

Community Development and Housing



NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Subcommittee: Transportation – Housing and Urban Development (HUD) and Related Agencies

Requests: Continue funding programs such as NSP to stabilize neighborhoods with high foreclosure rates such as the proposed \$15 billion “Project Rebuild” in the American Jobs Act.

Support initiatives that address the housing market through refinancing, consumer rights, forbearance for unemployed borrowers and expanding the Housing Affordability Modification Program.

Continue foreclosure prevention efforts and housing counseling funding, which are critical to both preventing foreclosures and promoting new, financially healthy homeownership of vacant homes.

Community Value:

Phoenix received three rounds of Neighborhood Stabilization Program (NSP) funding totaling more than \$115 million: \$39 million through the Housing and Economic Recovery Act of 2008 (HERA), \$60 million through the American Recovery and Reinvestment Act of 2009 (ARRA) and \$16 million through the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). 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. Phoenix addresses foreclosed properties through acquisition, rehabilitation, demolition, redevelopment and financial incentives. This strategy arrests blight, fills vacant homes and stabilizes impacted neighborhoods.

Phoenix neighborhoods have been devastated by one of the highest rates of foreclosed and vacant properties in the country. Based on the needs index developed by HUD to identify the most needy areas in the country, Phoenix received the fifth highest allocation of funds for U.S. cities/counties in the nation for NSP2 and fourth highest allocation for NSP3.

Program Goals:

More than 2,400 foreclosed housing units will be recovered from foreclosure; turning them back into sustainable homes.

The Phoenix NSP addresses three goals: preserving stable neighborhoods, turning around changing neighborhoods and rebuilding distressed neighborhoods. Implementation of several homeownership programs plus multi-family strategies permitted Phoenix to nimbly address our complex and fluctuating housing market conditions in a range of neighborhoods. Clustering program activities in targeted areas has had a ripple effect on entire neighborhoods.

Two single-family programs incorporate renovation to add value to the homes and neighborhoods, stabilizing home prices.



Another single-family strategy includes demolition of severely blighted properties and “banking” the land for future infill home development. The subdivision pilot program will complete small, infill subdivisions that failed during the crisis. NSP demolitions include recycling of materials and rehabilitation efforts incorporate energy-efficient improvements to ensure sustainable operating expenses and long-term homebuyer success.

Phoenix uses NSP funding to acquire and rehabilitate multi-family rental properties for a mix of household incomes to stabilize neighborhoods affected by vacancies and the accompanying problems. The 'mixed income' properties will include apartment homes set aside for long-term affordability.

Accomplishments:

While the number of homes NSP will be able to directly affect is a small number in comparison to the magnitude of the foreclosure problem, Phoenix’s multi-program approach is making a difference one target area, one neighborhood, one street and one homebuyer at a time.

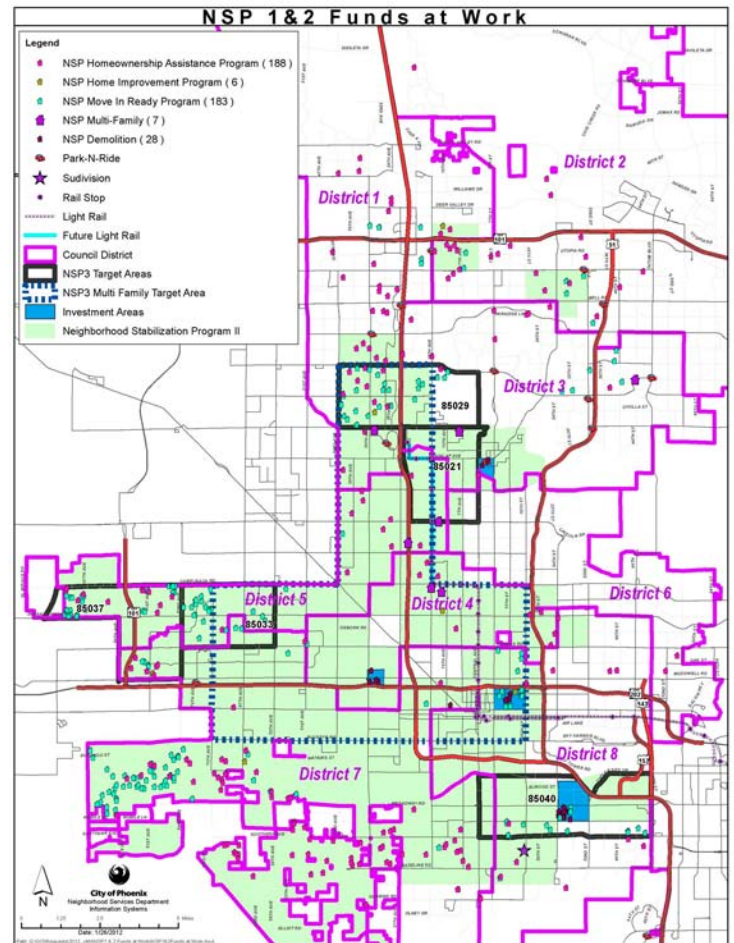
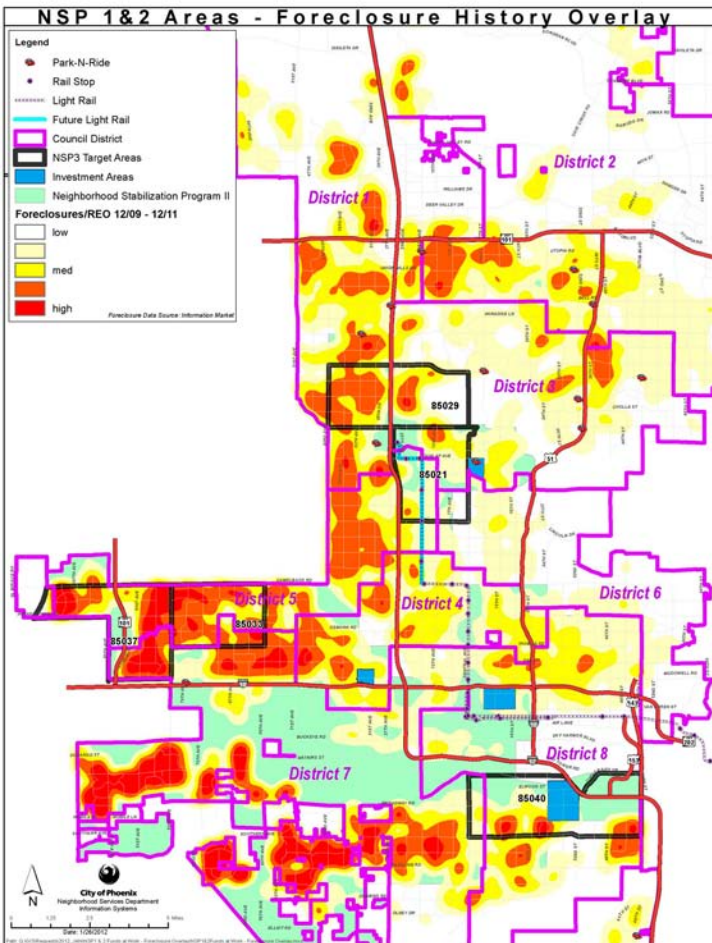
To date, NSP has made it possible to acquire eight multi-family communities yielding 1,695 units with 1,102 units reserved for families at or below 50 percent area median income. Three of the properties are on the city’s light rail corridor and one is designated for permanent housing for homeless families and veterans. All multi-family properties will receive rehabilitation, generating jobs and providing families with safe, affordable housing along major transportation routes and close to employment centers.



To date, 247 buyers have achieved homeownership through NSP assistance, turning vacant houses back into homes. This includes 58 homes with value-added renovations. Additionally the Phoenix NSP team has more than 130 homes in development to be offered for sale over the next year. More than 28 severely blighted houses have been acquired and demolished in strategic areas for development of 55 new homes near jobs and transportation. The subdivision pilot has resulted in one abandoned subdivision acquired for renewal.

NSP will create approximately 1,250 jobs for program partners, general contractors and members of the real estate community. Last quarter, one multi-family project alone generated 40 jobs.

Preventing foreclosures continues to be a priority through housing counseling services, community education, and outreach and scam awareness campaigns.



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