

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



Lancaster, Pennsylvania  
September 23, 2009



### NSP Project Feasibility Objectives

1. Learn how to combine financial feasibility analysis with NSP & PA DCED compliance requirements for single-family homebuyer rehab
2. Employ feasibility benchmarks to determine whether your NSP-assisted house will sell in your market
3. Marketing Strategies - How to Sell Value, Functionality, Affordability and Quality of Life
4. Track NSP Funds in For Sale Projects.
5. Consider Ways to Link Buyers with Accessible and Affordable Mortgages & Down Payment Assistance
6. Incorporate PA DCED compliance documentation to feasibility analysis process.



<h2>Training Agenda</h2>	
9:50	<b>Welcome &amp; Introductions</b>
10:00	<b>Pennsylvania Department of Economic Development: NSP Update</b> <b>Fannie Mae Presentation: Bulk Purchase Update</b>
11:00	<b>Introduction to Project Feasibility Analysis</b> <ol style="list-style-type: none"> <li>1. Defining Neighborhood Stabilization and its components</li> <li>2. How Compliance and Policy Impact Your Deal</li> <li>3. Make Your NSP House the Nicest on the Block with Code Compliance, Energy Efficiency and Marketability</li> <li>4. Getting Started: Inspecting Your Potential NSP Projects</li> </ol>
12:30	LUNCH
1:30	<b>Welcome to the Project Feasibility Analysis Tool:</b> <ol style="list-style-type: none"> <li>1. Program Guidelines, Rules and Policies of Your NSP</li> <li>2. Development Budget</li> <li>3. Homebuyer Affordability Analysis</li> </ol> <b>Getting Your NSP-assisted Units Sold in a Slow Economy</b> <ol style="list-style-type: none"> <li>1. Strategies to sell your Neighborhood and Product</li> <li>2. Rehab Standards to make Your Home the “Nicest on the Block”</li> <li>3. Viral Marketing and Your Local Networks</li> <li>4. Homebuyer Financing</li> </ol>
4:30	ADJOURN and Thank you!



## 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?



## ***“Neighborhood Stabilization” Defined for Pennsylvania’s Market Challenges***

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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**

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**Redevelopment Area**

**Tipping Point Area**

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



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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)

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**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**

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- 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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## 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 your Existing Portfolio or Listing 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

902 S 54th St, Philadelphia, PA 19143
RES ACT
\$34,900

**General**

MLS #: 5427443	Subdiv / Nel: Phila (southwest)	Ownership: FeeSimple	Beds, Baths: 3 1/0
DOM: 159	School Dist: Philadelphia	Type: Twin/Semi-De	Age: 83
MLS Area: 19143 19143	- High:	Design: 2-Story	Int Sq Ft: 1,280/ A
County: Philadelphia	- Middle:	Style: Contemporary	Unit Fir #: AC: N
Tax ID #: 513000300	- Elem:		Map Grid: 8101B4

**Room Dimensions**

LR/GR: 0 x 0 M	Main BR: 0 x 0 U
Dining: 0 x 0 M	2nd BR: 0 x 0 U
Kitchen: 0 x 0 M	3rd BR: 0 x 0 U
Family:	4th BR:

**Other Information**

Total Rooms:	Bath Full: 0M 0U 0L
Bath Part: 0M 0U 0L	Model:
Builder:	

**Tax Information**

RE Taxes / Yr: \$600 / 2008	Condo / HOA: N / N	Ac / SqFt: 0.04 / 1,784	Land Use: H30	Zoning: R5
Assessment: 7264	Assoc Fee / Freq:	Lot Dim: 22x63	Waterfront: N	

**Features**

Utilities: Gas/Heat, Gas/HotWater, NoA/C, PublicWater, PublicSewer  
 Parking: NoGarage, StreetParking 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 u/o. All offers will be presented.

Directions:

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5339 Chester Ave, Philadelphia, PA 19143
RES ACT
\$69,900

**General**

MLS #: 5471333	Subdiv / Nel: None Available	Ownership: FeeSimple	Beds, Baths: 3 3/0
DOM: 83	School Dist: Philadelphia	Type: Twin/Semi-De	Age: 94
MLS Area: 19143 19143	- High:	Design: 3+Story	Int Sq Ft: 2,624/ A
County: Philadelphia	- Middle:	Style: AirLite	Unit Fir #: AC: N
Tax ID #: 511278200	- Elem:		Map Grid: 8101C4

**Room Dimensions**

LR/GR: 0 x 0 M	Main BR: 0 x 0 M
Dining: 0 x 0 M	2nd BR: 0 x 0 U
Kitchen: 0 x 0 M	3rd BR: 0 x 0 U
Family:	4th BR:

**Other Information**

Total Rooms:	Bath Full: 0M 0U 0L
Bath Part: 0M 0U 0L	Model:
Builder:	

**Tax Information**

RE Taxes / Yr: \$902 / 2008	Condo / HOA: N / N	Ac / SqFt: 0.05 / 2,020	Land Use: H50	Zoning: R9
Assessment: 10912	Assoc Fee / Freq:	Lot Dim: 20X101	Waterfront: N	

**Features**

Utilities: Gas/Heat, OtherHotWtr, NoA/C, PublicWater, PublicSewer  
 Parking: NoGarage, StreetParking Exterior: Sidewalks, StreetLights, BrickExt, FlatRoof, NoPool  
 Bsmnt: FullBasement, UnfinishBsmnt Interior: NonUse/Alts, NoFireplace, Vinyl/LamFl, LR/GR/Entit, NoModifs/Unk, BsmntLaundry Kit: EatInKitchen, GasCooking, Poss: Immediate Cond: FixUp/TLC Show: ComboLockBox

**Remarks**


Public: This property was previously being used as a triplex. Property is large with a fireplace and walkout basement. Needs rehab. Investors take a look. Sold as is. No seller's disclosure. Proof of funds needed with offers. BFIs and letters of intent are unacceptable.

Directions:

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5317 Chester Ave, Philadelphia, PA 19143 RES ACT \$19,900



**General**

MLS #: 5446958	Subdiv / Nel: Phila (southwest)	Ownership: FeeSimple	Beds, Baths: 5 2/0
DOM: 114	School Dist: Philadelphia	Type: Row/Townhous	Age: 93
MLS Area: 19143 19143	- High:	Design: 3+Story	Int Sq Ft: 2,124/ A
County: Philadelphia	- Middle:	Style: Traditional	Unit Fir #: AC: N
Tax ID #: 511275200	- Elem:		Map Grid: 8101C4

**Room Dimensions**

LR/GR: 0 x 0 M	Main BR: 0 x 0 U
Dining: 0 x 0 M	2nd BR: 0 x 0 U
Kitchen: 0 x 0 M	3rd BR: 0 x 0 U
Family:	4th BR: 0 x 0 U

**Other Information**

Total Rooms:  
 Bath Full: 0M 0U 0L  
 Bath Part: 0M 0U 0L  
 Model:  
 Builder:

**Exclusions:**

<b>Tax Information</b>	<b>Association Information</b>	<b>Lot Information</b>	<b>Land Use:</b> 070	<b>Zoning:</b> R9
RE Taxes / Yr: \$185 / 2008	Condo / HOA: N / N	Ac / SqFt: 0.04 / 1,616	Waterfront: N	
Assessment: 2240	Assc Fee / Freq:	Lot Dim: 15X101		

**Features**

Utilities: NoHeat, GasHotWater, NoA/C, PublicWater, PublicSewer  
 Parking: NoGarage, StreetParking Exterior: StoneExt, NoPool  
 Bsm: FullBasement Interior: NoFireplace, NoModf/Unk, NoLaundry Kit: EatnKitchen, GasCooking,  
 Cond: FullUp/TLC Show: CallToShow

**Remarks**

Public: Large 3 story stone home that is a complete shell. Property is sold in AS IS condition, and the seller makes no warranties or representations to the condition of the property. Buyer is responsible for w/o. AS IS addendum with agreement of sale. \$2000 Deposit is required. All offers will be presented.

**Directions:**

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## Step 3: The Property Inspection

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- “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

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## Step 4: Using the NSP Team

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- 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

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- Upon Inspection of Neighborhood and Housing Unit, you should have:
  - Rehab Scope of Work (*based on Code Compliance, Energy Efficiency & Marketability*)
  - As-completed Targeted Sales Price
  - Target Buyer Income and Family Size
  - Understanding if After-improved Unit will stabilize neighborhood block
- Give it an initial **“GO”** if it fits within NSP Subsidy Guidelines and Your Program Goals



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# NSP Project Feasibility Analysis Tool

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## Components of Project Feasibility Analysis Tool

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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

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### 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

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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

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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

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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

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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

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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

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- 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 Summer/Fall 2010



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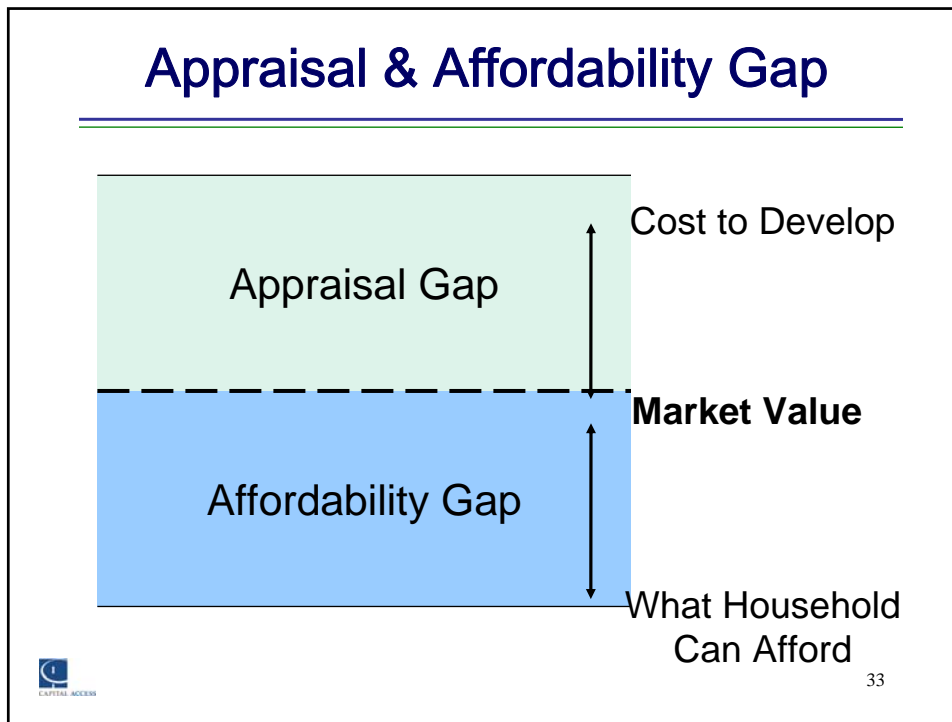
## Types of Project GAP

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- 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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- ## Homebuyer Affordability Analysis: Determining the Gap & Subsidy
- 
- 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
- CAPITAL ACCESS
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## Homebuyer Affordability

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- **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

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### **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

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### Mortgage Buy Down

Sales Price

- Maximum Mortgage Amount of Buyer based on Income
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Mortgage Buy Down Amount



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

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

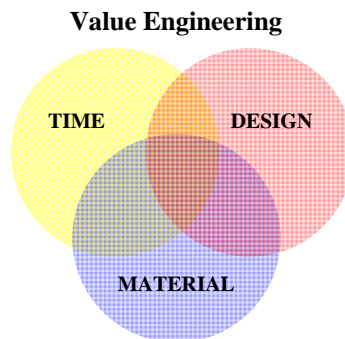
- **SWAG**
  - Order of Magnitude
- $$\begin{array}{r} \$300 \quad (\text{Based on Industry Standard}) \\ \times \quad \quad \quad 5 \quad (\text{\# of Units in Project}) \\ \hline = \quad \$1,500 \end{array}$$
- **Your Previous Experience**
  - Quotes from Prospective Contractors and/or Professional Service Providers
  - **Contracted Amounts**



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## Strategies to Close the Development Appraisal Gap

- Reconsider Home Prices
- **Increase Development Subsidy Limits**
- Reduce Development Costs (*Value Engineering*)



## 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

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Development Appraisal Gap

*Within Developer Subsidy Limits?*



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

### Step 3: Homebuyer Affordability Subsidy

Sales Price + Closing Costs

- First Mortgage

- Cash from Buyer

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Homebuyer Assistance

Down Payment Assistance

+ Mortgage Buy Down

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Homebuyer Assistance

*Within Homebuyer Subsidy Limits?*



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

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### Step 4: Final NSP Subsidy

Development Appraisal Subsidy  
+ Homebuyer Affordability Subsidy

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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?

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### Step 5: Calculating Program Income

First Mortgage  
+ Cash from Homebuyer

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Buyer Purchase Power

***Buyer Purchase Power = Program Income***



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# Homebuyer Cultivation and Marketing

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## Viral Marketing

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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?

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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?

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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

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- **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

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- 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?

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- 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

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- 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*?

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### House Functionality for Household:

- Flow and Functionality of Floor Plan.
  - i.e. Washer & Dryer on 2<sup>nd</sup> 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*?

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- 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

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- 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

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- 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

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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

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*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

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- 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?

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- 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

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### *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

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- 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

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- 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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CAPITAL ACCESS

## Management Consultants & Developers

**Jeremey Newberg, President**

[jn@capitalaccessinc.com](mailto:jn@capitalaccessinc.com)

**Grant Johnson, Development Director**

[gj@capitalaccessinc.com](mailto:gj@capitalaccessinc.com)

**Whitney Simic, Consulting Associate**

[wsimic@capitalaccessinc.com](mailto:wsimic@capitalaccessinc.com)

215-551-2000

[www.capitalaccessinc.com](http://www.capitalaccessinc.com)

**Go Make Something Good Happen!!!!**

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