



U.S. Department of Housing and Urban Development

NSP Webinars

Disposing of Difficult Properties March 19th, 2015

Facilitators:

Kent Buhl, Enterprise
Phillip Bush, Enterprise

Presenters:

Mona Almobayyed, Lorain County, OH
Don Romancek, Lorain County, OH
Jean Lowe, Greater Rochester Housing Partnership, NY
Una Anderson, Harmony Neighborhood Development
Charles Cutno, Harmony Neighborhood Development
Lois Colson, New Orleans Redevelopment Authority
John Laswick, HUD

Introduction

- Welcome
- Objective of Webinar
 - Review strategies and options for disposing of difficult properties
 - HUD's recent guidance on Disposition and Demolition, and Land Bank Disposition Policy Alerts.



Strategies for Disposition of Rehabbed Properties

- Diagnose obstacle to sale
- If there is lack of interest:
 - Modify the product - add an amenity
 - Change marketing approach
 - Work with a Realtor
 - Alternative Disposition
 - Lease Purchase
 - Scattered-site Rental
 - Land Bank
 - Demolish & Create parks/green space or sell to neighbor



Strategies for Disposition of Rehabbed Properties continued...

If interested parties are ineligible or unable to close:

- Change financial structure of sale
- Change the sales price
- Partner with Lenders
- Alternative Disposition
- Engage appraisers
- Partner with a housing counselor
- Lease Purchase
- Scattered-site Rental
- Land Bank
- Demolish & Create parks/green space or sell to neighbor





U.S. Department of Housing and Urban Development

NSP: Disposing of Difficult Properties

Presenters:

Lorain County

Don Romancak, Director

Mona Almobayyed, Economic Development Specialist

1031 W 4th Street, Lorain, Ohio







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2nd Entrance to Loft
Above Garage



2nd Entrance to Loft
Above Garage



1st and 2nd Entrances



1st Entrance to
2nd Floor

4th Street



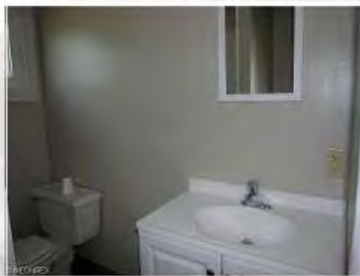
1st Entrance to
2nd Floor
Back View







Bathroom 1st Floor



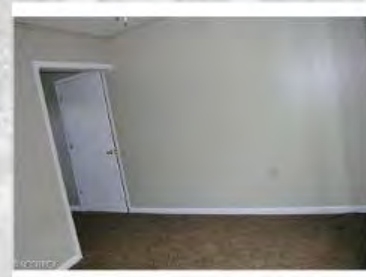
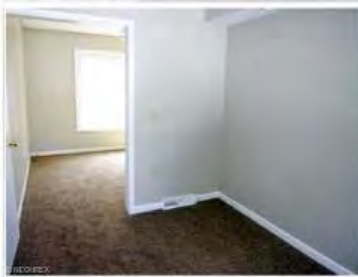
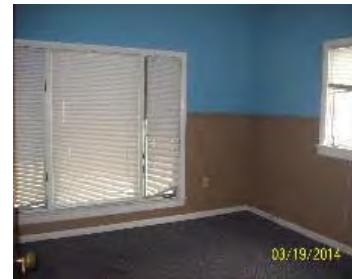
Bathroom 2nd Floor



Bedroom One 2nd Floor



Bedroom Two 2nd Floor



Bedroom Three 2nd Floor





Kitchen in Background and Eat-In Kitchen Area



Dining Room



Living Room Front Door



Living Room





Loft Bathroom



Loft Bedroom without Rails



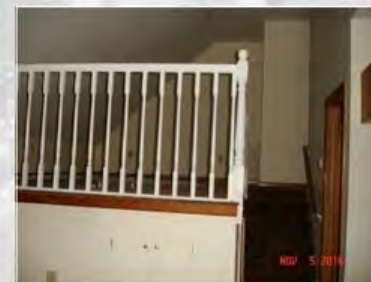
Loft Bedroom and Kitchen



Loft Bedroom with Rails

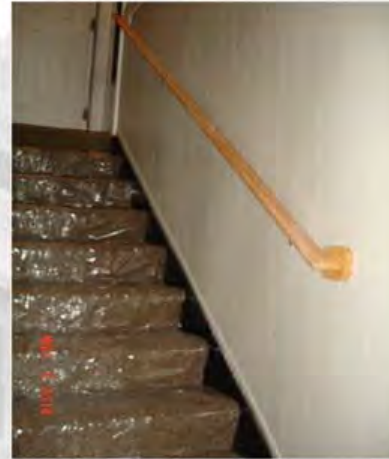


Loft Living Room

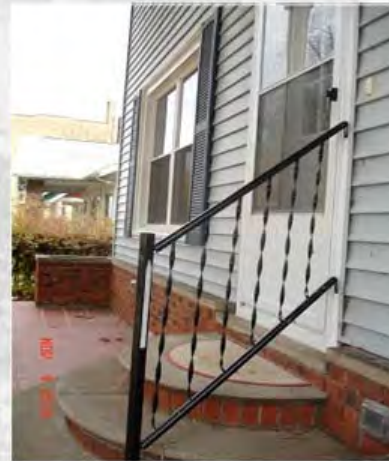


Loft Stairs to Bedroom, Bath, and Closet





1st Floor Entrance and Stairs to 2nd Floor



Front and Side Entrance to Garage - Front Door and Porch



826 Lakewood Beach Drive, Sheffield Lake, Ohio







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759 Oliver Street, Sheffield Lake, Ohio

















Strategies

- Good communication between real estate agents, lenders, buyers, title company, appraisers and seller
- Get the right appraiser/appraisal
 - Ask for explanations if you don't understand/agree
- Work with the right people
 - Find an aggressive real estate agent
 - Work with lenders who understand and will approve the NSP3 requirements
 - Work with a good title company
- Work closely with your HUD representative
- Address minor marketability concerns with your real estate agent
 - Make minor changes to improve marketability
- Partner with the Port Authority or other organizations that have more flexibility in selling property
- Have references for buyers to improve their credit score and/or find financing
- Market at every opportunity. Work with other organizations in your community.
- Price right





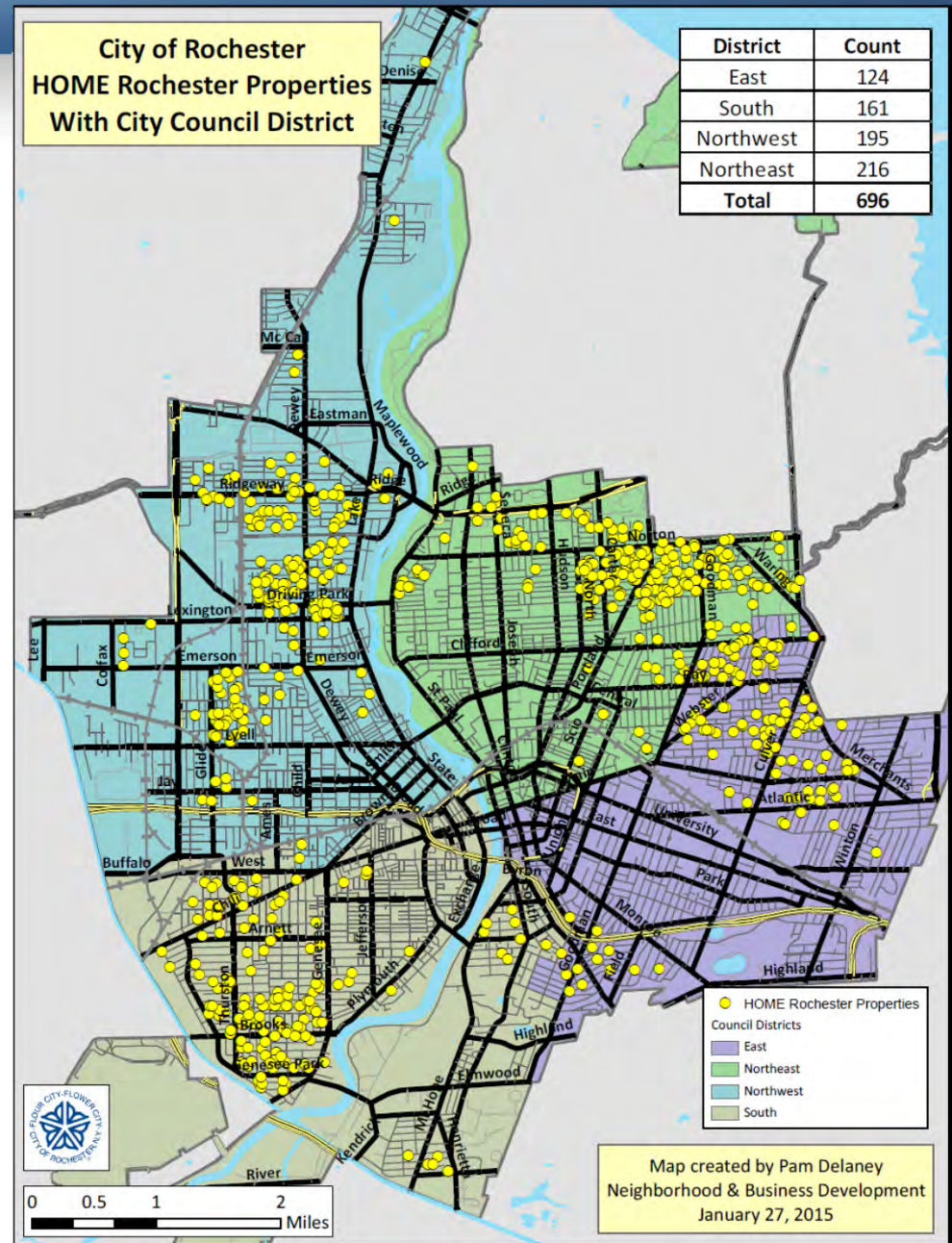
NSP: Disposing of Difficult Properties

Presenter:

Greater Rochester Housing Partnership
Jean Lowe, President



- HOME Rochester
- An acquisition/rehabilitation/sale production program
- Rochester Housing Development Fund Corporation – a non-profit holding company.
- Vacant properties are purchased, rehabbed, sold to first time low and moderate income buyers.
- RHDFC -Centralized ownership, financing, project management, legal, standardized specifications and pool of approved contractors. CDC partners - construction management and sales. City – subsidy, homebuyer counseling, closing cost \$, intake.



Challenge - Finding HOME Rochester buyers

- Community based non-profit partners; CDCs with a neighborhood presence are construction managers and sales agents. They have the first opportunity to sell the houses they have renovated.
- Realtors are creating a pipeline of potential first time buyers. The realtors are investing in long lead time buyers who need to resolve credit issues OR who need to create credit.
- City sponsored and community organization delivered homeownership counseling classes.
- Web page and weekly e-mail blast www.homerochester.org
- Employer sponsored homeownership programs



Challenge – Attracting Buyers and Mortgages to Newly Revitalized Areas

Focused Investment Strategy

- Long term strategy 3-5 years
- Start with a small area with some assets (quality stock, employer, anchor institution)
- Address physical condition of infrastructure – lighting, curbs, streets, plantings
- Selective demolition
- Invest in existing housing - both owners and landlords
- Infill with well managed rental
- Rehabilitate and sale of vacant properties





Strategies for Disposition of Un-rehabbed/Land Banked Properties

- Rehabbing to sell (if there is market demand)
- Demolition & Land bank
 - Hold for site assembly
 - Side lot program
 - Economic development – Urban Agriculture
 - Donate to a nonprofit developer
- Mothball & Land bank
- Take it out of the NSP program





NSP: Disposing of Difficult Properties

Presenter:

Harmony Neighborhood Development

Una Anderson, Executive Director

Charles Cutno, Construction Manager

1617 S. Saratoga Before



HARMONY
NEIGHBORHOOD DEVELOPMENT



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1617 S. Saratoga After



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1621 S. Saratoga Before



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1621 S. Saratoga After



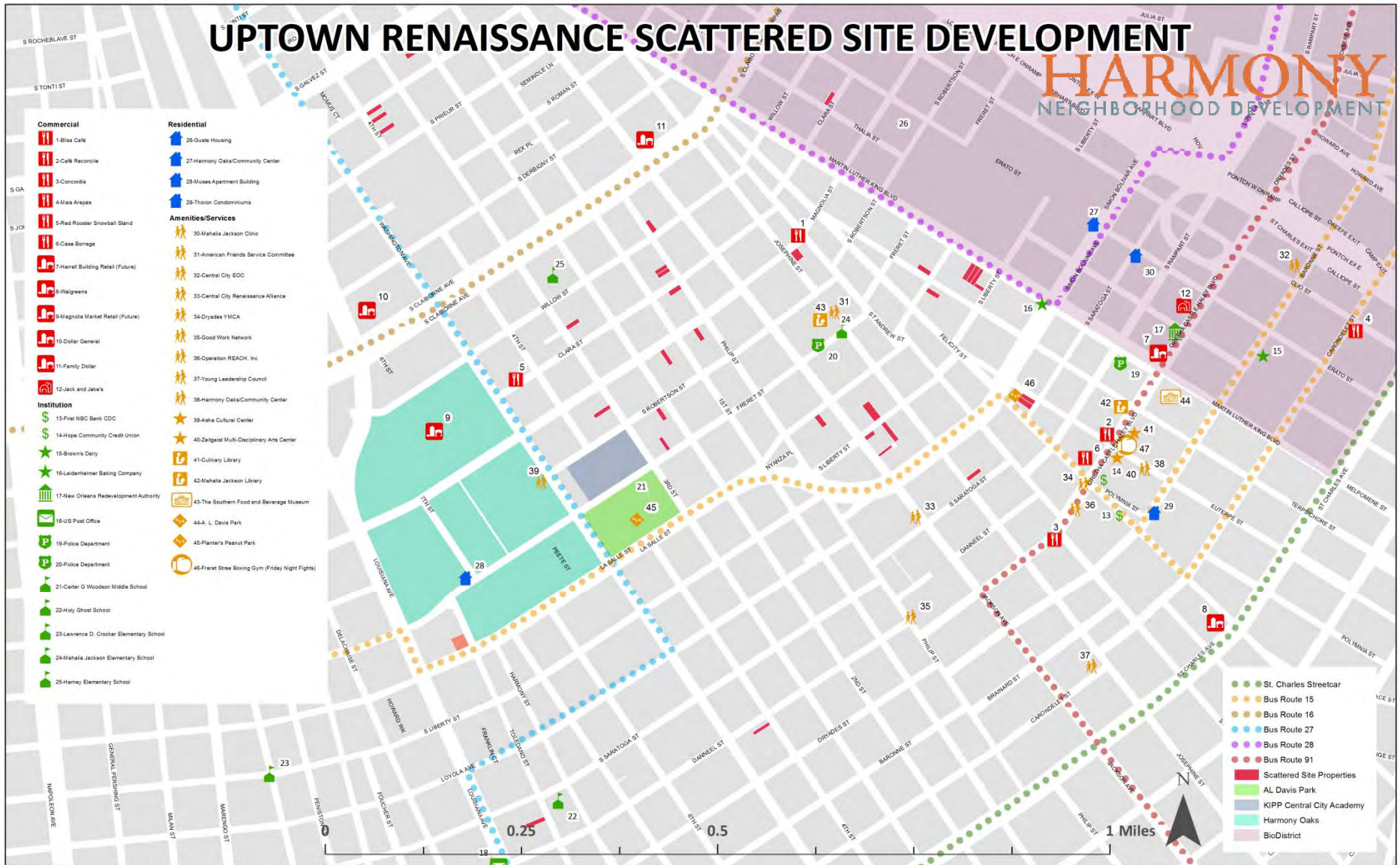
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UPTOWN RENAISSANCE SCATTERED SITE DEVELOPMENT

HARMONY
NEIGHBORHOOD DEVELOPMENT



3/5/2015

By: Michael Hellier & Ryan Herringshaw



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NSP: Disposing of Difficult Properties

Presenter:

New Orleans Redevelopment Authority
Lois Colson, Program Manager

Grantee Perspective: Disposition Of Land Bank Properties

- Add to existing land banks
- Partnerships
 - Historic preservation
 - Natural infrastructure
 - Lot Next Door
 - Tax Sale Interest



Successful Land Banks will...

- Stabilize properties – partner must be prepared to leverage other funds in order to maintain/stabilize properties before development
- Protect longevity – partner must be prepared with written policies that guide their decisions and strategies for years to come.
- Be flexible – markets may or may not change based on projections. What co-benefits can be derived in the meantime?



Land banked properties in New Orleans

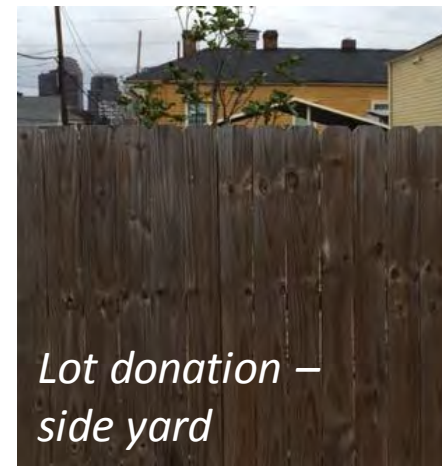
Land assembly & blight mitigation



2 adjacent lots; developed as “eligible use B”



Historic Preservation



*Lot donation –
side yard*



Discussion and Q&A



HUD Policy Alert—March 14th, 2013

Guidance on NSP Disposition and Demolition

- Demolition (Clearance) is eligible on blighted properties under Eligible Use D, as a Redevelopment Activity under Eligible Use E, or as part of a Reconstruction Activity under Eligible Use B
- Disposition can be both the eligible activity and end use, or as the eligible activity used to dispose of a property for an ineligible end use that meets a national objective
- Any demolition (clearance) or disposition activity must meet the National Objective requirement through **LMMH (housing)**, **LH25** (housing for households at 50% AMI), **LMMA (area) benefit**, **LMMJ (jobs) benefit**, or **LMMC (limited clientele) benefit**.



Demolition Table: Meeting Eligible Requirements and National Objectives

		Eligible Use (EU)	National Objective
Demolition as End Use	Demolition with Acquisition	EU D- demolish blighted properties NSP Closeout Notice now allows acquisition of blighted properties under EU D	LMMA
	Demolition without Acquisition	EU D – Demolish blighted properties	LMMA
Demolition for Housing Activities	Reconstruction (Rehab housing)	EU B- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent or redevelop such homes and properties	LMMH
	Redevelopment (New construction or reconstruction of housing)	EU E – Redevelop demolished or vacant properties as housing	LMMH
Demolition of Land Banked Properties	Demolition in order to Landbank properties	EU C – Establish and operate land banks for homes and residential properties that's been foreclosed upon EU D- Demolish blighted properties	LMMA (but use re-use property within 20 years of closeout)



Disposition Table: Meeting Eligible Requirements and National Objectives

		Eligible Activity	National Objective
Disposition as an allowable expense in an eligible activity	Public Facility or Improvement	EU E – Redevelop demolished or vacant properties	LMMA
	Special Economic Development	EU B – Purchase and rehabilitate abandoned or foreclosed residential properties in order to sell/rent/redevelop EU E – (NSP 1) redevelop demolished or vacant properties	LMMA, LMMJ, or LMMC
Disposition as both the eligible activity and end use	Disposition (dispose of as a side lot)	EU B, C, D and EU E for NSP1 only.	LMMA
Disposition as eligible activity for an ineligible end use that meets a national objective	Disposition (dispose of property for an ineligible activity that meets a national objective)	EU B, C, D for NSP2 and NSP3 Certain activities allowed under NSP1 and CDBG (For specifics and exceptions refer to Policy Alert Link below)	LMMA, LMMJ, LMMC



HUD Policy Alert – November 25th, 2014

Guidance on Land Bank Disposition

1. Property meets National Objectives for both acquisition and disposition.
 - Acquisition and management of the land bank must meet LMMA. Disposition must meet LMMA also well.
2. Property meets National Objective for acquisition and delayed disposition
 - In the case of delayed disposition, land bank will most likely continue to own the property and cannot claim the meeting of a national objective until disposition. Certain requirements must be met during the maintenance and management period until disposition.



Land Bank Disposition Continued....

If the land bank wishes to retain the potential for meeting a national objective requirement in this manner, it must:

- a. Demonstrate that the property's disposition will contribute to stabilizing the neighborhood.
- b. Complete the environmental review process that was started when property was acquired.
- c. Retain it in the land bank inventory until achievement of a national objective enables it to be considered a completed NSP activity.



Land Bank Disposition Continued...

3. Property meets National Objective for acquisition only

- If the land bank has met a national objective for the property's acquisition, then it can take the property out of the program by reimbursing the NSP account by the Current Market Value (CMV) of the property.
- For properties on which the grantee or land bank expended less than \$25,000 for acquisition and improvements (excluding maintenance), the property may be taken out of the program with no reimbursement to the NSP account.

4. Property does not meet National Objective for either acquisition or disposition.

- Program must reimburse (using non federal sources) the NSP account for the full amount of the acquisition, any improvements, and any maintenance. Admin costs excluded.



HUD Policy Alert Resources

- The complete Demolition and Disposition Policy Alert can be downloaded [HERE](#)
- The complete Land Bank Disposition Policy Alert can be downloaded [HERE](#)



Discussion and Q&A



Past NSP Disposition Webinars Resource Links

- Marketing and Disposition Strategies for NSP Properties ([Resource](#))
- Peer to Peer Discussion ([Resource](#))
- Scattered-site Rental ([Resource](#))
- Land Banking and NSP Strategies and Actions ([Resource](#))
- Disposition Beyond Housing: Practical Approaches ([Resource](#))
- Determining Sales price ([Resource](#))



Q&A



Thank You

Please complete the Survey

<https://www.surveymonkey.com/s/SY3588Y>

You will also receive the survey by email.

