

## **Racine Neighborhood Stabilization Program (NSP) Property Acquisition Process**

The City of Racine has received a \$1,936,233 Neighborhood Stabilization Program (NSP) grant from the Wisconsin Department of Commerce, Division of Housing and Community Development. There are three main components to the city's NSP program: Acquisition-Demolition-New Construction (Redevelopment); Acquisition-Rehabilitation-Resale; and Rehabilitation Loans. The attached spreadsheet shows the budget for this grant and the projected breakdown for the various components.

The remainder of this report is a description of the factors, which will be used to determine which properties will be acquired under the Acquisition-Demolition-New Construction (Redevelopment) and Acquisition-Rehabilitation-Resale components of the program.

In order to be considered for acquisition, properties must be foreclosed upon or abandoned as defined by the NSP grant regulations. A **foreclosed** property is one whose title has been transferred from the former owner through mortgage or tax foreclosure procedures, or transfer in lieu of foreclosure, as provided by state law. Because the NSP program requires that relocation costs be paid to any occupants of an NSP property, a foreclosed property will not be considered if it is occupied.

An **abandoned** property is one for which mortgage or tax foreclosure proceedings have commenced, no mortgage or tax payments have been made for at least 90 days, and has been vacant for at least 90 days.

For either type of property to be considered, the foreclosing party has to be **accessible**, that is, represented by a real estate or property management firm, the staff of the foreclosing party, or another similar arrangement. The names, telephone numbers, or e-mail addresses of contact people must be readily available.

Prior to purchase, properties will be appraised by an independent appraiser. It is anticipated that 14 properties—four for Demolition-New Construction, ten for rehabilitation--will be acquired through this program. Within the limits of available resources and the provisions of the grant agreement, an effort will be made to achieve an optimal geographic representation of Racine's neighborhoods. Copies of the quarterly reports made to the Department of Commerce will be available in hard copy and on-line. In addition, a data base tracking the property acquisition process will be maintained and available on-line.

**Proposed Neighborhood Stabilization Program Budget: Racine, WI  
(Revised June 10, 2009)**

<u>Activity Name</u>	<u>Activity Component</u>	<u># Units</u>	<u>Unit Cost</u>	<u>Estimated</u>	<u>Estimated Total Cost</u>
Demolition/New Construction (Redevelopment)					
	Acquisition	3	\$ 35,000	\$	105,000
	Demolition	4	\$ 10,050	\$	40,200
	New Construction	4	\$ 175,400	\$	701,600
	Homebuyer Education	4	\$ 600	\$	2,400
SUBTOTAL				\$	849,200
Rehabilitation Loans to Purchasers					
	Homebuyer Education	10	\$ 600	\$	6,000
	Rehabilitation Loans	10	\$ 25,000	\$	250,000
SUBTOTAL				\$	256,000
Purchase/Rehab/Resale					
	Acquisition	10	\$ 40,000	\$	400,000
	Rehabilitation	10	\$ 22,500	\$	225,000
	Pre-purchase Costs	10	\$ 2,500	\$	25,000
	Carrying Costs	10	\$ 4,000	\$	40,000
	Homebuyer Education	10	\$ 600	\$	6,000
SUBTOTAL				\$	696,000
Housing Subtotal				\$	1,801,200
Program Administration					
	Lead-based Paint Risk Assessments	20	\$ 400	\$	8,000
	Property Appraisals	20	\$ 800	\$	16,000
	Property Inspections	20	\$ 500	\$	10,000
	Construction Administration	14	\$ 6,607	\$	92,498
	Program Monitoring & Reporting			\$	8,592
SUBTOTAL				\$	135,090
GRAND TOTAL				\$	1,936,290

Neighborhood Stabilization Program Income Limits, 2009

Household Size	Low Income	Moderate Income	Middle Income
1 Person	\$23,750	\$38,000	\$57,000
2 Persons	\$27,150	\$43,450	\$65,160
3 Persons	\$30,550	\$48,850	\$73,320
4 Persons	\$33,950	\$54,300	\$81,480
5 Persons	\$36,650	\$58,650	\$87,960
6 Persons	\$39,400	\$63,000	\$94,560
7 Persons	\$42,100	\$67,350	\$101,040
8 Persons	\$44,800	\$71,700	\$107,520

Effective March 19, 2009