



PROJECT FEASIBILITY ANALYSIS:
How to Evaluate, Structure & Market Your Housing Deals with NSP & HOME

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NSP Project Feasibility Objectives

1. Learn how to combine financial feasibility analysis with NSP & DCED compliance requirements for single-family homebuyer rehab or new construction
2. Employ feasibility benchmarks to determine whether a house should be assisted with NSP funds for homebuyer purchase
3. Marketing Strategies - How to Sell Value, Functionality, Affordability and Quality of Life
4. Track NSP Funds in Homebuyer Projects.
5. Consider Ways to Link Buyers with Accessible and Affordable Mortgages & Down Payment Assistance
6. Incorporate DCED compliance documentation to feasibility analysis process.



Training Agenda – Day One

9:00	Welcome & Introductions: How's It Going?
10:00	Introduction to Project Feasibility Analysis <ol style="list-style-type: none"> 1. Defining Neighborhood Stabilization and its components 2. Getting Started: An Initial Inspection and Assessment of Your Potential NSP Projects The Project Feasibility Analysis Tool: Setting it up to begin analysis <ol style="list-style-type: none"> 1. Program Guidelines, Rules and Policies of Your NSP 2. Financial Feasibility Criteria 3. Program Partner Incentives
12:00	LUNCH
1:00	Pennsylvania DCED: NSP Update Welcome to the Project Feasibility Analysis Tool: <ol style="list-style-type: none"> 1. Case Study Approach: An REO Agent tells you about a Property...
4:30	ADJOURN and Thank you!



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Training Agenda – Day Two

9:00	Welcome & Review
9:30	The Project Feasibility Analysis Tool: Structuring Your Deal <ol style="list-style-type: none"> 1. Consumer-driven Model vs. Developer-driven Model 2. Development Budget 3. Homebuyer Affordability Analysis 4. Sources & Uses Budget
12:00	LUNCH
1:00	Getting Your NSP-assisted Units Sold in a Slow Economy <ol style="list-style-type: none"> 1. Strategies to sell your Neighborhood and Product 2. Rehab Standards to make Your Home the “Nicest on the Block” 3. Viral Marketing and Your Local Networks 4. Homebuyer Financing
2:30	Let's Analyze Your Deals <ol style="list-style-type: none"> 1. Tipping Point Neighborhoods 2. Redevelopment Areas 3. Buyer-Driven Models
4:30	ADJOURN and Thank you!



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Tell Us About Your NSP

1. Describe Market Conditions in Target Neighborhoods: What's Selling? Who's Buying?
2. What are your planned uses of acquired properties?
 - % Demolition, % Homebuyer, %Rental?
3. What challenges and opportunities have you encountered?
 - Acquisition
 - Rehab
 - Marketing for sale or rent
4. What would you like to get out of this training?



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Begin with the End in Mind

What do you seek to achieve with Your NSP?

- Affordable Housing
- Community Development
- Get the NSP money out the door
- Do well on the Compliance Audit

Who are Your Target Markets? How are you reaching out to them?

What do you want your finished product to be?

Where are you focusing acquisition?



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“Neighborhood Stabilization” Defined for Pennsylvania’s Market Challenges

HOME, CDBG and other Federal, State and Local Community Development Programs, traditionally, focused on:

- 1. Preservation**
- 2. Revitalization**
- 3. Redevelopment**

This economic recession and housing crisis redefined our profession and switched our focus to ***“Stabilization.”***



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Stabilizations Strategies based on Neighborhood Type

Redevelopment Area

Tipping Point Area

- **What is your definition?**
- **How do Neighborhood Types impact Marketability?**



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What is the ***PROGRAM*** Focus of Your NSP Allocation?

- Acquisition, Demolition and Redevelopment
- Scattered-Site Purchase Rehab and Sale
- Scattered-Site Purchase Rehab and Rental
- Multifamily Rental
- Acquisition and Land Bank Until a Market and Use Emerges



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What is the ***GEOGRAPHIC*** Focus of Your NSP Allocation?

- Describe Your Target Neighborhoods
- What Properties are You Targeting?
- How's Your NSP Acquisitions going?
- Tipping Point Neighborhoods
 1. Difficult Acquisition, but Easy Re-sell
 2. If competing with private market, maybe focus just outside this "hot" market
- Redevelopment Areas
 1. Easily acquire, but Difficult Re-sell
 2. Can you reach a critical mass for redevelopment?



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Capital Access, Inc. Approach to *“Neighborhood Stabilization”*

- Re-use of Foreclosed and Abandoned Property to Stabilize Targeted Blocks. *“Make the NSP Home the Nicest on the Block!”*
- Code Enforcement on Vacant and Rental Property. Challenge Mortgagees to Maintain their properties.
- Homeowner and Rental Rehabilitation
- Streetscape Improvements
- Multifamily Rental where feasible
- Community Policing and Organizing



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The Components of *“Neighborhood Stabilization”* (cont'd)

Make the *NSP Home the Nicest and Highest Value Home* on the Block!

Incorporate in your Rehab Specs:

- Code Compliance
- Energy Efficiency
- Marketability



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“Practical Eco-Groovy”:

Making a House Energy Efficient with NSP

- HVAC
- Insulation
- Roof
- Windows and Doors
- Appliances
- What best practices do you utilize?



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Making a House Marketable with NSP

- Add a covered porch
- Add a bathroom to make it 2-bath
- Upgrade Exterior Finishes (*Fence & Front Door*)
- Landscaping
- Appliances
- Interior Finishes & Finish Carpentry
- Hardwood instead of Carpet, Tile instead of Linoleum
- What do you use to attract homebuyers?



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Results of Coordinated
“Neighborhood Stabilization”

**Affordability + Function + Safety +
Gorgeous = Value**

VALUE = HOME SALES

• ***Goals:***

- A Brand New 50-Year Old House that’s in Move-In Condition
- Work in neighborhoods with a “There There”
- Demo & Land Bank where you need to Start Over



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**Using NSP to Acquire
REO Properties**



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Universe of Foreclosed Properties

- REO Listings
- Tax Lien Foreclosed Properties
- Mortgage Foreclosures via Trustee's/Sheriff's Sale
- Bulk Purchase

REO Listings are best & safest bet!



Overview:

NSP Acquisition of Foreclosed Properties

Part 1: Before You Buy...

- Understand NSP Definitions and Compliance Considerations
- Form Your Acquisition Team
- Plan for Success... Understand the Marketability and Neighborhood Typology of Targeted Property



Overview:

NSP Acquisition of Foreclosed Properties

Part 2: Go Forth and Acquire!

- **Form Relationships with REO Agents**
- **Find and Narrow Down the REO Listings**
- **Conduct Your Due Diligence**
- **Have Your Acquisition Agent Negotiate, Close the Deal, and Buy the Property**



Overview:

NSP Acquisition of Foreclosed Properties

Part 3: Setting up Your Compliance & Management Systems for an IG Audit

- **Your Acquisition Checklist and Process**
- **Setting up the Acquisition File**



Part 1: Before You Buy....

NSP Compliance Considerations



NSP Due Diligence

Required for Every Property Acquisition!

1. Environmental & Historic Review
2. URA Notice of Voluntary Acquisition
3. Third Party Appraisals (*or valuation if \$25,000 or less*)
4. Purchase Price at 1% Discount of As-Is Appraised Value
5. Proof of Foreclosure and Vacancy



NSP Due Diligence: APPRAISALS

What Appraisal Qualifies? 49 CFR 24.103

- Completed within 60 Days of Final Offer
- Five Elements of Appraisal:
 - (1) Property Description
 - (2) Approach to Value
 - (3) Comparable Sales
 - (4) Statement of Property Value
 - (5) Valuation Date with appraisal date, signature, & certification of appraiser

- Source:

http://www.schousing.com/library/NSP/appraisal_guidance%20NSP.pdf



NSP Due Diligence: APPRAISALS

What Valuation Qualifies? 49 CFR 24.102(c)

- Estimated Market Value at or below \$25,000
- Completed within 60 Days of Final Offer
- Five Elements of Valuation:
 - (1) Based on Review of Available Data, e.g.:
 - Assessed Value
 - Market Comparables
 - (2) Statement of Property Value
 - (3) Valuation Date with date, signature, & certification of person who made valuation



<http://www.fhwa.dot.gov/realestate/pdg7.htm>

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NSP Due Diligence: *APPRAISERS*

Which Appraisers Can You Use?

- Develop the Appraisal Scope of Work and Procure Qualified, Independent Appraisers
- Lender's Appraiser and Appraisal are eligible if conducted in accord with regulations
- Grantee may use In-House Appraiser (which requires no procurement or scope of work)

Source:

http://www.schousing.com/library/NSP/appraisal_guidance%20NSP.pdf



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NSP Due Diligence:

Proof of Foreclosure and Vacancy

What proves Property is Foreclosed Upon?

- Deed showing that ownership transferred from the Homeowner to the Bank
- REO Agent should have this, if not the County Clerks or Recorder's Office

What proves Property is Vacant?

- Utilities shut off or transferred over to Bank
- Appraiser notes that property was vacant during his inspection
- Visit the property yourself and cite in the file that it is vacant



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NSP Due Diligence: *Proof of Abandonment*

What proves Property is Abandoned?

- Any legal notice demonstrating foreclosure proceedings begun (Notice of Lis Pendens)
- Any legal notice demonstrating that tax or mortgage payments not made for at least 90 days (Notice of Default; letter from Bank)
- See Proof of Vacancy Slide

However, due diligence to prove Abandonment while meeting NSP & Federal Requirements is challenging, time consuming & risky.

Better to stick with REOs!



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Part 1: Before You Buy... Forming Your Acquisition Team



NSP Acquisition Team

External Team of Professional Services:

- Conduct a Request for Qualifications to Form Your Team of NSP Program Partners:
 - Appraisers
 - Title Companies
 - Lead Based Paint & Environmental Risk Assessors
 - Realtors
 - Developers / Rehabbers / General Contractors
 - Housing Counselors



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NSP REO Acquisition Team

Internal NSP Management Team

- Who is Going To Do The Work?
- What are the Tasks?
 - Is there Staff Available or Do You Outsource?
 - How long does this all take?



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Part 2: Go Forth and Acquire! How to Get Real Estate Owned (REO) Listings...Today



Who Manages Foreclosed Property for the Banks?

- **Real Estate Owned “REO” Representative:**
 - Bank or Lender in charge of REO division
 - Asset manager within bank or contracted by bank
 - Realtor broker and agents for Bank or Lender
 - Attorney for Bank or Lender



Sources of REO Listings

- Realtor Listings
- Multiple Listing Service
- Newspaper
- Internet
- Foreclosure Attorneys
- Clerk at Sheriff Sale Office
- Elected Officials Yelling at You About A Blighted Property on.....



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Cultivating Relationships for REO Listings and Acquisition Negotiation

What Information Do You Need to Provide An REO Listing Agent?

- NSP-Eligible Target Area Boundaries
- NSP Funds available for Acquisition
- NSP Contingencies
- Property Condition and Amenities



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Cultivating Relationships for REO Listings and Acquisition Negotiation

NSP Restrictions and Contingences:

1. Foreclosed or abandoned properties
2. Residential properties only:
 - Single family
 - Multifamily rental
 - Vacant land zoned residential
3. Time to perform NSP Appraisals and Requirements and Due Diligence Inspections Analysis



Part 2: Go Forth and Acquire!

NSP Acquisition Due Diligence to
Identify Target Properties
Get Ready to Negotiate a Purchase



Getting Started: Initial Examination of Your Potential NSP Projects

- Conduct your due diligence/inspection on properties in your existing portfolio or those you want to acquire
- Seeks to answer:
 - Property marketable after improvements?
 - Neighborhood have amenities attractive to a range of buyers?
 - Project completed cost effectively?
 - Meet NSP requirements?



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Step 1: Narrowing Down the List by GEOGRAPHY

- Compile and Map the Listings in Your Focus Areas
- Is the Property in a **Tipping Point** or **Redevelopment** Area?
 - Vacancy and Homeownership Rates
 - Trends in Sales Activities and Prices
 - Competition with Other Investors
 - Proximity to Anchors and Amenities
 - Recent Public Investment and/or Planning




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Step 2: Examine the MLS

Step 2: Examine the MLS

902 S 54th St, Philadelphia, PA 19143



RES ACT \$34,900



General		Ownership: FeeSimple		 Beds, Baths: 3 1/0	
MLS #: 5427443	Subdiv / Nel: Phila (southwest)	Type: Twin/Semi-De	Age: 83		
DOM: 156	School Dist: Philadelphia	Design: 2-Story	Int Sq Ft: 1,280/ A		
MLS Area: 19143 19143	- High:	Style: Contemporary	Unit Fr #: AC: N		
County: Philadelphia	- Middle:		Map Grid: 8101B4		
Tax ID #: 513000300	- Elem:				

Room Dimensions		Other Information	
LRGR: 0 x 0 M	Main BR: 0 x 0 U	Total Rooms:	
Dining: 0 x 0 M	2nd BR: 0 x 0 U	Bath Full: 0M 0U 0L	
Kitchen: 0 x 0 M	3rd BR: 0 x 0 U	Bath Part: 0M 0U 0L	
Family:	4th BR:	Model:	
Inclusions:		Builder:	
Exclusions:			


Tax Information:	Association Information:	Lot Information:	
RE Taxes / Yr: \$500 / 2008	Condo / HOA: N / N	Acr / SqFt: 0.04 / 1,784	Land Use: H30
Assessment: 7204	Assoc Fee / Freq:	Lot Dim: 22X83	Zoning: R5
			Waterfront: N

Utilities: Gas/Hot, Gas/HotWater, NoA/C, PublicWater, PublicSewer
Parking: NoGarage, Street/Parking Exterior: BrickExt, NoPool
Bsmnt: FullBasement Interior: NoFireplace, NoModifs/Unk, NoLaundry KIT: EatInKitchen, GasCooking,
Cond: FixUp/TLC Show: CallToShow

Remarks:
 Public: Large Twin property that is in need of full rehab. Property is sold in AS IS condition and seller makes no warranties or representations to the condition of the property. Buyer is responsible for use. All offers will be presented.
Directions:

© Copyright 2009 TREND - All information, regardless of source, including square footages and lot sizes, should be verified by personal inspection by and/or with the appropriate professional(s). The information is not guaranteed. Created: 03/03/09 02:57 PM

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Step 3: The Property Inspection

- “Seeing is Believing.” Drive around to view targeted listings and its surroundings
- Access to Property for Inspection
 - *Ensure vacancy!*
 - Confirm structurally sound
 - Indicate potential environmental issues
 - Rough estimate for scope of work and cost

Step 4: Using the NSP Team

- Determining and Coordinating Your Team to **Assess** and **Access** the Property
 - Rehab Developer or Buyer
 - Code Inspector or Architect
 - Environmental Risk Assessor
 - Appraiser
 - Title Company



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Step 5: Make a Decision

- Upon Inspection of Neighborhood and Housing Unit, you should have:
 - Rehab Scope of Work
 - As-completed Targeted Sales Price
 - Target Buyer Income and Family Size
 - Understanding if After-improved Unit will stabilize neighborhood block
- Give Your Agent a **“GO”** to negotiate purchase.
For every 10 properties you bid on, you may only close on one!....Therefore, have a number of properties you want to acquire!



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Part 3: Setting up Your Management Systems

Compliance and Documentation



The Acquisition Timeline for a Targeted Property

**A property that meets Your NSP and the Seller is
willing to negotiate, what next?**

- 1. URA Voluntary Acquisition Letter**
- 2. Enter Option to Purchase / Initial Offer with
NSP Contingency**
- 3. Conduct NSP Due Diligence**
- 4. Negotiate Final Purchase Price within 60 days
prior to Appraisal**
- 5. Enter Final Purchase Contract**



The Process to Buy a Property

1. URA Voluntary Acquisition Letter

- Guideform for those with/without power of eminent domain and found at www.nsp.gov/nsp
- Deliver and make copy for your file



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Process (cont'd)

2. Entering an Option to Purchase / Initial Offer with NSP Contingency

- Allows you as buyer to conduct your due diligence in timely & thorough manner
- Provides insurance for Bank as Seller with escrow payment for opportunity cost in event purchase does not go through
- **Important: Must enter final purchase contract in 60 days from Appraisal**



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Process (cont'd)

3. Conduct Due Diligence

- Environmental Review Record
- Appraisal that must be conducted within 60 days prior to final offer (*Note: Let the Bank choose Appraiser as long as URA-compliant*)
- Site Inspection to assess structure
- Provide proof of foreclosure through Deed



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Process (cont'd)

3. Conduct Due Diligence (cont'd)

- Proof of vacancy through site inspection, appraisal and utilities shut off or transferred
- Negotiate purchase price to 99% of Current Appraised Market Value



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Process (cont'd)

4. Negotiate Final Purchase Price

- Must be at least a 1% purchase discount from Current Appraised Market Value

5. Enter Final Purchase Contract, Execute and Close on Property

- Check: Is Your Appraisal still valid? (i.e. conducting within 60 days prior to entering the Final Agreement)



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What's in Your Acquisition File

1. The NSP worksheet with dates, communication log, and notes
2. Map showing property in AGN
3. Calculation showing Purchase Discount Price
4. URA Voluntary Acquisition Letter
5. Option to Purchase with NSP Addenda



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What's in Your Acquisition File

- 6. Purchase Contract**
- 7. Environmental Review**
- 8. As-Is & After-Improved Appraisal**
- 9. Proof of Foreclosure & Vacancy**
- 10. URA Relocation Requirements & 90-day Notice to Vacate, if Occupied and Applicable**
- 11. HUD I Settlement Statement**



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NSP Project Feasibility Analysis Tool



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Components of Project Feasibility Analysis Tool

1. **Program Guidelines & Policy Considerations:** What policies and regulations impact your project?
2. **Compliance Checklist for Your Project:** Is your targeted property eligible for NSP?
3. **Homebuyer Affordability Analysis:** Who do you seek to serve? What can they afford?
4. **Development Budget:** What's your rehab scope of work and how much will it cost?
5. **Sources & Uses Budget:** What is the NSP subsidy needed to complete your deal? Does it make sense?



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HUD, State & Local Program Guidelines: It Affects Project Feasibility



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HUD NSP Policy

1. Eligible Uses

- A – Financing Mechanisms
- B – Purchase & Rehab Abandoned or Foreclosed Homes
- C – Establish and Operate Land Banks
- D – Demolition of Vacant & Blighted Property
- E – Redevelopment of Vacant & Blighted Property

2. CDBG Activities

- Acquisition
- Rehabilitation
- Demolition
- Redevelopment
- Homebuyer Assistance



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HUD NSP Policy

3. Area of Greatest Need

4. Eligible Property

- Foreclosed
- Vacant

5. Beneficiaries

- 120% AMI
- 25% Set-aside for Households at or below 50% AMI
- Homebuyers must attend 8 hours of housing counseling

6. Purchase Price Discount and Appraisal

- 1% Discount of Appraised Fair Market Value
- Appraisal completed within 60 days prior to entering final contract



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State NSP Policy

1. Subsidy Limits
 - Construction Financing
 - Developer Subsidy
 - Homebuyer Subsidy
2. Financial Feasibility
3. Geographic Targeting within Area of Greatest Need
 - Tipping Point Neighborhood
 - Redevelopment Area
4. Program Design
 - Rental vs. Homebuyer
 - New Construction vs. Rehab
 - Scattered Site vs. Single Site



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Local NSP Policy

1. What did you say you would accomplish in your application to DCED?
2. Choosing Your Programs:
 - Market Considerations
 - City Staff & Program Partners
 - Quality of Project
 - Politics



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Strategies to Consider

1. Subsidy Limits on the Back End:
 - Homebuyer Assistance
 - Developer Subsidy
2. Incentives for Your Program Partners:
 - Developer Fee (Rental & Homebuyer)
 - Management Fee (Rental)
 - Housing Counseling (Homebuyer)
 - Sales Referral Fee (Homebuyer)



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Using NSP to Fund Your Deals



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Uses of NSP Funding

1. 100% Construction Financing
2. Development Appraisal Gap Subsidy
3. Homebuyer Affordability Gap Subsidy
 - Down Payment & Closing Costs Assistance
 - Mortgage Buy Down



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Construction Financing

- NSP is Disaster Recovery Money – It needs to get obligated and out the door
- Serves the widest range of incomes: 0%-120% *(if you put HOME or CDBG limited to 80% AMI)*
- No Subsidy Limits on Improvements
- Not enough time to secure Private Financing – Obligation Period ends August 31, 2010



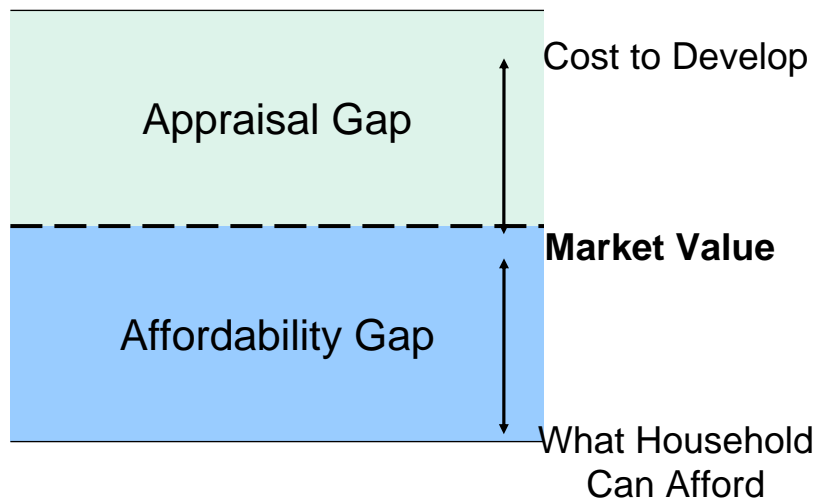
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Types of Project GAP

- 1. Affordability (Homebuyer) Gap:**
Difference between what the target buyers can afford and the sale price of the home.
- 2. Appraisal (Development) Gap:**
Difference between sale price (appraised value) and the cost to develop the home.

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Appraisal & Affordability Gap



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Determining Affordability Gap

- Principle: Maximum subsidy allowable is minimum **necessary**
- Buyer is expected to take the largest loan they can **reasonably** afford
- Buyer's expected to invest 25% to 30% of gross monthly income toward PITI
- Don't use housing to support excessive consumer debt

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Homebuyer Affordability

- **P**rincipal (creates equity)
- **I**nterest (rents money from the bank)
- **T**axes (cleans the streets)
- **I**nsurance (lets you sleep)
- Mortgage Insurance
- HOA Fees

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Strategies to Close the Homebuyer Affordability Gap

Down Payment assistance

Soft Second Mortgage

- a) DUE-ON-SALE: All or portion of loan balance due at time of sale or change in Title to new owner
- b) SELF-AMORTIZING: Forgiven at end of loan term
- c) DCED does a forgivable, due on sale over the affordability period (i.e. 1/15 forgiven per year homeowner in NSP-assisted house)

Eliminate PMI

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Financing Tools for Homebuyer Assistance

Mortgage Buy Down

Sales Price

- Maximum Mortgage Amount of Buyer based on Income

Mortgage Buy Down Amount

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Financing Tools for Homebuyer Assistance *(cont'd)*

Down Payment Assistance

Sales Price

- Down Payment required by Lender

First Mortgage Amount

Down Payment required

- Cash from Buyer

Down Payment Assistance

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The Development Budget: How Do You Develop A Credible One?

- **SWAG**
- Order of Magnitude

$$\begin{array}{r} \$300 \quad (\text{Based on Industry Standard}) \\ \times \quad \quad \quad 5 \quad (\text{\# of Units in Project}) \\ \hline = \quad \$1,500 \end{array}$$

- **Your Previous Experience**
- Quotes from Prospective Contractors and/or Professional Service Providers
- **Contracted Amounts**

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Strategies to Close the Development Appraisal Gap

- Reduce Development Costs
- **Reconsider Home Prices**
- Increase Development Subsidy Limits

Sources & Uses Budget: What does the Feasibility of the Deal?

Step 1: Obligation Amount

Total Development Costs (100% Financing)

Step 2: Development Appraisal Subsidy

Total Development Costs

- Sales Prices

Development Appraisal Gap

Within Developer Subsidy Limits?

Sources & Uses Budget: What does the Feasibility of the Deal?

Step 3: Homebuyer Affordability Subsidy

Sales Price + Closing Costs

- First Mortgage
- Cash from Buyer

Homebuyer Assistance

Down Payment Assistance

+ Mortgage Buy Down

Homebuyer Assistance

Within Homebuyer Subsidy Limits?

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Sources & Uses Budget: What does the Feasibility of the Deal?

Step 4: Final NSP Subsidy

Development Appraisal Subsidy

+ Homebuyer Affordability Subsidy

Total Final NSP Subsidy

Is the Final Amount within the Maximum Subsidy Limits?

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Sources & Uses Budget: What does the Feasibility of the Deal?

Step 5: Calculating Program Income

First Mortgage
+ Cash from Homebuyer

Buyer Purchase Power

Buyer Purchase Power = Program Income

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Homebuyer Cultivation and Marketing



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Viral Marketing

Days of Developer and Realtor-Driven “Build and They Will Come” are gone.

You have to go to the prospective Buyers and make the home purchase pitch.

De-Mystify The Home Purchase Process!

Do The Extra Work To Link Buyers With Accessible and Affordable Home Purchase Mortgages and Down Payment Assistance

Sell “A Move-Up Home At A Starter Home Price.”

Sell houses in move-in condition at a monthly payment comparable to rent payment.



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What are Your Worries About Getting NSP-Assisted Houses Sold?

List the issues specific to the neighborhoods where you have NSP houses for Sale

Categorize the issues in terms of:

- The Local Economy
- The Neighborhood
- The NSP-Improved Houses



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What Sells a House?

List the Three most important considerations that influence the home purchase decision.

1. _____
2. _____
3. _____

How well do your NSP-Improved Homes Address these Considerations?



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CAI Approach to Marketing Your Houses

- **Sell the House, Affordability, Sense of Community, and Quality of Life for the neighborhood, city and region**
- **House:** Move up home at a starter home price, where your mortgage payment is less than what you paid in rent
- **Community:** Introduce them to neighbors receiving homeowner rehab
- **Quality of Life:** Give them a list of the amenities and assets of the neighborhood, city and region



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Constituencies to Cultivate

- Sell the “vision” to and tour blocks with **City Elected Officials and Key Department Heads** for them to understand your program and goals, spread the word to their constituents, and provide political support
- **Homeowners, Neighborhood Associations and Block Captains** that can market the neighborhood and “sell” the sense of community
- **Recent Homebuyers** who purchased an NSP-assisted house and/or received assistance to purchase and rehab.



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Who Are Prospective Buyers To Cultivate In Your Community?

- **First Time Homebuyers** (*Stimulus Homebuyer Tax Credit ends in November 2009*)
- **DINKS, Urban Pioneers, Empty Nesters**
- **Adjacent Property Owners**
- **Immigrant Populations & 1st-Generation Citizens**
- **Veterans**
- **Habitat for Humanity Families** (for 50% AMI Set-aside)
- **Buyers Who Lost Their Home To A Sub-Prime Loan or Defensible Set of Circumstances.**



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Generate A Profile of Your Target Markets

- Demographics and Family Structure
- Where do your target markets live now?
 - House Payment
 - Amenities
 - Why did they choose to live there?
- Income
 - What can they afford? (*Exercise: Sample Affordability Analysis*)
 - In your market, what can they buy with that?



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What Do Your Target Buyers **NEED**?

House Functionality for Household:

- Flow and Functionality of Floor Plan.
 - i.e. Washer & Dryer on 2nd floor close to bedrooms
- # of Bedrooms and Baths
- Location. Proximity to services, schools, employment and quality of life.
- Security
- Accessibility



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What Do Your Target Buyers *DEMAND*?

- What are the Amenities that help make a House special for Your Target Buyer?
 - A Move-Up Home at A Starter Home Price
 - “Like New” Move In Condition
 - Quality Appliance Package
 - Porches
 - Quality Finishes: Flooring, Counters and Cabinets
 - Upgraded and Low Maintenance Landscaping
 - Affordable Homeownership: Low Maintenance and Manageable Utility Costs



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Your Available Housing Stock

- Opportunities of Your Housing Stock
 - Historically Significant and Well-built
 - Size and Floor Plan promotes Sustainability
- Opportunities of Your Neighborhoods
 - Street Grid with Sidewalks and Mature Trees for Sustainability
 - Access to Downtown and Employers
 - Sense of Community
 - Committed Homeowners



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Aligning Your Target Markets with What You Acquired

- Promoting Pre-Sales in Weak Markets
- Custom Rehab Home of Your Own
 - Reduce surplus housing units and prevents speculation
 - Allows Homebuyers to customize and upgrade their home (*Think HGTV*)
 - Encourages Realtors and Developers to find the Buyer first
 - Promotes Value: Buyers pay less than what they rent
 - Traditional Neighborhood fosters Community



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Test Your Assumptions

After you have generated your Profiles of Target Buyers and your strategies to reach them, **meet with a few Realtors and Appraisers and have them test your assumptions and ask them What they think will work best.**



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Homebuyer Cultivation & Marketing Delivery System: What's the work to do?



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Outreach to Target Markets

Where do they...

- Work
- Live
- Pray
- Play
- Shop

Who should you talk to...

- Housing Counselors
- Neighborhood Associations
- District Elected Officials
- Local Employers
- Ministers, Priest, Rabbis & Imans



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Outreach to Housing Professionals

- Realtors
- Lenders
- Developers
- Social Service Providers
- Housing Counselors

Get them on board to help with Marketing!



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What is Your Marketing Package to Reach Them?

- Use Your Affirmative Marketing Plan
- Realtor Listing
- Viral Marketing
- Website
- Brochures
- Newspaper, Radio, & Local TV
- Make It an Event!

Example: City of Fort Wayne



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Affirmative Marketing Plan

A Requirement and a Framework

- Who are Your Target Markets?
- What Can They Afford?
- What Housing Product and Amenities do they need and desire?
- How will You Reach Them?
- What Mortgage Product and DPA do they need?



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Homebuyer Education

- Assist to get Potential Buyers interested and enrolled in NSP
- Mandatory Homebuyer Education
- Income Certification & Affordability Analysis
- Pre-Approved for Financing
- Homebuyer Subsidy (if Applicable)
- Housing Needs and Preferences
- Pair them with a Realtor to find a house



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Linking the Buyer with a House

- Get them linked to a Realtor
- Assist in choosing an NSP-eligible House
- Develop the Scope of Work based on their preferences and needs
- Enter an Agreement with Buyer to purchase NSP-house
- Have financing lined up for Private First Mortgage &/or DPA



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Show Them The Money!

- Cultivate Sources of Home Purchase Mortgages
 - FHA & VA
 - Pennsylvania State Housing Development Authority
- Embrace “Old School” Community Homebuyer Mortgage Terms
 - 28% to 33% Housing To Income Ratio
 - 38% to 42% Total Debt To Income Ratio
 - \$1,000 to 3% Cash From Buyer
- Explore Creative Uses of NSP to help Buyer affordability. Such As???



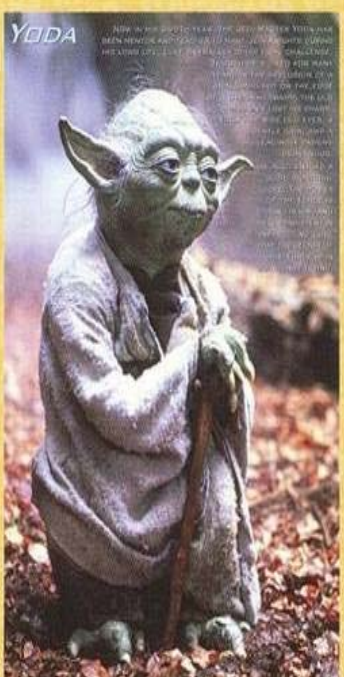
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Compliance Systems

- Homebuyer Education
 - Proof received mandatory 8 hours
 - Verified taught by HUD-certified Counselor
- Income Certification
 - 120% AMI or below
 - 25% Set-aside for 50% AMI or below
- Affordability Requirements (if Homebuyer Subsidy)
- Ensure Private First Mortgage meets NSP financing requirements



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YODA

Now in his quest to save the galaxy, Yoda has been mentored and trained by Jedi Master Qui-Gon Jinn. He has learned the ways of the Force and is now a Jedi Knight. He is the only Jedi to have survived the fall of the Republic.

Jedi Warriors of Neighborhood Stabilization are you.

Important and Challenging is Your Journey.

MAY THE FORCE BE WITH YOU

To Acquire What You Need
To Renew Neighborhood Markets
On Your Terms.



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