

Community Development and Housing



NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Request: Continue funding for NSP and homeownership, housing counseling and blight elimination programs to address the long-term destabilizing impacts of foreclosures on the hardest hit neighborhoods.

Continue foreclosure prevention efforts like the Home Affordable Refinance Program (HARP) and Home Affordable Modification Program (HAMP) to continue expanding the number of homeowners that qualify for refinancing or modifying their distressed home loans.

Support local input on implementation of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) related to keeping homeownership within reach for working households.

Background:

Phoenix neighborhoods have been devastated by one of the highest rates of foreclosed and vacant properties in the country and homeowners in distress remain at historically high levels in the city.

The U.S. Department of Housing and Urban Development (HUD) developed NSP to help mitigate the impact of the housing foreclosure crisis in high impact areas. Based on the needs index developed by the HUD to identify the neediest areas in the country, Phoenix received the fifth highest NSP2 allocation in the nation and the fourth highest NSP3 allocation.

Phoenix received three rounds of NSP funding totaling more than \$115 million. \$39 million of this was through the Housing and Economic Recovery Act of 2008 (HERA), \$60 million was part of the American Recovery and Reinvestment Act of 2009 (ARRA) and \$16 million was included in the Dodd-Frank Act. Phoenix addresses foreclosed properties through acquisition, rehabilitation, demolition, redevelopment and financial incentives. This strategy arrests blight, fills vacant homes and stabilizes impacted neighborhoods.

Before



After



Phoenix NSP Program Accomplishments:

- NSP will generate approximately 1,250 jobs between program partners, general contractors and members of the real estate community.
- More than 56 percent of NSP home rehabilitation contracts went to small, disadvantaged and minority contractors.
- 2,473 vacant, foreclosed housing units will turn back into sustainable homes.
- 607 single family homebuyers will achieve homeownership; 386 homebuyers have been helped so far, with another 221 in progress.
- 417 single family homes will be extensively improved, including installing energy-efficient systems.
- 68 percent of Phoenix NSP activity was clustered for greater neighborhood impact. 67 percent of the 12 cluster areas achieved greater sales price and vacancy improvement rates than comparable areas.



Park Lee Apartments Grand Opening

- Nine multi-family rental communities are being rehabilitated, yielding 1,866 units with 1,203 units reserved for families at or below 50 percent of the median income for the area.
- Five of the nine properties are on the city's light rail corridor and two are designated for permanent housing for homeless families and veterans.
- 14 energy-efficient homes are being built with solar power to meet the National Association of Home Builders Gold Standard, benefiting owners with up to 75 percent savings in energy costs.
- More than \$33.7 million in mortgages were invested by first-time homebuyers, which was leveraged by \$5.8 million in NSP purchase assistance.
- 32 severely blighted properties were acquired and demolished.



Recent NSP homebuyers.

Impact & Community Value:

- Use of green demolition and construction practices and installation of solar power and energy efficient systems will help secure environmental livability for future generations. Homebuyers of NSP-improved homes will realize an annual energy savings of at least \$350.
- Every two NSP-improved homes that are sold generates one new job in the community.¹
- Within the first year of purchase, a homebuyer spends an average of \$4,000 in added spending, which contributes to the local economy.¹

- Homeownership and stability positively affect property values and maintenance, crime, education, health and civic involvement.²

Phoenix maximized community engagement and leveraged partnerships with organizations such as Cesar Chavez Foundation, Chicanos Por La Causa, Habitat for Humanity, Neighborhood Housing Service of Phoenix, Foundation for Senior Living, Mandalay Communities and Wells Fargo to further stabilize and improve Phoenix neighborhoods through community-building programs and initiatives.

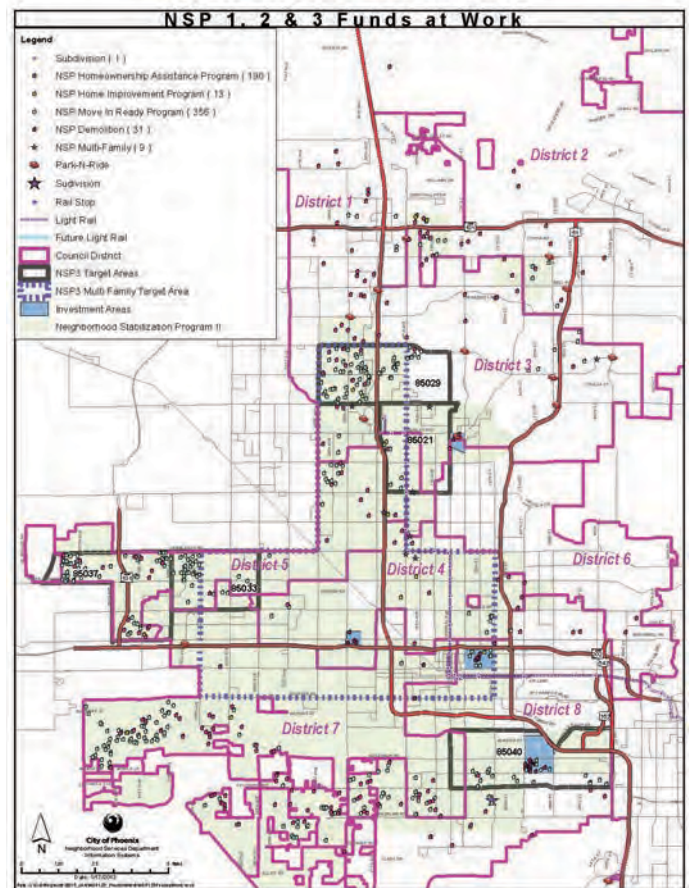
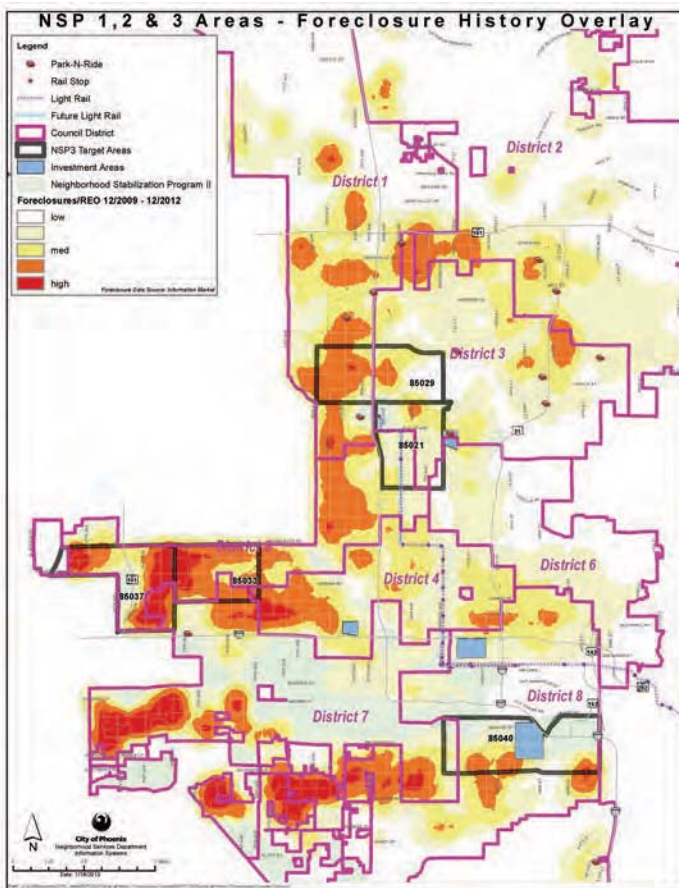
One neighborhood at a time, NSP is turning vacant, foreclosed houses back into homes, resulting in more desirable communities where people want to live, work and play.

As the economy and housing market continue to improve, homebuyer education will be critical to successful first-time homebuyers and post-foreclosure homebuyers. Community education and outreach, housing counseling services and scam awareness campaigns also will continue to be a priority.

¹National Association of Realtors

²Rohe, University of North Carolina at Chapel Hill

Comparison of Foreclosure Intensive Neighborhoods with Neighborhood Stabilization Program Activity:



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