

# PHOENIX REPUBLIC

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## CityNorth, city battle over deal

Phoenix's attempt to revoke its \$97.4 million development agreement with the CityNorth developer is off to a rocky start.

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## Skin-care line finds niche

Entrepreneur Liz Bishop (far left) is growing Lily.B Skincare in several U.S. markets.

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## Federal funds help city

Though Phoenix still has millions in Neighborhood Stabilization Program money to spend, residents and city, state and federal officials say the program has picked up in the city. **PAGE 3**



Phoenix Mayor Phil Gordon (right) discusses the federal Neighborhood Stabilization Program with Department of Housing and Urban Development Secretary Shaun Donovan (left) and U.S. Rep. Ed Pastor. CHARLIE LEIGHT/THE REPUBLIC

## Mall owner aids pet adoption

Macerich, parent of Westcor, will not renew leases of pet stores selling live animals.

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## 2 Chipotles to open in Phoenix

The burrito and taco chain will move into CityScape and Corner on 7th in December.

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# HUD funds assist foreclosure buyers

Phoenix market sees hike in use of federal dollars

By Maria Polletta  
The Republic | azcentral.com

In 2008, Congress approved the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program, an initiative that aimed to cut down on foreclosures and abandoned properties.

Phoenix, with its high foreclosure rate, was awarded a sizable portion of NSP1, NSP2 and NSP3 funds — more than \$115 million to date.

But a couple of years after the program's creation, Phoenix resident Karen Williams still had "mixed feelings" as to whether the program was working here.

"You'd hear about the money, but you wouldn't see it," Williams said. "And then you'd see new development going on and say, 'What's going on here when we've got empty homes all over the place?'"

Though the city still has millions in NSP money to spend, local residents and city, state and federal officials say the program has picked up speed in Phoenix in recent months. The officials, including U.S. Secretary of Housing and Urban Development Shaun Donovan, gathered at an NSP-rehabilitated home in south Phoenix last week to celebrate the area's progress.

More than 200 Phoenix homebuyers — about 90 percent of whom are first-time homebuyers — have purchased foreclosed homes for their primary residences using NSP homeownership purchase-assistance loans, according to NSP marketing and customer-services manager Lisa Everhart.

More than 150 foreclosed homes have been purchased by NSP development partners, which include non-profit and for-profit organizations; six multi-family properties have been pur-



Housing and Urban Development Secretary Shaun Donovan talks about the importance of the federal Neighborhood Stabilization Program in the South Mountain area of Phoenix. CHARLIE LEIGHT/THE REPUBLIC

chased to be rehabilitated; and more than 20 blighted properties have been purchased for demolition and development, Everhart said.

Williams will be one of the newest NSP-assisted homebuyers, moving into a home near 16th Street and Baseline Road by Thanksgiving. She was in the audience at last week's event, where Donovan called Phoenix "ground zero for the housing crisis" and said he thought the key to the uptick in efficiency had been "streamlining" participation requirements and "making (the program) more flexible, making it a tool that could be more adapted to local conditions."

Getting input from area partners with Phoenix-specific expertise was critical when it came to modifying the requirements to fit the needs of the local population, she said.

"The situation on the ground in

Phoenix is very different from Detroit, where there are issues that have existed for 30 years and you may be doing more demolition than renovation," he said. "We came and sat down with groups who were trying to implement it at the city of Phoenix and said, 'What can we do to make this program more effective?' ... I think we've gotten it right, and that's allowed it to accelerate significantly."

Community-development organization Chicanos Por La Causa, which primarily works in metro Phoenix and Santa Cruz County, was one of the Phoenix partners involved in those discussions.

President and CEO Edmundo Hidalgo agreed that changes to some participation requirements had helped, but he pointed to many potential buyers' hesitancy to purchase a home as another factor for delays in using up NSP

funds.

"There were a lot of people who were still wondering if we were going to have a double-dip recession, and so for a lot of folks who could've taken advantage ... it was that doubt regarding values," he said.

Young people especially were "standing on the sidelines and deciding to be renters on purpose and saying, 'I'm going to wait it out. I don't want that uncertainty,'" he said.

Still, Hidalgo said Chicanos Por La Causa expects to close between 20 to 40 Phoenix homes a month in the next few months.

Phoenix Neighborhood Services Deputy Director Kate Krietor said increased interest in the program may simply be a function of better publicity — primarily word-of-mouth from happy NSP homebuyers.

"We'd like to believe that the program has gotten better under-

**“** We'd like to believe that the (HUD Neighborhood Stabilization) program has gotten better understood.”

**KATE KRIETOR**

Phoenix Neighborhood Services deputy director

stood," Krietor said. "Buyers in this program are insulated from some of the market shifts — they're getting a down payment and principal reduction through the program, and that helps them in case prices still go down a bit."

Whatever the reason for the quicker pace, Congressman Ed Pastor said he was especially happy to see results in Phoenix in light of questions regarding whether federal intervention had been necessary in the first place.

"I was asked, 'Why is the government involved? This should be the private sector,'" he said. "In many cases, you've had private investors, you've had realtors, you've had some finance companies get involved in the private venture. And in some areas they've found success."

"But the problem is that the impact is not large enough," he said. "The problem is a lot bigger. So, that's when the various public sectors — the city, the county, the state and in this case, the federal government — they need to come in and say, 'We need to stabilize the neighborhoods.'"

Williams, the NSP skeptic-turned-homebuyer, said she has seen increased stability near her new home since she started her application paperwork this past summer.

"When I initially looked at the house, I did notice a couple of foreclosure signs," she said. "But I've been driving around since I've been in the process (of buying the home), and they're not there anymore. That's an excellent sign."

More information: phoenix.gov/residents/stabilization.