



The City of Milwaukee's Neighborhood Stabilization Program

NSP Buy in your Neighborhood (BIYN) Program

The Housing and Economic Recovery Act of 2008 provided the City of Milwaukee with \$9.2 million in federal funding for the Neighborhood Stabilization Program (NSP) to address foreclosed properties in Milwaukee neighborhoods impacted by the foreclosure crisis.

If you are a homeowner and are interested in purchasing a foreclosed home in your neighborhood, you may want to consider the opportunities available under the City of Milwaukee's NSP Buy In Your Neighborhood Program.

The NSP Buy in Your Neighborhood Program provides funding to help homeowners buy a foreclosed property within three blocks of where they live for rental purposes. Both financial and technical assistance is provided. If the property is in need of rehabilitation, homeowners may also use the NSP Rental Rehabilitation Program, which provides matching funding for necessary rehabilitation expenditures. The concept behind the program is that property owned by a neighborhood resident is likely to be well-managed and maintained because the owner has a vested interest in the neighborhood.

Financial Assistance Provided

The Program provides second mortgage loans of up to 20% of the purchase price of foreclosed homes within the NSP program area to help with the necessary downpayment, which may normally be between 25-30%. The loan will be at a 3% interest rate with a 5-year term. *Refer to attached map for program area.*

Rent and Income Targeting Goals

There are rent and income targeting goals for the program*:

NSP Affordable Rent Limits 2010 ¹				
	2 BR	3 BR	4 BR	5 BR
Rent Limit for 60% Area Median Income requirement	\$722	\$925	\$937	\$1083

¹Limits assume tenant responsibility for all utilities other than sewer/water. Adjustments will be made using Milwaukee Housing Authority Utility Allowances when appropriate.

Income Guidelines for Tenants Eligibility is limited to clients with household income no greater than:

Household Size	Household Income Limit (60% of AMI)	Household Size	Household Income Limit (60% of AMI)
1	\$29,880	5	\$46,080
2	\$34,140	6	\$49,500
3	\$38,400	7	\$52,920
4	\$42,660	8	\$56,340

* Participants may agree to 50% AMI rent and income limits in order to qualify for additional assistance under the NSP Rental Rehabilitation Program. See the Rental Rehabilitation Program guidelines for additional information.

Technical Assistance

As part of the program, technical assistance will be provided to insure the house is code compliant. If rehabilitation is necessary, a technical specialist will work with you to prepare a scope of work, assist you in obtaining bids for the work, and monitor the construction process.

Period of Affordability

Since the primary goals for the program are promoting and preserving affordable high-quality rental housing, certain affordability requirements apply. If a property is sold prior to expiration of the affordability period, it will require payment of the loan.

<u>Amount of Assistance</u>	<u>Period of Affordability</u>
\$15,000 or less/unit	5 years
>\$15,000/unit	10 years

Eligible Properties

1-4 unit vacant bank owned properties located in the target areas shown on the attached map are eligible for purchase assistance. Multi-unit buildings may be considered on a case-by-case basis and the program reserves the right to limit the level of assistance to any one project.

Units must have 2 or more bedrooms each. Funding for 1 bedroom units will be considered on a case-by-case basis, considering neighborhood revitalization impact, projected leverage, and demand.

NSP guidelines require that you purchase the property for at least a 1% discount below its current appraised value. For an interactive map of foreclosed homes, go the City's foreclosure information website: www.milwaukeehousinghelp.org

Other Eligibility Requirements

If you own other property in the City of Milwaukee, you must have a satisfactory record of owning and managing those properties and have a history of paying their property taxes on time.

You must comply with monitoring requirements regarding ongoing rental affordability and income eligibility of tenants.

You must attend free landlord training classes offered by the City of Milwaukee's Department of Neighborhood Services. (Call 286-2954 for more information)

Compliance Requirements

During the period of affordability, you must submit annual "Tenant Annual Certification" forms (which will be provided to you) that confirm that the tenant's income and rents are within the eligibility guidelines that you committed to.

NSP program requirements prohibit certain lease provisions between landlords and tenants. These will be contained in detail in the Loan Agreement for your project.

Getting Started and Applying to the Program

In order to apply to the program, you will need to submit an accepted offer to purchase and a pre-approval for financing evidencing sufficient funding to acquire the property (and if rehabilitation is necessary, to provide matching funds for the property's rehabilitation).

There is a non-refundable* \$200 per unit application fee.

*Under exception, all or a portion of the application fee is refundable if you cancel the application before the scope of work write-up commences.

Applications for the program are available online at: www.milwaukeehousinghelp.org
or by calling **414-286-5610**.



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NSP Buy in your Neighborhood (BIYN) FAQ's

Information About: Eligible Properties

How does NSP BIYN help?

NSP BIYN provides a 3% interest loan for up to 20% of the purchase price. Generally, loans must be paid back within 5 years.

Am I eligible to buy a problem property in my neighborhood?

If you own and occupy your home and live within 3 blocks of an eligible property, NSP BIYN may be able to help you buy it and then rent it out. Certain other restrictions apply. See NSP Rental Rehab for more information.

Can I buy a foreclosed property anywhere in the City?

Home foreclosures have hit certain parts of the City the hardest. NSP assistance is available only in the eligible areas indicated on the Neighborhood Stabilization Program map. The map may be viewed on the website:

www.milwaukeehousinghelp.org

How do I find eligible foreclosed properties?

The City has a map showing foreclosed properties on our web site: www.milwaukeehousinghelp.org the map is updated as quickly as possible after properties go into foreclosure. Keep in mind that only properties in eligible areas may get NSP assistance.

Are there foreclosed properties not on your list?

While the City attempts to provide a complete listing of foreclosed properties, a realtor or lender may be able to find bank owned foreclosed homes which do not appear on the City's map.

I know about a property that is going into foreclosure but hasn't gone to sale yet. Can I go through the NSP Program?

NSP BIYN Assistance is available only for vacant properties that have already been foreclosed on and sold at Sheriff's sale.

Information About: Purchasing a Foreclosed Property

How do I buy a foreclosed property?

Generally, buyers must work with real estate professionals. If you find a property on the City's map, click on the link to the Multiple Listing Service (MLS) where you'll find more information about the property. The listing agent will show you the property, and help with financing and other requirements.

What if a foreclosed property isn't listed on MLS or on your map?

There are many reasons a foreclosed property isn't listed with MLS. If you're unable to find the listing broker you may be able to contact the owner directly. Check the City Assessor web page

<http://assessments.milwaukee.gov/> or the Department of Neighborhood Services

<http://www.city.milwaukee.gov/DNSNSS> for ownership information.

Are there income restrictions?

There are no restrictions for buyers, but until the loan is paid off, there are rent controls and renters must meet certain income requirements. See the NSP Rental Rehab Program for more information.

Why do I have to go through landlord training?

The City requires landlord training unless you are an experienced investor-owner. The City wants to do everything possible to help you be a successful investor-owner. Renting a property can be complicated, and the landlord training program gives you tips on screening for good tenants, dealing with problem tenants, and other advice about maintaining the building.

If you go through NSP BIYN, the landlord training program is free. Call 286-2954 for more information.

Why does the sale price have to be lower than the appraisal?

The Federal government requires that buyers using NSP BIYN assistance pay no more than 99% of the appraised value.

I already bought a foreclosed property. Can I still get assistance?

NSP BIYN is not available if you already purchased a property.

Information About: Financial Assistance for Buyers

What other help is available?

Besides the NSP BIYN loan, help is available through the Rental Rehab Program.

How do I apply to NSP BIYN?

Applications are available online: www.milwaukeehousinghelp.org

Do I have to use NSP BIYN if I buy a foreclosed property?

Buyers are not required to use NSP BIYN, but because of the complexity of financing and rehabilitating a foreclosed home, and because the City's assistance is generous, it is strongly suggested that eligible buyers consider NSP BIYN before "going on your own."

The home I'm interested in needs a lot of work. What help is available?

NSP BIYN helps with the purchase. Because all properties must be code compliant and not have lead paint hazards, you may also use the NSP Rental Rehab Program to help pay for rehab costs.

A qualified Rehabilitation Specialist will go through the home with you and identify work that needs to be done. The Rehab Specialist will help you find qualified contractors and will monitor the construction.

I've read the information on your website but still have questions. Is there a number I can call?

414-286-5610.