.
- Applications due July 17, 2009
- Noteworthy items:
  - 10% can go to administrative costs
  - Davis Bacon wages apply
  - Point Scoring System
  - No more than 10% can be for demolition
  - Cannot demolish public housing