

## **Wisconsin Neighborhood Stabilization Program: Reallocated & Incentive Funds Round**

The Wisconsin Department of Commerce has announced a second round of Neighborhood Stabilization Program (NSP) funding. Earlier this year, during the first round of funding, Racine received a \$1,936,233 grant for purchase/rehabilitation/resale or purchase/demolition/new construction of abandoned or foreclosed upon properties and housing rehabilitation loans to buyers of abandoned or foreclosed upon homes. To date 12 properties have been purchased, or are being purchased: nine for rehabilitation and three for new construction. The attached map shows the location of the properties.

During that first round of funding the Department of Commerce allocated \$4,000,000 to the Wisconsin Housing and Economic Development Authority (WHEDA) for a loan-loss reserve and held back another \$2,000,000 as an incentive to be awarded to high-performing communities statewide.

As the NSP evolved during the past year WHEDA found that it no longer needed the loan-loss reserve and returned those funds to the Department of Commerce, which decided to make them available to communities in the counties hardest hit by the foreclosure crisis, including Racine. At the same time the Department of Commerce decided to make the \$2,000,000 incentive funds available statewide to communities, which have met or exceeded their project goals under their grant agreements. Applications are due January 15, 2010.

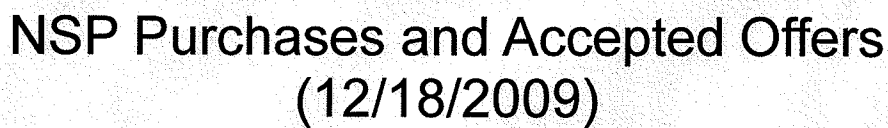
As was the case with the first round second-round funds may be used to purchase and rehabilitate homes that have been abandoned or foreclosed upon in order to sell or rent them, or to purchase such properties, demolish the blighted structure(s) on them, and redevelop them for sale or rent.

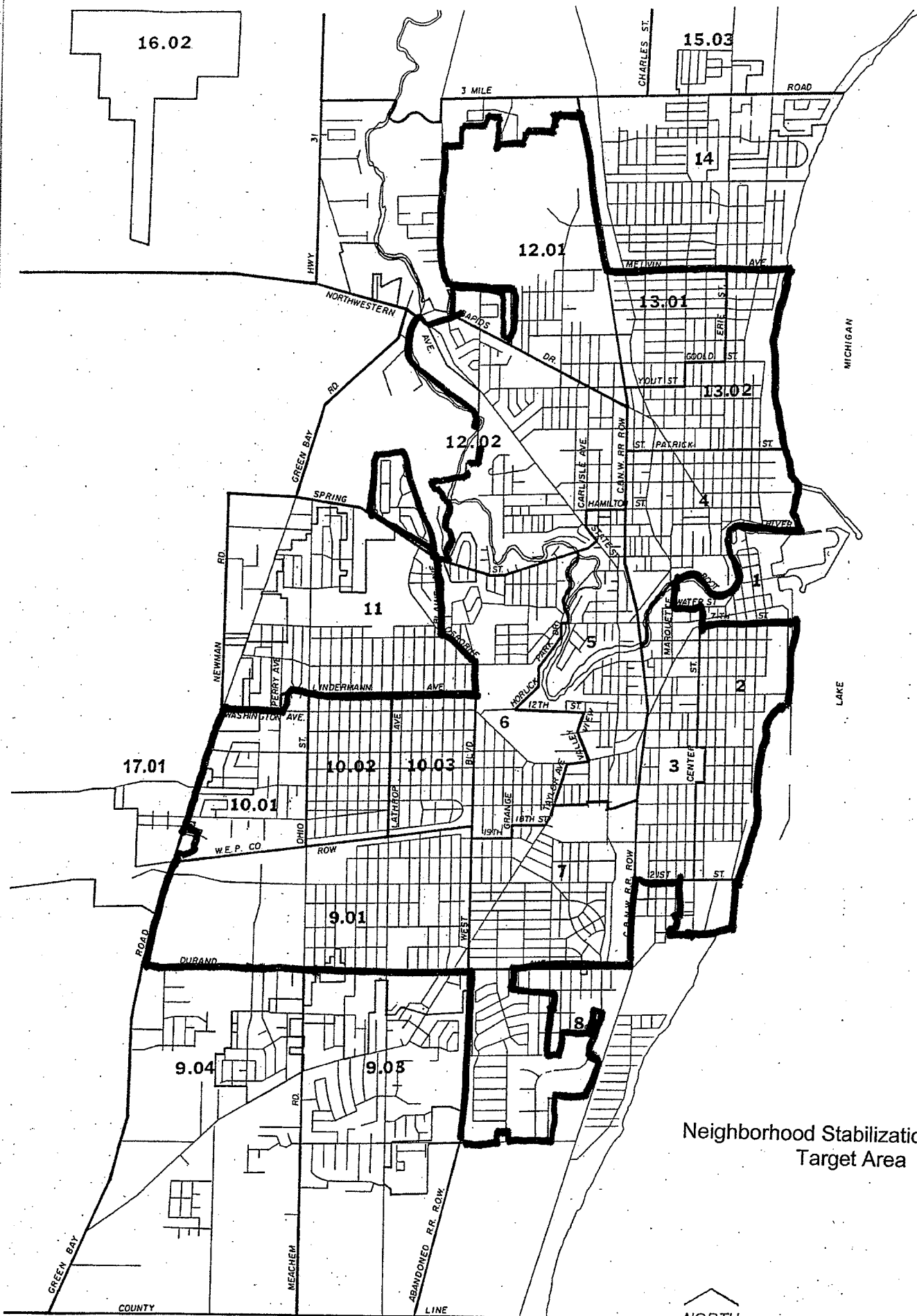
Eligible properties must be in target areas with the highest incidence and risk of foreclosure. The attached map shows the eligible target areas in Racine. Mayor Dickert has directed staff to give priority to properties in the southside Towerview neighborhood as part of a comprehensive strategy to improve living conditions there.

Eligible buyers must have incomes at or below 120 percent of the County median income adjusted for family size—approximately \$81,500 for a household of four—and have received at least eight hours of home buyer education from a certified home buyer counseling agency.

NSP regulations require that the properties be sold for no more than the amount of funds invested in them exclusive of certain carrying costs.

An NSP program budget totaling \$1,491,025 is being proposed for the second round of funding. This level of funding will allow for the purchase and rehabilitation of eight housing units and the purchase, demolition, and new construction of two more. There are also funds for required homebuyer education, down payment assistance, pre-purchase and other costs, and program administration.





Neighborhood Stabilization Program  
Target Area



**Proposed Neighborhood Stabilization Program Budget: Racine, WI  
Reallocated & Incentive Funds Round, December 2009**

<u>Activity Name</u>	<u>Activity Component</u>	<u># Units</u>	<u>Estimated Unit Cost</u>	<u>Estimated Total Cost</u>
Demolition/New Construction (Redevelopment)				
	Acquisition	2	\$ 30,000	\$ 60,000
	Demolition	2	\$ 15,000	\$ 30,000
	New Construction	2	\$ 112,500	\$ 225,000
	Homebuyer Education	2	\$ 600	\$ 1,200
	Down Payment Assistance	2	\$ 5,000	\$ 10,000
SUBTOTAL				\$ 326,200
Purchase/Rehab/Resale				
	Acquisition & Rehabilitation	8	\$ 120,000	\$ 960,000
	Pre-purchase Costs	8	\$ 3,000	\$ 24,000
	Carrying Costs	8	\$ 4,000	\$ 32,000
	Homebuyer Education	8	\$ 600	\$ 4,800
	Down Payment Assistance	8	\$ 5,000	\$ 40,000
SUBTOTAL				\$ 1,060,800
Program Administration				
	Lead-based Paint Risk Assessments	8	\$ 400	\$ 3,200
	Property Appraisals	20	\$ 800	\$ 16,000
	Property Inspections	20	\$ 500	\$ 10,000
	Construction Administration	10	\$ 6,000	\$ 60,000
	Program Monitoring & Reporting			\$ 14,825
SUBTOTAL				\$ 104,025
GRAND TOTAL				\$ 1,491,025