



# **Neighborhood Stabilization Program 3 - Delaware**

Overview

January 24, 2011

## NSP3 Key Information

- Delaware can access up to \$5 million
- NSP3 grantees must expend 50 percent of their grants within 2 years and 100 percent of their grants within 3 years
- No less than 25 percent of the funds shall be used to house individuals and families whose incomes do not exceed 50 percent of area median income
- Must target neediest census tracts

# Eligible Census Tracts Kent and Sussex Counties

## Kent County Eligible Census Tracts

Census Tract	Jurisdiction	County	Need Score
408.00	Dover	Kent	13
414.00	Dover	Kent	13
430.00	Harrington	Kent	13

## Sussex County Eligible Census Tracts

Census Tract	Jurisdiction	County	Need Score
502.00	Georgetown	Sussex	14
518.02	Laurel	Sussex	14

# Eligible Census Tracts

## New Castle County and Wilmington

### Eligible Census Tracts in New Castle County

Census Tract	Jurisdiction	County	Need Score
154.00	New Castle	New Castle	18
156.00	New Castle	New Castle	18
158.00	New Castle	New Castle	17
160.00	New Castle	New Castle	17
155.00	New Castle	New Castle	16
149.03	Bear	New Castle	15
150.00	New Castle	New Castle	15
152.00	New Castle	New Castle	15
159.00	New Castle	New Castle	15
149.05	Bear	New Castle	14
103.00	Claymont	New Castle	13
139.01	Brookside	New Castle	13
141.00	Brookside	New Castle	13
147.03	Brookside	New Castle	13
148.08	Glasgow	New Castle	13
163.02	Bear	New Castle	13

### Eligible Census Tracts in Wilmington

Census Tract	Jurisdiction	County	Need Score
7.00	Wilmington	New Castle	19
3.00	Wilmington	New Castle	17
5.00	Wilmington	New Castle	17
6.01	Wilmington	New Castle	17
21.00	Wilmington	New Castle	17
6.02	Wilmington	New Castle	16
17.00	Wilmington	New Castle	16
22.00	Wilmington	New Castle	16
27.00	Wilmington	New Castle	16
23.00	Wilmington	New Castle	15
9.00	Wilmington	New Castle	14
16.00	Wilmington	New Castle	14
26.00	Wilmington	New Castle	14
15.00	Wilmington	New Castle	13

# Overview of Expected Funding and Outputs

## Financial Breakdown NSP<sub>3</sub>

Uses	Dollars
Administration	\$350,000.00
Set Aside for Households 50% and under AMI	\$1,250,000.00
Financing Mechanisms	\$3,400,000.00
Total NSP <sub>3</sub> Grant	\$5,000,000.00

## Expected Outputs NSP<sub>3</sub>

Homes Assisted	Number Assisted
Households under 50% AMI	5
Buyer Initiated Homes	68
Total Homes	73

# NSP3 Proposal

## Statewide Buyer Initiated Program

- DSHA proposes to use \$3.4 million for financing mechanisms to provide downpayment and closing cost assistance to at least 68 buyers.
- NSP3 funds would be used in conjunction with first-time homebuyer program and/or the 203k Program which allows for purchase and rehabilitation of homes to provide very attractive financing packages for these homes.

# **NSP3 Proposal**

## **Statewide Buyer Initiated Program**

Used the NSP<sub>3</sub> Design Guidebook to:

- Identify data for market analysis
- Identify community needs and goals
- Assess resources and capacity

# Buyer-driven Homeownership

## Recommended Market Types

- Stable or strengthening
- Scattered foreclosures
- Suitable homes likely to need little or no rehabilitation

*NOTE: Works better when buyers can select houses in a broader geography rather than from one small restricted area.*



# Buyer-Driven Homeownership Grantee Community Goals

- Reoccupy qualified homes
- Enhance affordability
- Increase homeownership for LMMI
- Target revitalization efforts to increase impact

# Buyer-Driven Homeownership

## Key Capabilities Required

- Intensive staffing to help multiple buyers learn and meet NSP regulations
- Assistance with acquisitions and finding 1st mortgage financing
- Processing 2nd mortgages, if applicable
- Homebuyer education/counseling
- *NOTE: Rehabilitation financing is more labor intensive and challenging.*

# Buyer-driven Homeownership

## Uses of NSP

- Homeowner 2nd mortgage assistance
- Down payment and closing cost assistance
- Rehabilitation financing

# NSP3 Proposal

## Special Needs Rental Housing for Households with Incomes at 50% of AMI or Less

To address the NSP requirement that at least 25% of the funds assist households with incomes at 50% AMI or less, we propose a set-aside of 25% of funds to be used by non-profit organizations serving special needs populations to purchase homes and rehabilitate them, if necessary.

- Homes will be for low-income rental housing
- Average cost of \$250,000 per house
- Expect to complete at least five homes

## Strengths of Buyer Initiated Model

- Provides statewide assistance - same program available throughout the state.
- Have \$19.6 million in NSP<sub>1</sub>, \$10 million in NSP<sub>2</sub>, plus program income going to mostly purchase/rehabilitation and redevelopment activities. Have spending deadlines and capacity issues relative to production.
- Provides an alternative way of moving foreclosed properties, similar to the Sussex County NSP<sub>1</sub> program that has proven successful.

# Timeline

- Amendment to HUD must be substantially complete and to DSHA Director's office for review by February 7, 2011.
- Public Review must begin by February 14, 2011.
- Amendment due to HUD March 1, 2011.



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