



Disposition Beyond Housing: Practical Approaches

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Re-thinking Disposition

Disposition is more than selling NSP houses.

Take a new look at how an NSP property can meet its end use, so you are ready for closeout.



Participants

Moderator:

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Panelists:

- Don Lenz, Lenz Planning & Development
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- David Noguera, HUD
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Overview of the Agenda

- Discussion of the Problem
- Review National Objectives, DRGR and Closeout
- How to Analyze Your Properties
- Examples of Practical Answers
- Q & A



What kinds of properties are we talking about?

- Renovated or newly built for-sale housing owned by developer, grantee or sub-recipient
- Structures, other than housing, owned by grantee or sub-recipient
- Lots resulting from demolition or clearance, owned by grantee or sub-recipient



What's the problem?

When market demand is so weak, how can a grantee dispose of property— whether a renovated house, the odd commercial structure, or that single scattered lot?

You can't sell something people don't want!



Strategies for Disposition

When selling isn't the answer, consider:

- ✓ Renting
- ✓ Renting - Short-term
- ✓ Leasing to Own
- ✓ Providing Community Facilities
- ✓ Special Economic Development
- ✓ Reuse of Lots



Recommended Grantee Actions

- ✓ Assess status of each property
- ✓ Develop strategies for effective disposal
- ✓ Make sure all properties meet a National Objective
- ✓ Report performance in DRGR



Review What Counts in NSP

ALL ACTIVITIES AND EXPENDITURES MUST:

1. Conform with correct ELIGIBLE USE (A-E) in ACTION PLAN of grantee
2. Be an eligible ACTIVITY under that USE
3. Meet a NATIONAL OBJECTIVE
 - ✓ LH25 housing beneficiary (50% AMI limit)
 - ✓ LMMI housing beneficiary (120% AMI limit)
 - ✓ LMMA - "comprehensive neighborhood strategy" exists in writing, Area = 51% AMI at 120% limit



	Eligible Activities (non housing)	National Objectives	Examples	
Eligible Use B	Disposition for Special Economic Development	1. LMMJ 2. LMMA	1. Create in-home day care center with new jobs 2. Long term lease of land for corner grocery store in target area	
	Disposition for Ineligible activities (Requires non-NSP funds)	1. LMMA 2. LMMC	1. Donate to non-profit to develop community garden 2. Lease building for neighborhood senior center	
Eligible Use C	Disposition (as an end use)	LMMA	Side lot in area with comprehensive disposition	
	Disposition for Ineligible activities (Requires non-NSP funds)	LMMJ	Discounted sale of property to be used for a hair salon that creates new jobs	
Eligible Use D	Disposition (as an end use)	LMMA	Sell or donate to neighbor as side lot	
	Disposition for Ineligible activities (Requires non-NSP funds)	LMMA or LMMJ	Donate land for local business development	
Eligible Use E	NSP1	Public Facilities	LMMC	Homeless shelter
		Disposition for Special Econ Development	LMMA or LMMJ	Develop a parking lot for a grocery store
		Disposition for Ineligible activities	LMMA or LMMJ	Donate to a for-profit to develop a shopping center
	NSP2 & NSP3	Only Housing activities		



Review DRGR

- If it's not in DRGR, it didn't happen.
- Once Activity has been completed:
 - Indicate this in QPR narrative.
 - Enter or confirm address information.
 - Review and confirm reported accomplishments and beneficiary data.

****You must complete and meet a National Objective for each NSP property **BEFORE** you can close out.**



Keep Working on Sales...



**BUT CONSIDER NON-SALE
STRATEGIES NOW!**



The Four Part Process

1. Looking Again with Fresh Eyes
2. Researching Properties
3. Examining the Six Main Options
4. Making Your Decision to Act



Where do you begin?

- **BRIEFLY STEP BACK.**
- Look at your properties again, with Fresh Eyes.
- See and learn about the property as a unique place, as it is today.



1. Looking Again

- Avoid preconceptions.
 - look as if it's your first time
 - involve others in process
- Go on-site.
 - visit the property, walk the block
 - what's happening? what's changed?
- Find your competition.
 - ask what's out there



1. Looking Again

- Write a property profile.
 - What is the situation on the ground?
- Analyze your results.
 - think about what you learned
- Create a tentative workplan.
 - good results don't just happen



2. Researching Properties

Collect the quantitative and qualitative data that will lead to disposition.

Example: Thriving Communities Institute
– Lorain, Ohio project



2. Researching Properties: What Do You Need to Know?

To understand the property as customers see it today, you will need up-to-date info and hard data before you plan or act.

Gather critical info about the property, market, customers, and neighborhood to create a structure for decision-making.



2. Researching Properties: Data Driven Decision-making

a. Gather info similar to a realty listing.

- Create thumbnail description of site
- Summarize known data (e.g. appraised value, income restrictions, taxes, days on market)

b. Document the numbers and customers.

- Review pricing, price changes, monthly costs
- Create user profiles of who might want the property and who qualifies



2. Researching Properties: Data Driven Decision-making

c. Put the property in context.

- Area advantages - write them all down
- Area disadvantages - be detailed and tough
- Neighborhood image - be honest

d. Review the positive features of the property.

- House: floor plan, finishes, yard, “green”
- Lot: desirable size, low taxes, advantages

****Think through what the customer - the
END USER - needs and wants to know.****



3. Specific Disposition Options

- a. Long Term Rental
- b. Short Term Rental
- c. Lease Option (12+ Months or 15 years)
- d. Community Facilities
- e. Special Economic Development
- f. Reuse of Lots



a. Long Term Rental

- What's 'long term'?
- How will you guarantee compliance?
- Pluses and minuses?
- How are your units configured?
- Who should own these units?
- Who should manage the units?



a. Long Term Rental - Example

Situation: You visit the site of 8 unsold renovated houses, and see that the block has become mostly rental. Today selling isn't viable. But the quality of nearby rental is good and an employer is expanding over the next 3-5 years.

Response: You establish a full-fledged rental program with the goal of keeping quality rental affordable as local economy recovers. You seek resources to expand the number of units, making a viable project.



b. Short Term Rental

- How short is short term?
- What are the pluses and minuses?
- Who should manage the units?
- How do you find the renters?



b. Short Term Rental - Example

Situation: After seeing those 8 unsold renovated houses, you learn a private developer is building new for-sale housing on the next block. In a year your houses will be a good choice for homebuyers.

Response: Rent the houses under one year leases only, conforming to local laws. As houses become vacant, re-list the houses with local real estate firms. To rent the units, you contract a professional management firm.



c. Lease Purchase

Also known as: “lease with an option to buy.”

- What is your product?
 - Short term leases?
 - Long term leases?
- Who are your customers?
- How do you find and qualify them?
- Who manages the “leasing”?
- Who manages the process of “buying”?



c. Lease Purchase - Example

Situation: Two Midwestern cities each have extensive abandonment and low sales prices. Buyers are weaker. Financing is hard to get.

City 1 Response: Uses a 15 year lease which gives buyers years to gather skills and resources for ownership. Partners with large non-profit to manage the properties.

City 2 Response: Uses a 12-18 month program with emphasis on getting homebuyer training completed and appropriate financing closed. Does the on-going work through the grantee and contracts.



d. Community Facilities

Consider what best serves the community.

- What is needed?
- What is desirable in the long run?
- How do you find the new owners?
- What can you do to assure success?



d. Community Facilities - Example

Situation: Two unsold houses are both on busy streets, so families don't buy. A program for developmentally disabled adults needs more permanent independent housing.

Response: You offer one to the agency and it takes over ownership and management. The second house is offered to the incorporated neighborhood association that runs after-school tutoring and other services. The association has part-time staff who will manage the property.



e. Special Economic Development

One of the most creative options for NSP properties to stimulate local economic life.

- What are the for-profit and not-for-profit opportunities?
- What businesses or programs have a track record?
- What groups or individuals are being underserved or underemployed?
- How can properties trigger investment?



e. Special Economic Development Example 1

Community Farm and Produce Market on vacant lots



e. Special Economic Development Example 2

Situation: Three for-sale townhouses are all in a row on a commercial street. You see a market for front room offices and shops with attached housing, known as “live-work.”

Response: Check the local ordinances and offer the houses as live-work properties on leases or as for sale units. A fourth house is all on one floor, so you offer it to a nonprofit doing local job counseling and youth employment programs. You help them meet ADA rules at the property.



f. Facilitating Reuse of Vacant Lots

- Be clear about who owns it!
- What are possible options?
 - One-on-one sales to neighbors as side lots
 - Community gardens
 - Neighborhood entry signs
 - Geo-thermal storage
 - Rainwater retention in built up areas
 - A parking lot expansion



Vacant lots can be neighborhood assets!



f. Vacant Lot Uses – Example 1

Situation: You have advertised scattered lots, but no neighbors have come in to buy them even though they are only \$100, a very fair price.

Response: You aggressively market them by going directly to adjacent property owners with all the costs and benefits of owning and photos of typical improvements and with incentives to upgrade the site. Local shops agree to give 20% discounts on yard improvements and landscape materials and a youth training group offers labor for planting.



f. Vacant Lot Uses – Example 2

Situation: You have four lots in a row next to the neighborhood pharmacy, which wants to add a drive-through.

Response: Lots will add parking to accommodate the space needed for the drive-through. This commercial enterprise will likely meet the jobs national objective and the lots benefit the larger neighborhood, which should qualify as an area benefit (LMMA).



f. Reconsider Vacant Lots

Are vacant lots a major community problem?
If so, do your research.

Cleveland

Information about Re-imagining Cleveland

- <http://www.npi-cle.org/places/urban-greening/about-reimagining-cleveland/>

A pattern book for lot projects in Cleveland

- <http://www.earthdaycoalition.org/documents/patternbook>



f. Vacant Lots: Real World Examples

Youngstown:

Visit their website (<http://www.yndc.org/>) for innovative ideas and practical examples of current work.

Canton:

- 1) Learn about Arts Projects on Vacant Land and
- 2) Find Healthy Canton: A Policy Approach to Housing Demolition and Vacant Lot Use in Canton Neighborhoods
<http://www.communitybuildingpartnership.org>



4. Make a Decision

You know what needs to happen, so now ask the basic business questions:

- Who will carry out the strategy?
- What resources are needed?
- What's the timeframe?
- What's the measure of success?
- How will it be tracked and reported?



4. Make a Decision

- Take what you have learned and create a “pro forma” for each possible End Use.
- Craft alternative disposition strategies, such as:
 - Renting the house or changing its use
 - Imagining the lot for other non-housing functions
 - Identifying new partners, if there is a new use
- **Keep your options open!** Don't commit solely to one path if you have multiple routes to disposition.





Your decisions can have life-changing impacts



Donation can make deals happen.

You aren't just "giving" the property away, you are creating a community benefit.

- Who will own the property?
- Who will benefit?
- What is the real "cost" to the owner?
- How will you assure compliance?



You Still Need Customers!

- Promoting units to a landlord or directly to renters
- Convincing a nonprofit or public group to accept a donation
- Offering a lot to a desirable owner
- Seeking other owners that need space



Stabilization is NSP's Middle Name.



Four Generations Family Purchases Their First House



Finally, Revisit Your First Plan

Reconsider marketing property by:

- Adding incentives to deal
- Evaluating your past process
- Upgrading the appeal of house or lot
- Engaging the neighbors
- Finding other partners



What's Next?

- Remember to use Fresh Eyes
- Consider your options
- Investigate the pluses and minuses
- Create a workable plan
- Track what is happening
- Adjust your plan
- Report your progress



NSP Webinar Resource Links

Resources on NSP and OneCPD Resource Exchanges

Search the OneCPD Resource Library	https://www.onecpd.info/resource-library
Search the NSP FAQs	https://www.onecpd.info/resource/2782/nsp-frequently-asked-questions/
View All Training Materials on the NSP Learning Center	http://hudnsphelp.info/learning https://www.onecpd.info/training-events/courses
Submit a Policy Question via OneCPD Ask A Question	https://www.onecpd.info/ask-a-question
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