

NEIGHBORHOOD STABILIZATION PROGRAM 2

PROGRAM SUMMARY

Over the past decade, the City of Prichard has experienced a period of disinvestment. Since the 2000 Census, the population has decreased by 10.5%, the median household income is 43% of the national average and unemployment increased from 5.7% in December of 2007, to 10%. The foreclosure crisis has served to compound the problem. The ripple effect from the foreclosure crisis is an increase in vacancies and abandoned properties. The estimated number of mortgages to start the foreclosure process or be seriously delinquent in the past two years in Prichard is 574 or 16%; according to the US Postal data, 11% or 1,556 residential properties are vacant. The average vacancy risk score for the census tracts in Prichard is 18.54; the average foreclosure risk score is 18.69.

The Housing Authority of the City of Prichard (HACP) is applying for a \$20,000,000 grant to arrest neighborhood decline and eliminate destabilizing factors. HACP's neighborhood stabilization strategy is also designed to increase the supply of affordable housing.

HACP proposes to carry out the Neighborhood Stabilization Program 2 in census tracts: 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 61.03 and 61.05.

To achieve neighborhood stabilization, HACP proposes to use NSP2 funds to:

- Purchase and rehabilitate 50 residential properties that have been abandoned or foreclosed upon
- Acquire and demolish 300 blighted residential structures
- Establish and operate a land bank for sites not initially used for new construction
- Redevelop/construct 50 new residential rental units on demolished or vacant properties
- Redevelop/construct 25 new residential homeownership units on demolished or vacant properties

HACP will target neighborhood stabilization strategies according to the neighborhood classification. In distressed neighborhoods, HACP will use the acquisition, demolition and redevelopment approach. In declining neighborhoods, HACP will use the acquisition and rehabilitation approach.

To acquire abandoned and foreclosed properties, HACP will work with lenders, servicers, investors and governmental entities. Emphasis will be placed on bulk deals, HUD/FHA homes and properties with tax or building code liens.

HACP will draw on its experience in other affordable housing programs to provide homeownership training programs through a lease-purchase approach. To augment the physical

development activities, HACP will provide case management services to lease-purchase participants and use the HOPE VI Community and Supportive Services network to assist families overcome obstacles to homeownership.

Green building and energy-efficiency strategies will be employed in the rehabilitation and new construction specifications. The Enterprise Green Communities criteria will be incorporated in bid specifications.

Income targeting and long-term affordability are important components of HACP's Neighborhood Stabilization Program 2. All households benefiting from the program will be at or below 120 percent of AMI. A minimum of 25% percent of the funds will target households at or below 50% of AMI.

To leverage the NSP2 grant, firm commitments have been received from public and private entities for \$8,207,750 for cash funding, in-kind services, donated land, donated construction materials and services, utilities and construction loans.

NSP2 Eligible Uses	Program Budget
1- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon	\$5,500,000
2- Establish land banks for homes and residential properties that have been abandoned or foreclosed upon	\$3,000,000
3- Demolish blighted structures	\$1,800,000
4- Redevelop demolished or vacant properties as housing	\$8,125,000
5- Program Administration	<u>\$1,575,000</u>
TOTAL:	\$20,000,000

The Housing Authority of the City of Prichard and its for-profit development partner, The Mitchell Company, are in a unique position to carry out a Neighborhood Stabilization Program to combat the affects of abandoned and foreclosed properties and to increase the supply of affordable housing. Based on the recently completed \$20 million HOPE VI Revitalization Program, HACP has the knowledge, experience and team poised to implement the Neighborhood Stabilization Program 2.

On July 1, 2009, a public meeting was held to present the proposed NSP2 program design. The program summary was posted in the City of Prichard Municipal Office Complex and housing authority administrative offices, published in the Mobile Press Register on June 21 and June 28, 2009, and posted to HACP's Website: www.prichardhousing.com.