

Update on the progress of the Neighborhood Stabilization Program 2 in Reno, Sparks, and Washoe County

Two year milestone met with major successes

- 71.85% of Neighborhood Stabilization Program 2 (NSP2) grant expended
- The Housing Authority of the City of Reno (RHA) featured in a nationally distributed video from HUD on scattered site rental housing management
- One hundred eleven houses purchased so far
- Eighty-three properties completed and either occupied or ready for occupants
- All properties purchased with NSP2 funds have been xeriscaped

Background and Overview

The Consortium led by RHA was awarded \$20,995,000.00 in NSP2 funds on February 11, 2010. February 11, 2012 marks the second full year of the three year grant, so RHA would like to present this report on what has been accomplished so far with NSP2 funds and RHA's \$1 million in additional funds dedicated to NSP2. The Consortium is made up of RHA, the City of Reno, Nevada Rural Housing Authority, Consumer Credit Affiliates, and Charles Schwab Bank.

RHA has purchased 111 houses with NSP2 funds in the four designated NSP2 target areas. NSP2 regulations require that at least 50% of the grant be expended at the two year mark; RHA has expended 71.85% at this point, clearly in excess of the required expenditures. There is a plan and budget in place to ensure that the remainder of the grant funds will be spent before the three year 100% expenditure deadline.

In addition to the properties purchased using NSP2 funds, RHA has also purchased ten houses using the \$1 million RHA pledged to assist the NSP2 efforts in the target areas.

NSP2 regulations also require that program income be spent as it comes in, before more grant funds can be drawn down. RHA has spent \$562,354.08 in program income. Once the grant funds have all been expended, remaining program income will be used to continue the goals of NSP2, though the properties may be purchased outside the target areas at that point.

Rental Properties

Sixty-one properties have been purchased for rental to families with incomes under 50% of the Area Median Income (AMI). Of the 61 properties purchased, 28 are in Sun Valley, 16 are in Sparks, 14 are in Stead, and three are in Northeast Reno.

For each target area, the following amounts have been spent so far:

Target area	Acquisition expenditures	Rehabilitation expenditures	Total spent in target area
Sun Valley	3,258,959	719,977	3,978,936
Sparks	1,892,664	780,282	2,672,946
Stead	1,615,809	282,005	1,897,814
Northeast Reno	240,325	130,090	370,415

NSP2 requires that at least 25% of the grant be spent on households below 50% AMI. The Consortium received a grant of \$20,995,000, which meant that the Consortium was required to spend at least \$5,248,750 on that population. So far, \$9,083,584, or about 43.27%, has been spent on that population. RHA will be doing a budget revision in the near future to reallocate \$450,000 from the Administration budget to the <50% AMI population budget to purchase and rehabilitate additional houses for rental, so this percentage will increase.

In the initial NSP2 agreement, RHA and Nevada Rural Housing Authority (NRHA) agreed that when 60 rental properties had been purchased, five of them would be given to NRHA under the same rules as those properties owned by RHA. In June 2011, the ownership of five homes in Sparks was transferred to NRHA.

Of the 61 properties purchased to date to be rented to households under 50% AMI, 60 have been rented. The 61st property is under rehabilitation and should be completed by April 2012.

RHA's effectiveness in managing scattered-site, single family rental programs was recognized in 2011. HUD contracted with Enterprise Community Partners to create a training video on Scattered-Site, Single Family Rental Management and used RHA as the featured agency. The video is quite well done and very positive. The shortened link is: <http://bit.ly/wbiHyz>

In the NSP2 application, RHA pledged to provide \$1 million towards NSP2 goals to purchase properties that would not otherwise be available due to timing or other issues. Ten properties have been purchased, rehabilitated, and rented using these funds.

Sales Properties

Thirty properties have been purchased using NSP2 funds to be sold directly to households between 50% and 120% AMI. Of these properties, 19 are in Sun Valley, seven are in Stead, and four are in Sparks.

For each target area, the following amounts have been spent so far:

Target area	Acquisition expenditures	Rehabilitation expenditures	Total spent in target area
Sun Valley	1,979,695	365,029	2,344,724
Sparks	386,895	67,180	454,075
Stead	723,789	96,216	820,005

Ten of these properties have already been sold and the remaining properties are undergoing rehabilitation. RHA plans to purchase many more properties to be sold over the next year, though the exact number will depend on how fast the rehabilitation and resale of the properties proceeds.

Each of these properties is sold for the lesser of a current appraisal or the amount spent on purchase and rehabilitation by RHA. There is also a \$15,000 forgivable interest-free loan and up to \$5,000 grant to assist with closing costs which are attached to each property.

Lease-to-Own properties

Nineteen Lease-to-Own properties have been purchased using NSP2 funds. These properties are being put into a Lease-to-Own program which allows people with less than perfect credit scores (below 650) to lease the property for up to three years as they work on getting their credit scores up. During the three year period, residents of these properties have the option of purchasing the house they have been renting. If they do purchase the house, they receive the same \$15,000 interest-free forgivable loan and up to \$5,000 grant as those people who buy the for sale properties as well as a portion of the rent they have paid while they occupied the house. Of these properties, five are in Sun Valley, eight are in Stead, four are in Northeast Reno, and two are in Sparks.

For each target area, the following amounts have been spent so far:

Target area	Acquisition expenditures	Rehabilitation expenditures	Total spent in target area
Sun Valley	474,674	62,264	536,939
Sparks	204,897	96,036	300,933
Stead	850,181	96,891	947,072
Northeast Reno	170,777	7,094	177,872

Five of these properties have already been leased and there is significant interest in the community regarding this program. RHA anticipates purchasing a total of 30 Lease-to-Own properties.

Work with partners in the Consortium

NRHA has homeownership assistance that could be available for families purchasing NSP2 properties, though none of this assistance has been utilized to date.

The City of Reno is providing quick and accurate Environmental Reviews for all properties submitted by RHA.

Consumer Credit Affiliates has been and will continue to provide HUD approved homeownership counseling for people in the sales and Lease-to-Own categories.

Charles Schwab Bank has homeownership assistance available for families purchasing NSP2 properties, and a few people have taken advantage of this assistance.

Plan for NSP2's third year

In the third year of the NSP2 grant, RHA, as the lead member of the Consortium, plans to continue purchasing homes for rent, sale, and Lease-to-Own. Each property will be rehabilitated to the standards set out in the grant application, and xeriscaping will continue to be a high priority. NSP2 initial grant funds are expected to be completely expended by the end of 2012; this projection is updated weekly as more houses are purchased and rented, leased under the Lease-to-Own program, or sold.

The partners in the Consortium will continue to provide their agreed-upon services and will also make sure that RHA is fully aware of their activities.

RHA staff is working to ensure that NSP2 grant funds are used as effectively as possible to stabilize the targeted neighborhoods and help ameliorate the foreclosure crisis which has hit so hard in this area.