Community Revitalization
Department

NSP Updates
Purpose of NSP

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes, the goal of the program is being realized.
Eligible Census Tracts
As part of the Consolidated Plan process, target neighborhoods were chosen for concentrated use of revitalization funding. NSP rehabilitation homes were added to the target approach.
NSP Budget

Total Budget:
$214,437 = Administration
$960,000 = Acquisition and Rehab (< 120% AMI)
$536,095 = Acquisition and Rehab (< 50% AMI)
$433,847 = Demolition of Blighted Properties

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Total = $2,144,379
Demolition

- 36 properties demolished since July 2009
- Final demolition under the NSP allocation was completed in November 2010
Renovation Selection Process

• Identify abandoned/foreclosed homes in target neighborhoods
• Input cost estimates into HUD provided feasibility spreadsheet to see if it meets thresholds
• Submit offer and complete pre-purchase appraisal. If applicable, renegotiate price with seller to ensure 1% discount requirement is met. Appraiser obtained through RFP.
• Prepare and review closing documents and close sale
• Bid out rehabilitation work via sealed bid method and award to lowest and best bidder.
• List property for sale with a RFP procured Realtor
Renovation Process

**HUD Stated Purpose:** Reoccupy vacant homes with taxpaying families. Flipping houses and breaking even was not the goal. The goal was to stabilize and strengthen neighborhoods. It should also be noted that NSP regulations prohibit making a profit on the sale.

**HUD Development Subsidy:** HUD strongly recommended a *minimum* development subsidy of $75,000 per house.

**City Development Subsidy:** We set our development subsidy at a *maximum* of $75,000 per house.
Renovation Process

Extensive HUD provided spreadsheet used to ascertain feasibility of each project, to ensure project stays within subsidy limits, and to track expenses and regulatory compliance.
<table>
<thead>
<tr>
<th>Property Address</th>
<th>Target Neighborhood</th>
<th>Ward</th>
</tr>
</thead>
<tbody>
<tr>
<td>915 Malvern</td>
<td>Lakeside</td>
<td>1st Ward</td>
</tr>
<tr>
<td>1103 Fourteenth Ave</td>
<td>Prospect</td>
<td>2nd Ward</td>
</tr>
<tr>
<td>100 Red Bud</td>
<td>El Dorado</td>
<td>3rd Ward</td>
</tr>
<tr>
<td>3523 Jewell Ave</td>
<td>Dixie Heights</td>
<td>1st Ward</td>
</tr>
<tr>
<td>Property Address</td>
<td>Target Neighborhood</td>
<td>Ward</td>
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<td>------------------</td>
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</tr>
<tr>
<td>2605 Elmo</td>
<td>Wildwood</td>
<td>3rd Ward</td>
</tr>
<tr>
<td>1016 Gage</td>
<td>n/a</td>
<td>1st Ward</td>
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<tr>
<td>2210 Arlington</td>
<td>Highlands</td>
<td>2nd Ward</td>
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<tr>
<td>221 Harrison</td>
<td>Sunset/Park Pl</td>
<td>3rd Ward</td>
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<tr>
<td>1018 Yankee Rd</td>
<td>Prospect</td>
<td>2nd Ward</td>
</tr>
<tr>
<td>2100 Tytus Ave</td>
<td>Lakeside</td>
<td>1st Ward</td>
</tr>
</tbody>
</table>
Benefits to Date

1. $1.6 million pumped into the local economy since 2009.
2. All of the houses have sold at the top of the market in that neighborhood. By paying list price, comps in the neighborhood rise, helping stabilize housing values.
3. Every NSP renovated house has sold within 30 days of being placed on the market.
4. Of the 5 houses closed, 4 have moved new families INTO Middletown from other areas.
5. At the end of the renovation process, the City will have 10 dilapidated homes replaced with renovated, maintenance-free exterior houses occupied by tax-paying families as their primary residence.
6. Local contractors and realtors were used in the NSP program, adding to local employment.
7. The homebuyer subsidy is preserved in a 15 year second mortgage on the house. If and/or when the homeowner sells the property in that time, some of the subsidy will be returned to the City.
8. Funds from the sale of renovated houses are being reinvested in demolition of blighted housing.
1103 Fourteenth Avenue had been vacant since Feb. 2009
1103 Fourteenth Avenue
Occupied by Family who moved to Middletown from Florida.
Frequently Asked Questions

Why doesn’t Council approve each purchase and sale of property?

When the program was set up in 2009, the enabling legislation permitted the City Manager to purchase, renovate, and sell NSP properties within the regulations.
Frequently Asked Questions

Are we building new houses under NSP?

Yes – in two cases, it was more cost effective to demolish and rebuild than to renovate the existing house.

Can you do that under the NSP regulations?

Yes. Reconstruction is considered rehabilitation from a regulatory standpoint.
915 Malvern
1018 Yankee
1018 Yankee

MAIN FLOOR PLAN
684 SQUARE FEET
1428 TOTAL SQUARE FEET

UPPER FLOOR PLAN
744 SQUARE FEET
Frequently Asked Questions

Is this a positive program for the City?

There are many positives such as: the local employment of contractors and realtors, achieving code enforcement compliance and look of the neighborhood, improved property tax and income tax generation (by the purchasing family), etc.
Frequently Asked Questions

Isn’t this an expensive way to renovate houses?
Yes it is.

Is this a good use of federal tax payer funds?
HUD believes so.

If we had not accepted the grant, what would have happened? The funds would have been reallocated to other communities receiving the grant and spent on their housing.

Have we operated the program within HUD regulations and guidelines? Yes.