



Updating Middle Neighborhoods Housing Stock to Appeal to Today's Homebuyers, Part 2: Financing Strategies

webinar presented by :

The Middle Neighborhoods
Community of Practice (CoP)



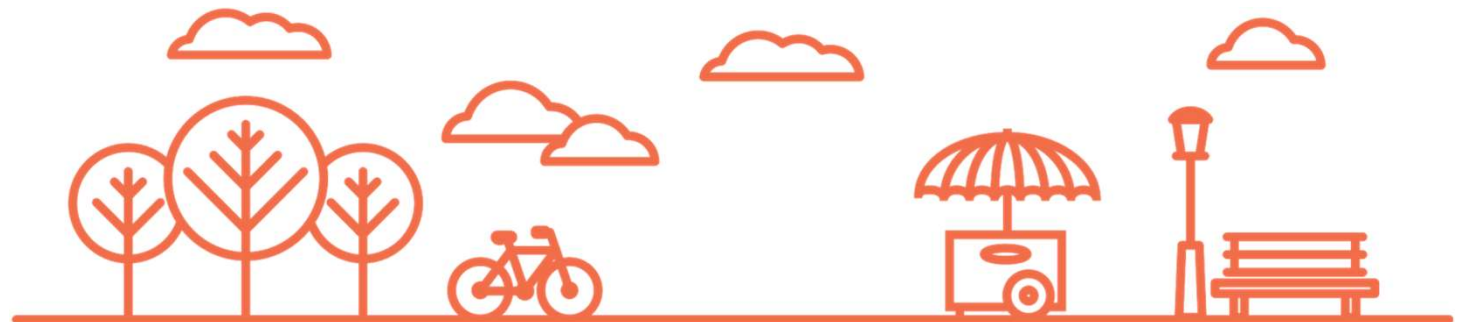
Marcia Nedland, Moderator



MIDDLE NEIGHBORHOODS

National Initiative focused on mobilizing attention to reverse the trend of decline in middle neighborhoods. The initiative does this through research, policy analysis, communications, and advocacy.

The initiative is coordinated by the **National Community Stabilization Trust** and is advised by a **Steering Committee** of 20 prominent researchers, practitioners, and policy makers.



This webinar presented by

The Middle Neighborhoods Community of Practice (CoP)

The **Middle Neighborhoods CoP** is an informal, facilitated network of over 300 practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

The CoP is supported by **NeighborWorks America** and staffed by a small team of organizers.

Join the Community of Practice at middleneighborhoods.org.



Characteristics of Middle Neighborhoods

- Mostly single family housing, built for families with children.
- Still well more than 50% owner-occupied, but slowly eroding.
- Housing stock is aging, still in generally acceptable condition, but lacks features and updates to compete well for today's homebuyers.
- Property values range from slow decline to flat to underperforming against city and/or inflation.
- Most of our members do not see hyper-inflation of housing price as a risk in their middles. Only a few middle neighborhoods, those in prime locations and usually mostly white, are appreciating, even gentrifying.
- More racially and ethnically diverse, a holder of hard-won middle household wealth.



Middle Neighborhoods Are Faltering In Their Sustainability

- Ability to ***reliably attract replacement owner occupants*** and other neighborhood-friendly buyers.
- Ability to ***generate home values that support quality maintenance***, repairs and updates without appraisal gaps.
- Ability to ***repel irresponsible investors***.
- Ability to ***maintain engaged residents taking stewardship*** of the neighborhood.
- Ability to ***deliver home equity to owners and revenue to municipal government***.

Click [here](#) to learn more about defining Middle Neighborhoods

Refresh Your Map Zoom Questions or feedback? **GO**

Your Map

Map Satellite

Choose a 2014-2018 layer to display

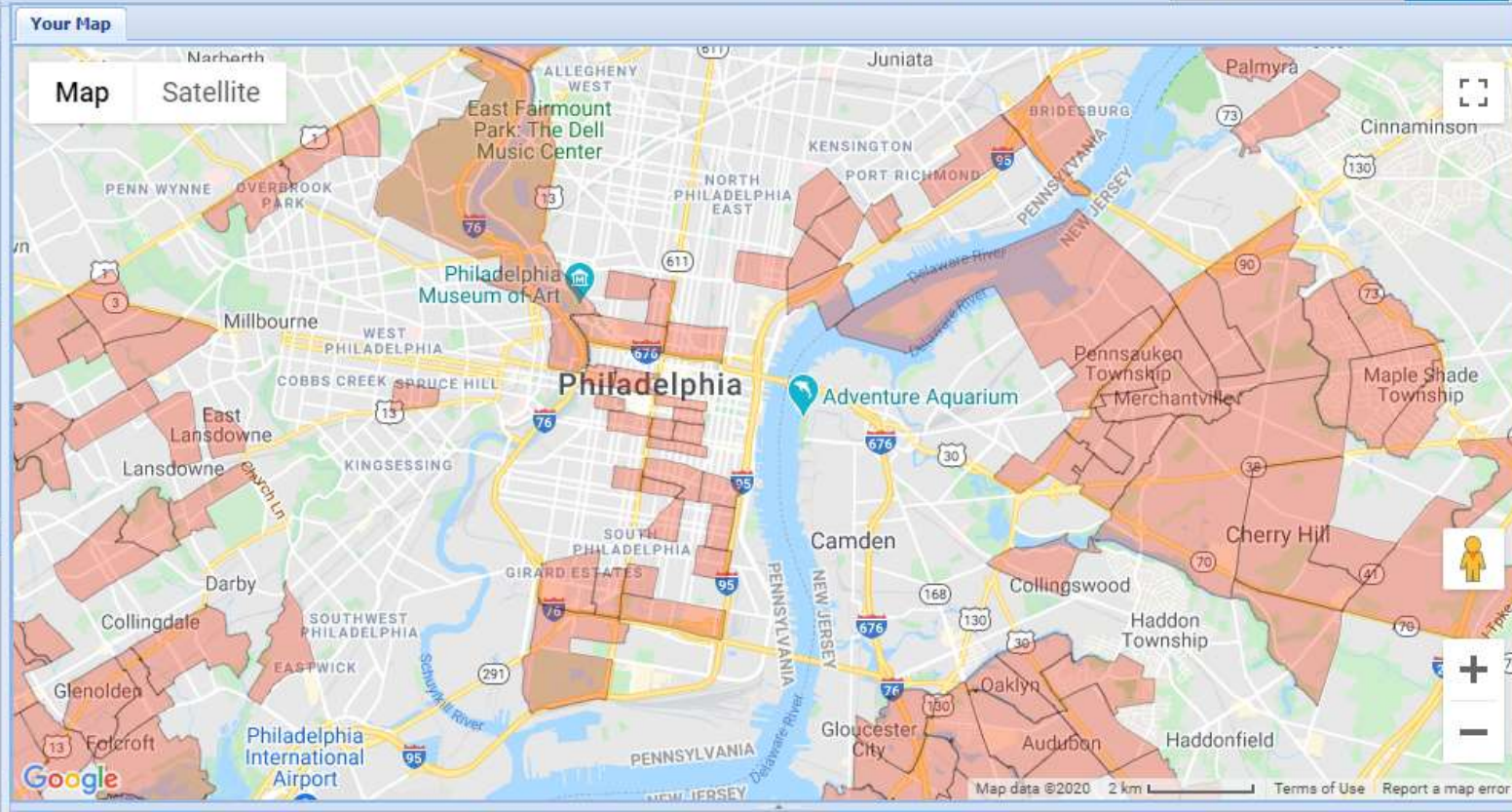
- 2018 City Test 1: 60-100% CMI
- 2018 City Test 2: 80-120% CMI
- 2018 National Test 1: 60-100% NMI
- 2018 National Test 2: 80-120% NMI
- 2018 Regional Test 1: 60-100% AMI
- 2018 Regional Test 2: 80-120% AMI
- 2018 Regional Test 3: 100-160% AMI

Choose a 2006-2010 layer to display

- 2010 City Test 1: 60-100% CMI
- 2010 City Test 2: 80-120% CMI
- 2010 National Test 1: 60-100% NMI
- 2010 National Test 2: 80-120% NMI
- 2010 Regional Test 1: 60-100% AMI
- 2010 Regional Test 2: 80-120% AMI
- 2010 Regional Test 3: 100-160% AMI

MSAs

- Panama City, FL Metro Area
- Parkersburg-Vienna, WV Metro Area
- Pensacola-Ferry Pass-Brent, FL Metro Area
- Peoria, IL Metro Area
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area
- Phoenix-Mesa-Scottsdale, AZ Metro Area
- Pine Bluff, AR Metro Area
- Pittsburgh, PA Metro Area
- Pittsfield, MA Metro Area



Displaying census tracts with median household incomes between 80 and 120 percent of regional/MSA median (\$69,465), or \$55,572 - \$83,358

Today's Agenda

- Welcome and Introductions
- Jenny Hope
 - Director of Neighborhood Programs
 - Healthy Neighborhoods, Baltimore
 - Baltimore, MD
- Cherelle Parker
 - Councilwoman and Majority Leader
 - Philadelphia City Council
 - Philadelphia, PA
- Amber Lynch
 - Executive Director
 - InvestDSM
 - Des Moines, IO
- Closing

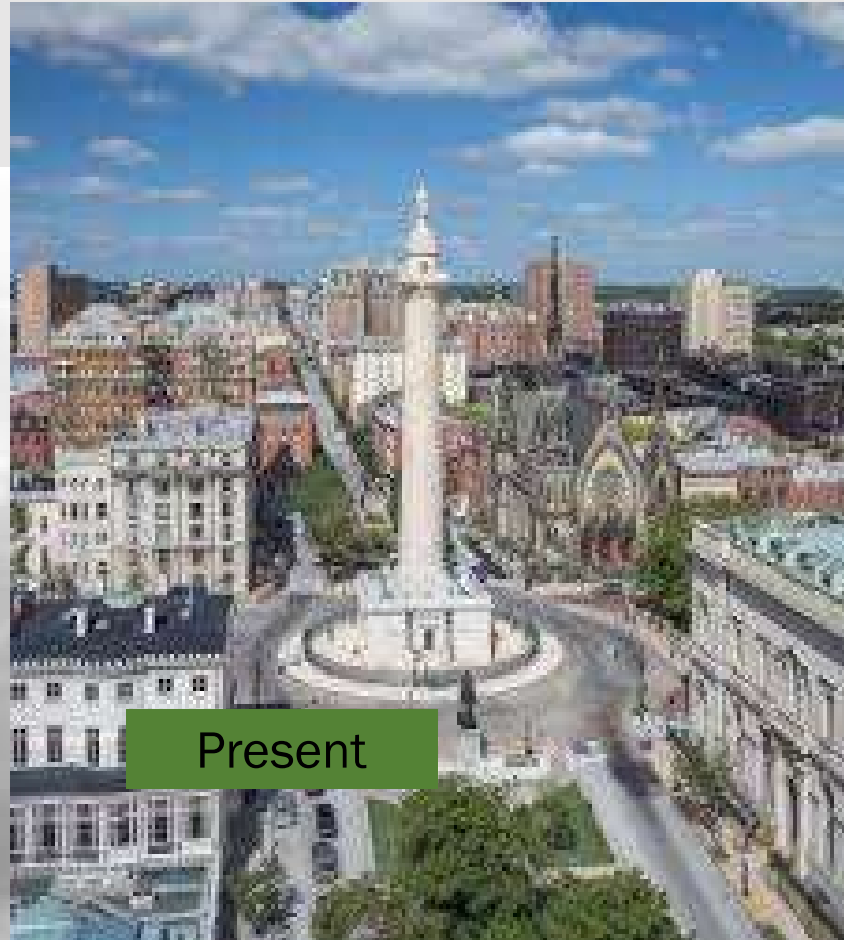
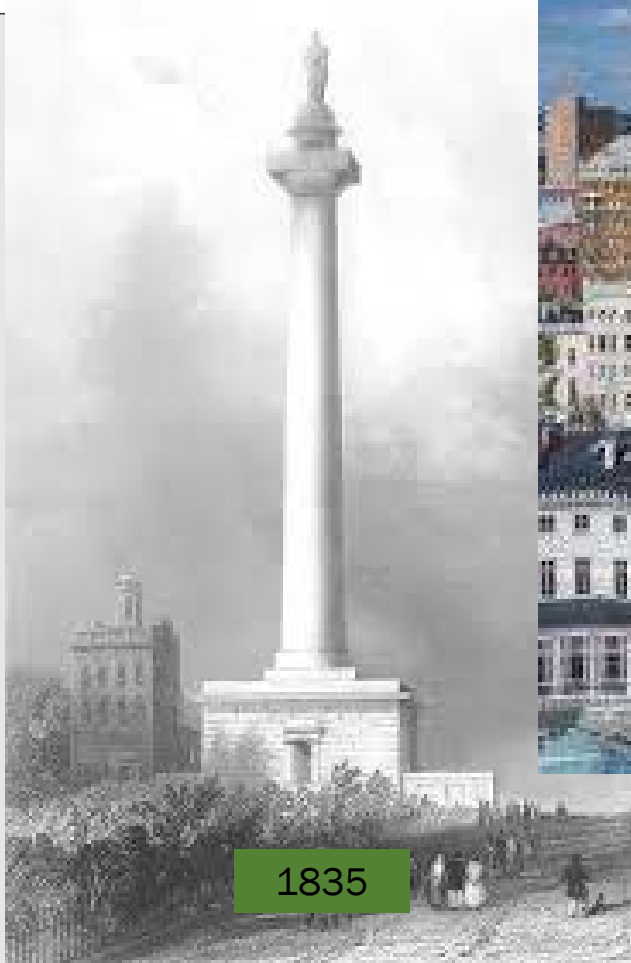


HEALTHY NEIGHBORHOODS, INC.

Healthy Neighborhoods helps strong but undervalued neighborhoods increase home values, market their communities, create high standards for property improvement and forge strong connections among neighbors.

11 E. Mount Royal Avenue, Suite 302, Baltimore, MD 21202

WWW.HEALTHYNEIGHBORHOODS.ORG

















7:30PM - 10:30PM

MOVIES

in the park

@THE MOVIE SHED

HERRING RUN PARK: 3900 BELAIR RD, BALTIMORE MD 21213

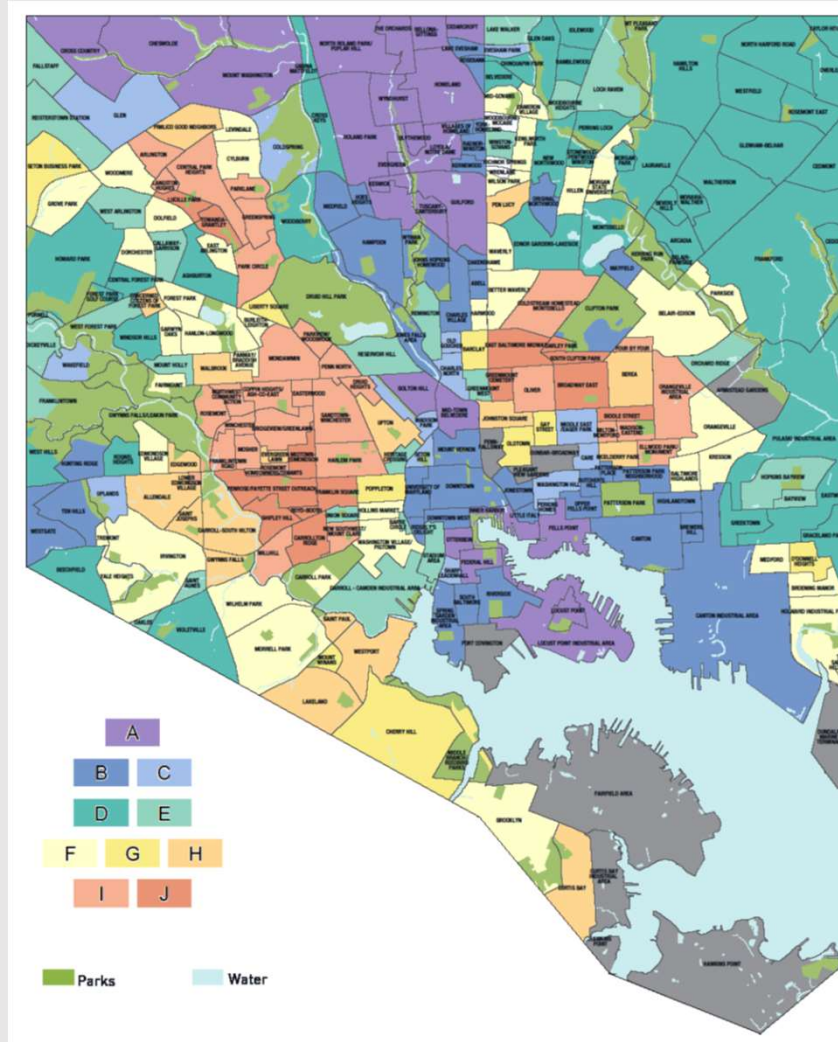


Baltimore is 33% parks and green space



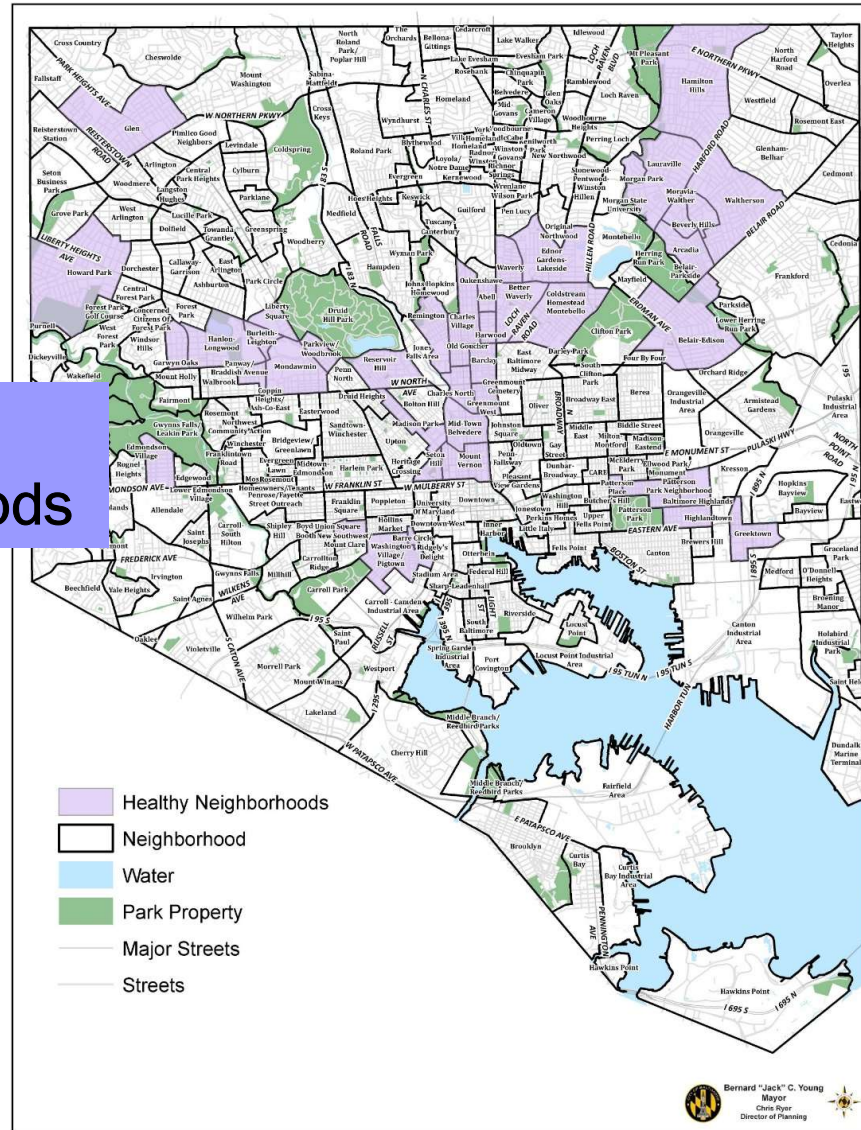


Department Of Planning with Housing and Community Development and the Reinvestment Fund compiles the data on a block by block basis. Live Baltimore uses this map showing the dominant Baltimore City





49 Middle Neighborhoods





PARTNER ORGANIZATIONS

Belair-Edison Neighborhoods, Inc.

Comprehensive Housing Assistance, Inc.

Coldstream Homestead Montebello

GO Northwest Housing Resource Center

Greater Mondawmin/NHS

Hamilton Lauraville Main Street

Heritage Crossing Residents' Association

Jubilee Baltimore

Pigtown Main Street

Reservoir Hill Improvement Council

Southeast CDC

Strong City Baltimore

Union Square Community Association



HNI provides partner organizations with funding, technical assistance, research and networking to learn from each and share ideas.



HNI Organizers know the real estate market block by block. They conduct Realtor education and outreach to improve listings.

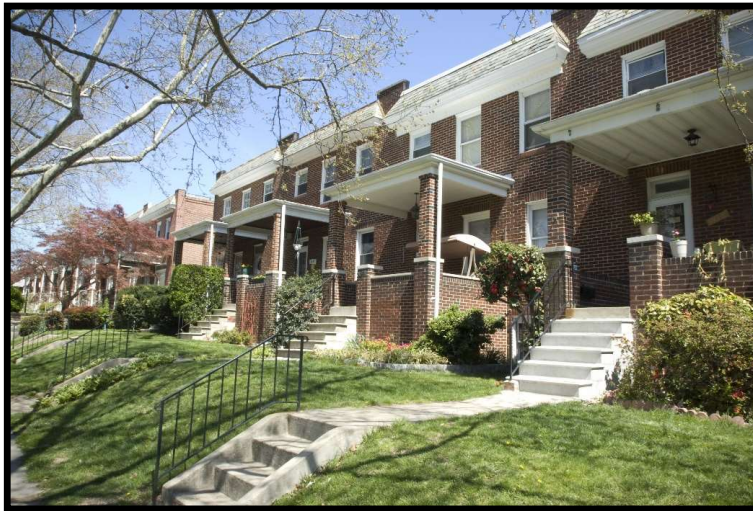
% of Homes over 80 years old

- Baltimore 47% 139k of 294k
- Cleveland 53% 113k of 211k
- St. Louis 56% 99k of 176k
- Boston 51% 146k of 285k
- Buffalo 64% 84k of 132k
- Philadelphia 41% 279k of 679k



Healthy Neighborhoods Loans

- **Purchase and Rehab**
- **Refinance and Rehab**
- **Home Improvement**



HNI LOAN POOLS 1, 2 AND 3

- Over \$106 million raised
- 700 loans made
- Up to \$10,000 in city matching grants for rehab
- 286 matching rehab grants made totaling \$2.6 million





Advantages of a HNI Loan

- No Private Mortgage Insurance.
- Borrow more than the value of the house - up to 110% of the after-rehab appraised value
- No upper income restriction on loans.
- Free design services to help plan improvements and review contractors' proposals.
- \$10,000 matching rehab grant for borrowers earning less than 120% of the Area Median Income.
- 620 Credit Score



Matching Grant Income Limits

Household Income must be at or below 120% AMI



| Household Size | Household Income Limit |
|----------------|------------------------|
| 1 | \$84,950 |
| 2 | \$96,950 |
| 3 | \$109,100 |
| 4 | \$121,200 |
| 5 | \$130,900 |
| 6 | \$140,600 |
| 7 | \$150,300 |
| 8 | \$160,000 |



Healthy Neighborhoods Loans

Comparing borrowers with 620 credit scores

| | <u>HNI Loan</u> | <u>FNMA Homestyle</u> |
|------------------|--------------------|-----------------------|
| Purchase Price: | \$139,900 | \$139,900 |
| 3% Down Payment: | \$4,197 | \$4,197 |
| Loan Amount: | \$135,703 | \$135,703 |
| Terms: | 4%, 30-year fixed | 3.625%, 30-year fixed |
| PITI: | \$1,028/mo. | \$999.01/mo. |
| PMI: | n/a | \$210.34/mo. |
| Total Payment: | \$1,028/mo. | \$1,209.35/mo. |

Also adds \$3,562 to closing costs

Potential Savings with HNI: \$181.35/month

\$2,176.20/year

\$10,881 over 5 years

NEIGHBORHOOD CAPITAL AND MARKETING GRANTS

- More than \$1 Million in grants since 2007
- 293 block and capital projects – neighborhood signs, playground equipment, public art, park improvements, tree planting, porch lights and flags, lawn lamps
- 119 marketing activities – websites, marketing materials (neighborhood, schools, loan pool), neighborhood tours, Spanish language homeownership materials





Let's Clean-up Our Block!

When:

Saturday, Oct 13th from 10AM-12PM

Where:

Meet-up at 3532 Esther Place

What:

**We'll have everything you need!
(Trash bags, brooms, gloves,
FOOD)**



**Questions?
Ask Andy:
410-342-3234 ex. 32
andy@southeastcdc.org**







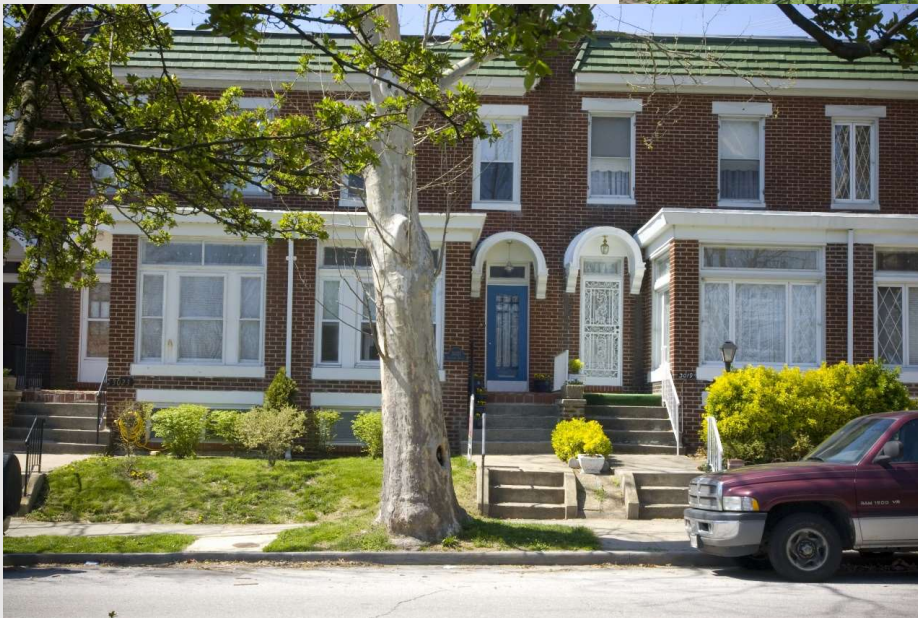




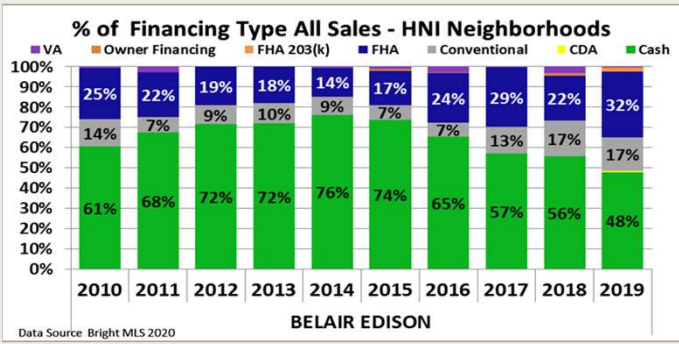
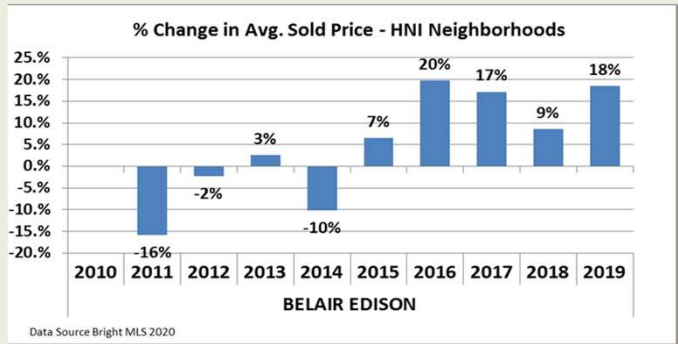
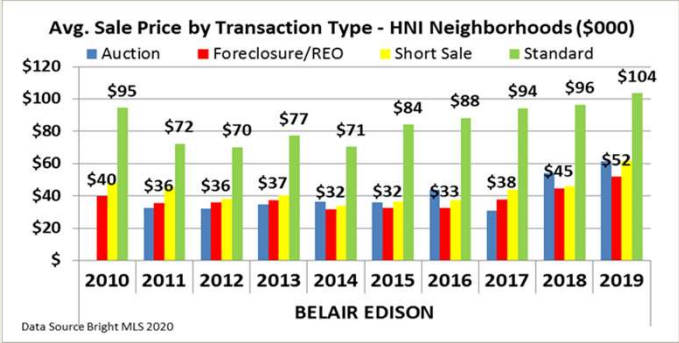
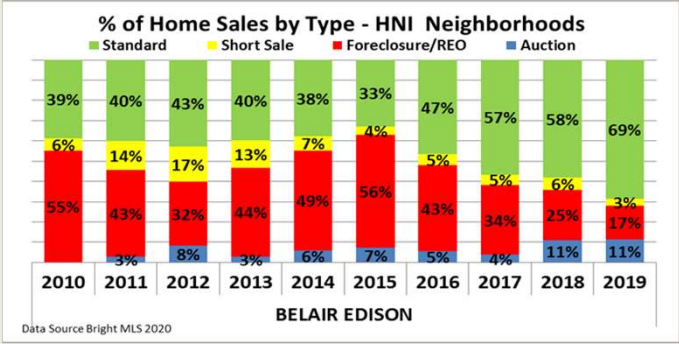
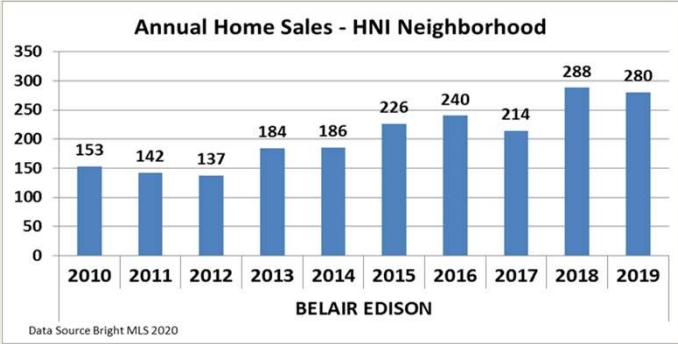


EVALUATION

- Increased home values
- Rising tax base
- Decreased time on market
- Increased equity investments
- Neighborhood organization and activity

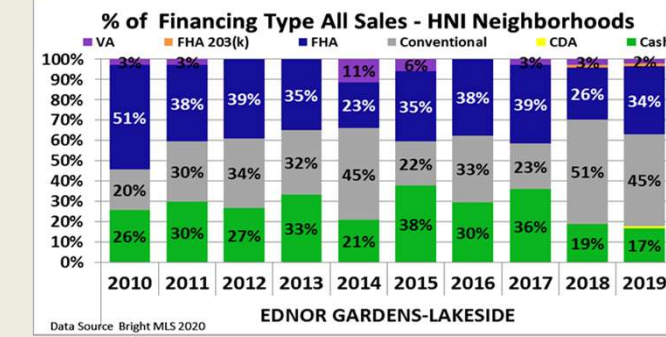
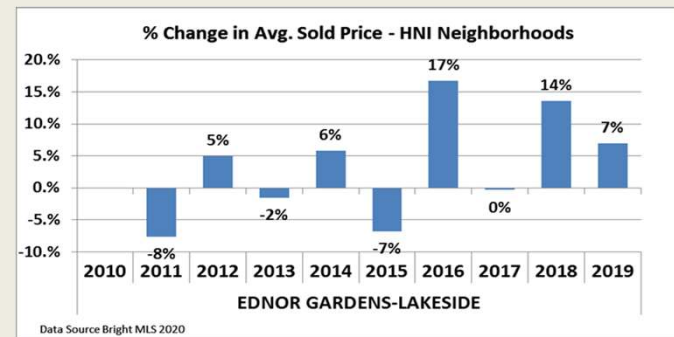
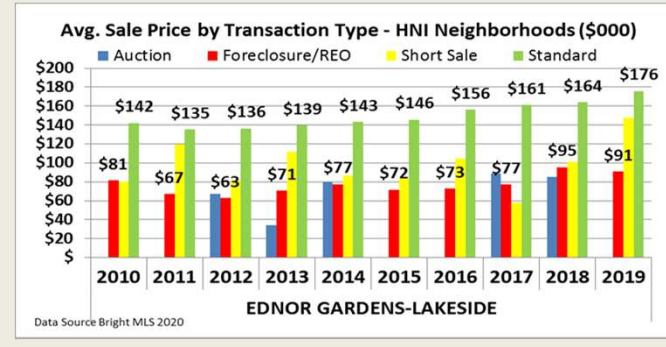
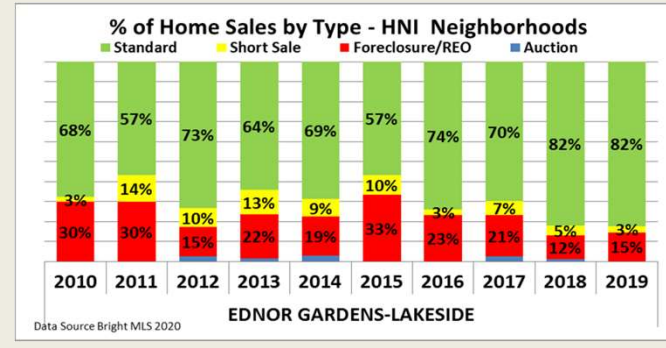
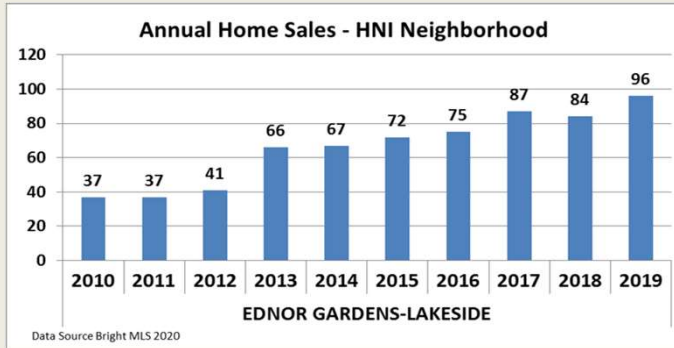


BELAIR-EDISON



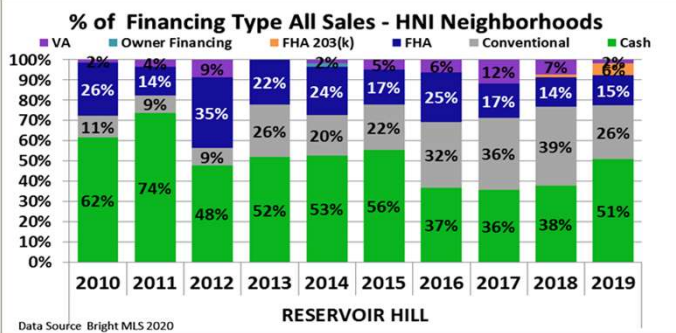
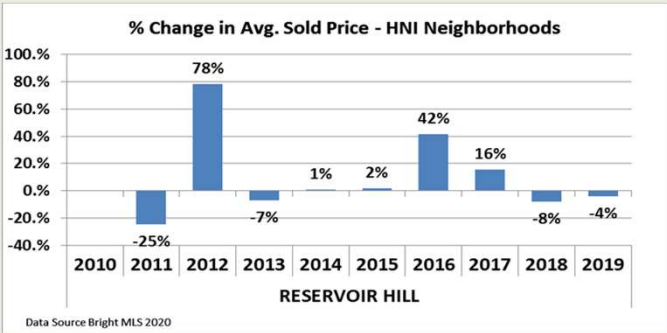
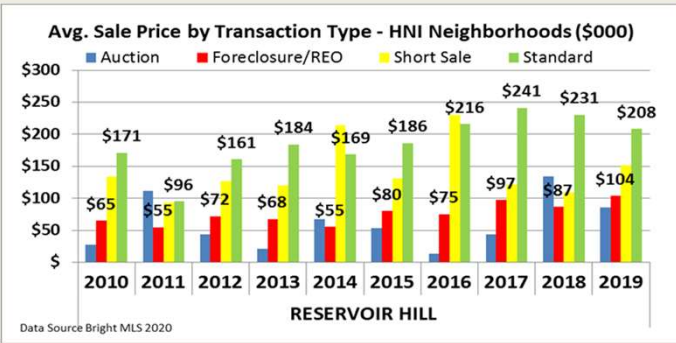
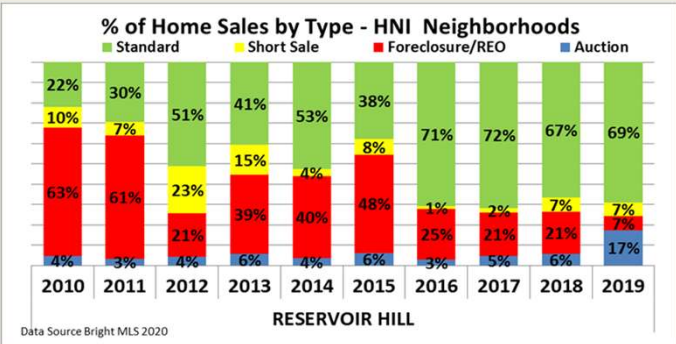
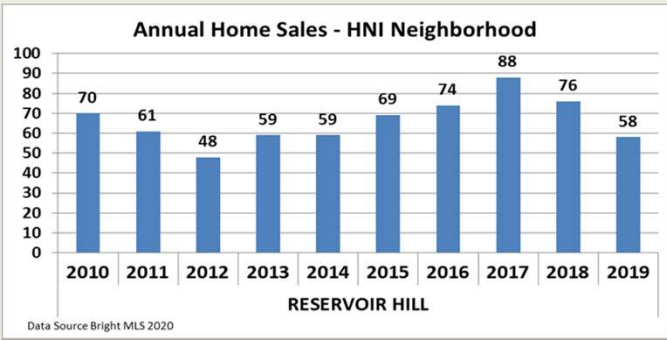


EDNOR GARDENS-LAKESIDE





RESERVOIR HILL





www.HealthyNeighborhoods.org

Jenny Hope

Director of Neighborhood Programs

jhope@healthyneighborhoods.org



Councilwoman Cherelle L. Parker

Updating Middle Neighborhood Housing
Stock to Appeal to Today's Homebuyers
Part II: Financing Strategies







When People Think of Philadelphia...





When People Think of Philadelphia's Middle Neighborhoods/ Gentrifying Housing Stock...





But, There's Actually A Lot More Variety Than Rowhomes





But, There's Actually A Lot More Variety Than Rowhomes





But, There's Actually A Lot More Variety Than Rowhomes





In Fact, if You Walk our Middle Neighborhoods, You Will See Signs of Distress





Issues Impacting our Middle Neighborhoods

- Aging housing stock; high need for housing preservation and modernization
- Homeowners on a fixed income and cannot access private loans
- Many heirs view the property as a liability, not an asset
- Stagnating property assessments
- Predatory loans, reverse mortgages, foreclosures, etc.
- Need to stave off investor-owned properties
- Need to maintain balance of homeowners vs. renters in the neighborhood
- Need for neighborhood-wide succession planning (related: marketing plan)





Problem I Am Trying to Solve

MODERN-DAY REDLINING

Unequal lending keeps redlining alive in Philadelphia's ~~gentrifying~~ neighborhoods



By [Jen Kinney](#) · February 15, 2018



The private sector has a **25.4%** approval rate for home repair loans to low-to-moderate-income borrowers in Philadelphia, and **23%** approval rate to African-American low-to-moderate-income borrowers in Philadelphia.





Restore Repair Renew

- Raised the realty transfer tax by 0.1%, which kicked off about \$8 million a year
- Used those proceeds to issue \$100 million in bonds: \$60 million to clear a backlog of existing housing grant programs and \$40 million to create a new housing preservation loan program
- Politically expedient to tie this loan program to mutual support for existing grant programs for lower-income Philadelphians





Philadelphia Neighborhood Home Preservation Loan Program

- Loans that range from \$2,500 to \$24,999 to eligible homeowner
- 10-year, 3% fixed Annual Percentage Rate
- Loans can fund a range of home repairs that focus on health, safety, weatherization, accessibility, and quality of life





Philadelphia Neighborhood Home Preservation Loan Program

Who can apply?*

Philadelphia homeowners:

- ▶ Whose primary residence needs repairs
- ▶ With credit scores above 580
- ▶ Who are up to date on public utilities and taxes or are in a payment plan with the City
- ▶ Who do not have L & I violations or will eliminate violations as part of the program

* Additional underwriting (minimum eligibility) criteria: Borrowers must have a loan-to-value ratio at or below 105% of after-rehab value and a back-end debt-to-income ratio at or below 43%.

Income Guidelines

Income is calculated using **gross** income for **all** members of the household.

Income Guidelines

| Household Size | Maximum Annual Household Income |
|----------------|---------------------------------|
| 1 | \$81,150 |
| 2 | \$92,750 |
| 3 | \$104,350 |
| 4 | \$115,950 |
| 5 | \$125,200 |
| 6 | \$134,500 |
| 7 | \$143,750 |
| 8 | \$153,050 |

For households larger than 8, add \$9,300 for each member
(Income guidelines subject to change)



Philadelphia Neighborhood Home Preservation Loan Program

What services are provided?

- ▶ Help determining if you are eligible for the program
- ▶ Receive financial counseling
- ▶ Help identifying necessary repairs
- ▶ Connect you to a participating lender
- ▶ Help finding a contractor
- ▶ Help applying for the loan





Philadelphia Neighborhood Home Preservation Loan Program

What repairs are eligible?

- ▶ Repairs, improvements, and upgrades related to health, safety, and quality of life
- ▶ Roof, siding, foundation, and masonry
- ▶ Sidewalk and driveway resurfacing/replacement and outside stair repair
- ▶ Window and door repair and replacement
- ▶ Adaptations that allow for easier access to and mobility within a home
- ▶ Fixtures, plumbing, sewer and waterline repairs and replacements
- ▶ HVAC system and water heater repair or replacement
- ▶ Electrical repairs
- ▶ Treatments related to lead-based paint
- ▶ Mold and radon mitigation





Philadelphia Neighborhood Home Preservation Loan Program

- There was a large number of applications (hundreds) at the beginning, and then it settled into around 70 or so applications a month
- Before COVID, the number of loan closings ranged from a handful to over 20 per month
- Problem that still needs solving: it can take months to get from application phase to closing phase





Philadelphia Neighborhood Home Preservation Loan Program

- The rate of originations slowed down early this year, and remains low, but it is encouraging that new applications spiked by over 260% in July and August.
- We need to ramp up our marketing efforts to get volume back up
- We are also brainstorming ideas to expand how homeowners can originally access the program
- Continual ongoing issue: contractors!



Philadelphia Neighborhood Home Preservation Loan Program

- 125 loans closed thus far
- The most impressive part of the program remains the 58% approval rate
- The default rate is 0% (only 4% of borrowers are 1-30 days past due; and just 2% are over 30 days due)
- Average loan size \$20,089
- 84% borrowers are minorities; average income for borrowers is 66% AMI



Stabilizing Neighborhoods Can't Be About **Only** Updating Housing Stock

- Assisting new homebuyers – Philly First Home
- Revitalizing and cleaning commercial corridors – PHL TCB
- Shoring up neighborhood assets – Rebuild
- “The best affordable housing this City has is our existing housing stock!”



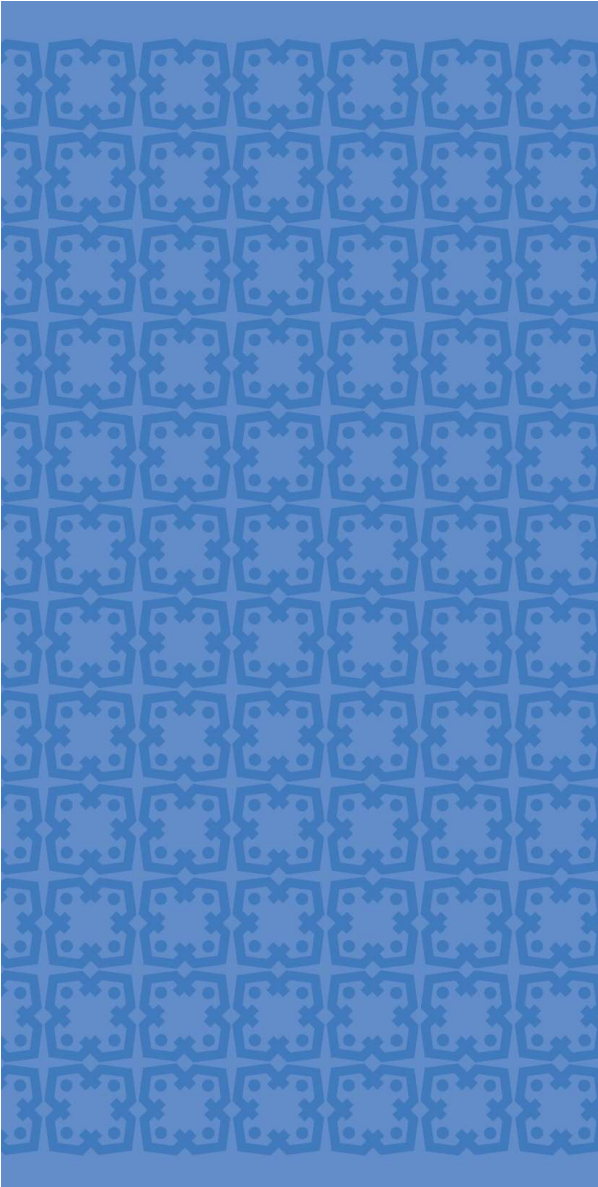
Questions/Comments?





**Updating Middle Neighborhood Housing Stock to Appeal to
Today's Homebuyers, Part II: Financing Strategies**

December 15, 2020



Invest DSM is a unique collaboration between the City of Des Moines and Polk County, and is a 501(c)3 created in July 2019. Annual budget is currently \$5 Million.

Mission:

Invest DSM provides holistic and innovative solutions that strengthen neighborhoods. We do this through strategic investments in real estate and partnerships to improve quality of life.

Vision: Vibrant, healthy, thriving neighborhoods.

Overarching Goal:

Property value appreciation outpaces inflation

Pilot Areas

Selected by City Council in September 2018

Four Special Investment Districts

1 Franklin Area

Charming homes on tree-lined streets with friendly neighbors; top-rated schools, convenient location; walk and bike to neighborhood icons including Snookie's, Waveland Cafe, the Franklin Avenue Library, and the re-activated Franklin Jr. High.

2 Drake

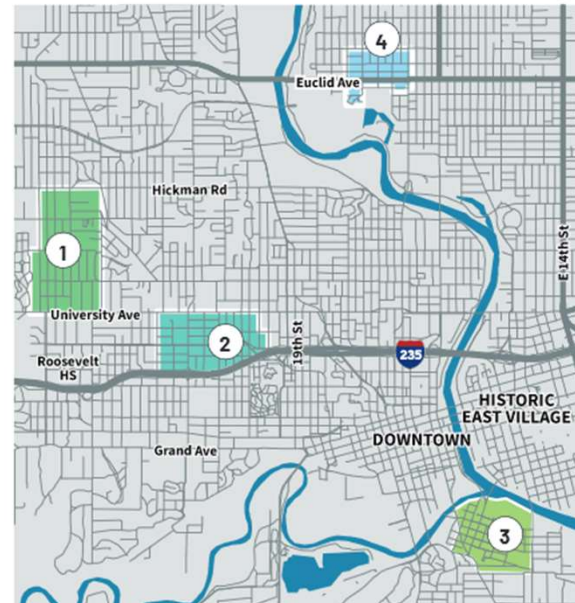
Beautiful historic homes on stately boulevards in an eclectic and diverse neighborhood, home to Drake University, friendly neighbors, and unique community events.

3 Columbus Park

Little Italy on the rivers, spectacular views of downtown, affordable single-family homes plus upscale, modern apartments.

4 Oak Park

Historic neighborhood business district surrounded by well-built homes plus beautiful McHenry Park overlooking the river – a great value close to downtown employment and amenities.





- Acts as umbrella for:
 - Strategy, Coordination & Governance
 - Funding & Accountability
- Focuses on building:
 - Neighborhood pride / Resident Leadership
 - Neighborhood brand
- Facilitates investments through:
 - Direct partnerships with developers
 - Grants to property owners (residential & commercial)
 - Property acquisition & disposition (land bank)



Block Challenge Grant Program

- 1:1 matching grant for exterior improvements (curb appeal)
- Neighbors must apply as a team
 - 5-9 neighbors = match up to \$1,000
 - 10+ neighbors = match up to \$2,500
- Team captain
 - Team must meet twice to submit application, once with I-DSM staff
- Team application + individual scopes of work, bids if applicable
 - Staff reviews and approves
- Project must be completed within 60 days
- Each property owner may submit for reimbursement upon completion

Columbus Park



Side 1

Side 2

BEFORE



Side 1

Side 2

AFTER



**Front
1**

Back

**Front
2**

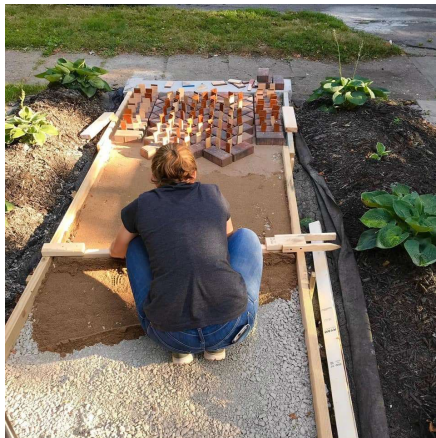
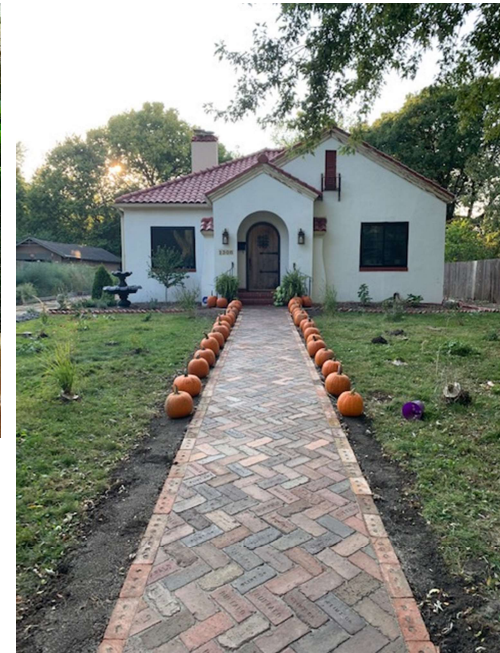
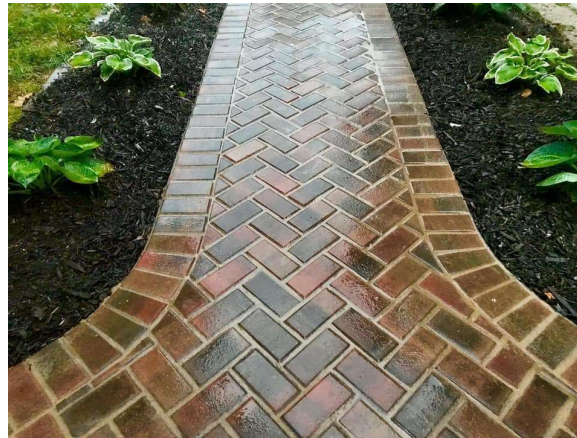


Back

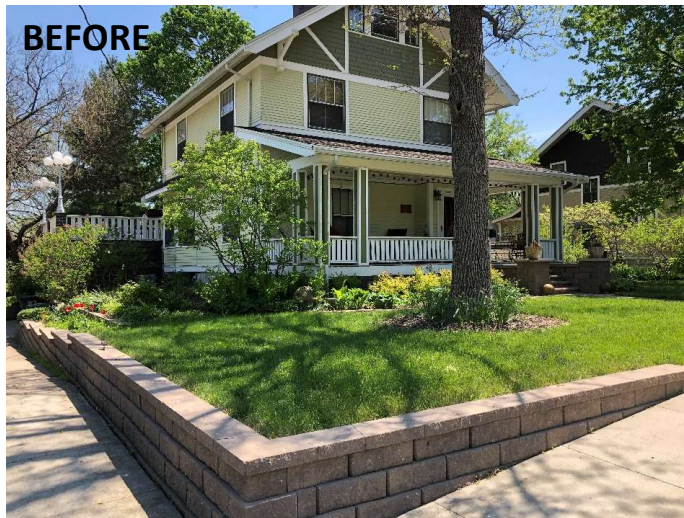
**Front
Window 1**

**Front
Window 2**

Drake



Drake



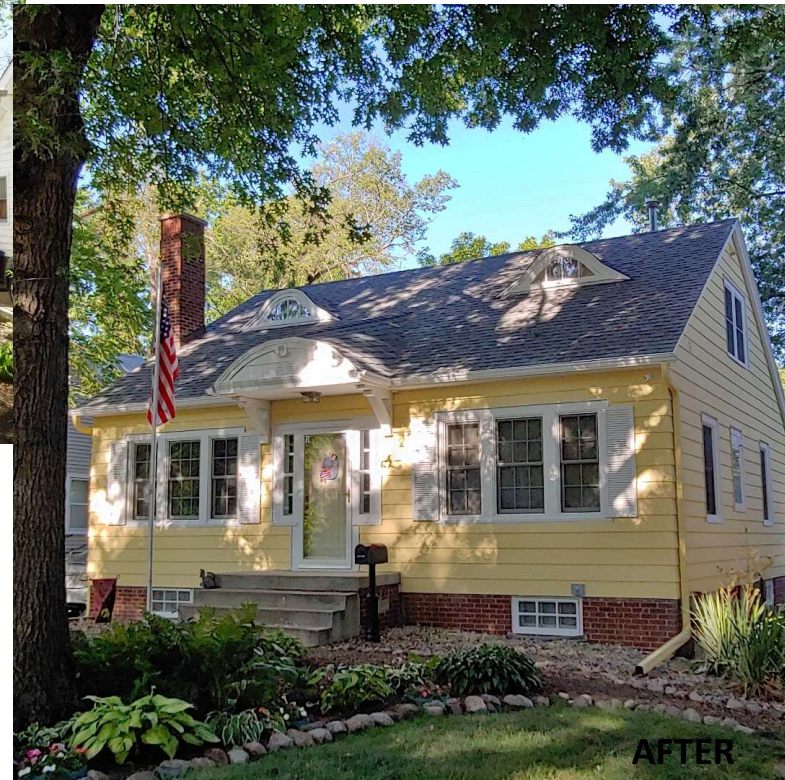
Drake



Franklin Area



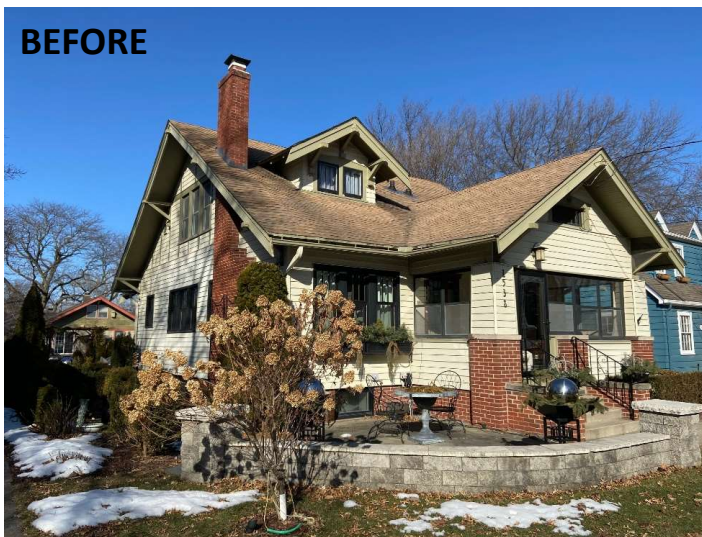
Franklin Area



Franklin Area



Franklin Area



Oak Park / Highland Park



Block Challenge Grant Program Totals (2020)

16 teams

240 participants

Avg. Project Cost = \$4,576



Total Investment = nearly \$1.1 million

Property Owner = \$660,360

Invest DSM = \$437,929

For every dollar Invest DSM has contributed, property owners have invested \$1.51.

Neighbors feel more connected, are sharing contractor info, are getting more involved, and – most importantly -- **have increased confidence to invest.**



Homeowner Renovation Program

- Grants to overcome **appraisal gap** & **willingness gap**
 - Varies by neighborhood
 - 3 Tiers based on cost ranges
 - I-DSM share is 20-50% of total project costs; secured with mortgage and forgiven over 5-7 years
- Project costs can include labor and materials, design/engineering and permit fees, equipment rental, etc.
- Invest DSM staff meets with homeowner to vet project scope and specs
 - Design and materials must meet I-DSM standards
 - Issues preliminary approval
 - Homeowner submits full application with bids, proof of funds
- Technical Assistance and Flexibility is important –
 - What works in one neighborhood might not work in another



Amber Lynch, AICP
Executive Director

www.InvestDSM.org

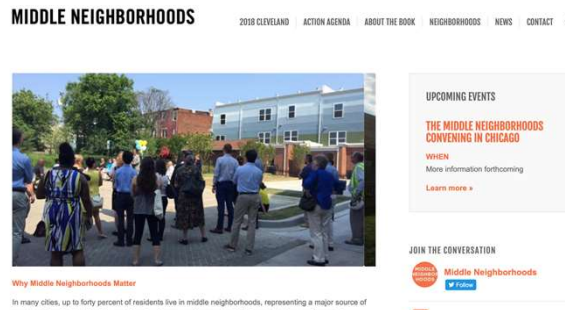
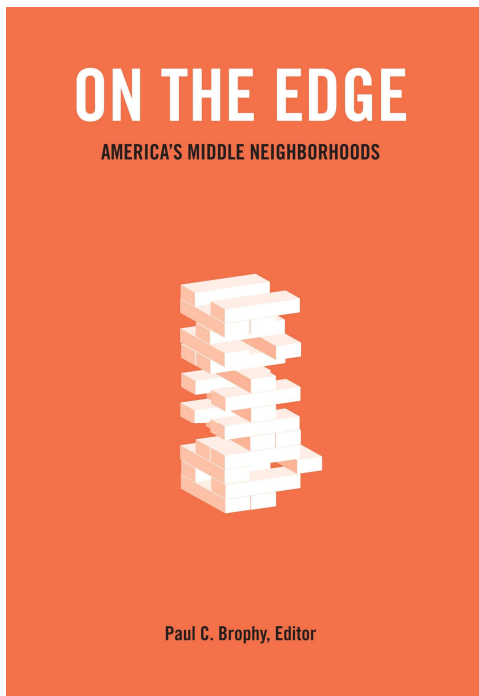
ALynch@InvestDSM.org
515.221.8410 x 102

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Center for Community Progress

Check out: The Cornerstone Webinar Series

Questions or Ideas?



MIDDLE NEIGHBORHOODS

May 2019 Newsletter



Cleveland community celebrates opening of new bike lane in Old Brooklyn with Mayor Frank Jackson. Photo credit: Old Brooklyn Community Development Corporation.

[What We Talk About When We Talk About Middle Neighborhoods](#)

By Nelson Beckford, The Cleveland Foundation
Picture this: a rectangular table with 30 leaders from Cleveland's community development field. We were there to discuss the concept of "middle neighborhoods" and to provide a recap of the Middle Neighborhood working group meeting in Cleveland for those who weren't able to join. I didn't know what to expect. Will the group take offense to the term "middle neighborhood"? [Read more](#)

For more Information

www.middleneighborhoods.org

Mapping Tool: <http://middleneighborhoods.reomatch.com/>