



Philadelphia's  
Neighborhood  
Stabilization  
Program promises  
to halt urban  
blight and create  
new jobs for  
housing workers



# REBUILDING CITY NEIGHBOR- HOODS **ONE HOME AT A TIME**

by LISA PICOZZI

**A** select group of Philadelphia neighborhoods is getting some much-needed protection against the housing market's economic fallout. The support comes in the form of a nearly \$20 million federal- and state-funded stimulus program called the Neighborhood Stabilization Program (NSP), which promises to provide big payoffs for both homeowners and housing workers alike.

The program, which was developed by the U.S. Department of Housing and Urban Development, is funded through the Housing and Economic Recovery Act of 2008 and is overseen by the Redevelopment Authority of the City of Philadelphia (RDA).

Under this plan's guidelines, a group of approved developers will receive up to \$20,000 following each successful purchase, renovation and sale of a foreclosed property. The RDA works with lenders to negotiate a reduced price for these targeted properties, which are currently unoccupied in otherwise stable neighborhoods in the city. The developers are then required to purchase, rehab and sell them at a reasonable price to qualified buyers who will occupy the homes as their primary residences. To be approved, homebuyers

must have an income that is no greater than 120 percent of the area median income – this equates to \$65,400 for a single buyer and \$93,360 for a household of four. They must also complete eight hours of housing counseling.

In all, it is predicted that 200 homes will be renovated and 140 construction jobs will be created before the program is finished.

"Philadelphia has responded to the national housing crisis with an innovative program to renovate homes in neighborhoods," explains Terry Gillen, RDA Executive Director. "Every time we fix up a house, we are keeping the neighborhood strong. At the Redevelopment Authority, we are doing our part to strengthen neighborhoods and create jobs."

To select the neighborhoods that were targeted by this program, the City's Office of Housing and Community Development identified those that had the highest foreclosure rates and the highest number of sub-prime (so-called "predatory") loans, as well as those that had taken the biggest hit in home values due to vacant and foreclosed homes. The idea was to identify areas where urban blight could be squelched before it had a chance to take hold. \*



## ONE PROGRAM, MANY BENEFITS →

According to the City of Philadelphia's website, the NSP program hopes to accomplish four important goals:

**Reducing Blight:** "Every time a house is rehabbed, NSP eliminates a blighted property in a neighborhood, preventing further neighborhood deterioration. Research by the Wharton School has found that a single blighted property decreases the value of each surrounding property by more than \$3,000"

**Providing Jobs:** "The program provides construction jobs for workers who are hired by the developer – providing much-needed employment in a slow economy."

**Improving the Accessibility of the Housing Stock:** "NSP provides a homeowner with a renovated home in a neighborhood of their choice."

**Sustaining Small Business:** "The program provides a \$20,000 developer fee to the CDC or the developer in charge of the project – giving them an extra source of operating income during this recession."

Source: [cityofphiladelphia.wordpress.com](http://cityofphiladelphia.wordpress.com)

Mayor Michael Nutter is solidly behind the NSP program. In December 2009, he visited the first completed rowhome on Wellington Street in Northeast Philadelphia's Mayfair section, and hailed the program as one of hope for the city.

"Today, we celebrate the beginning of a stimulus program that is eliminating vacancy in our neighborhoods and creating stimulus jobs," Nutter stated. "This block has one less vacant house and a new homeowner has a new place to live in this neighborhood."

Diane Menke, whose development company is an approved NSP developer and who also is a principal at design-to-build contractor Myers Constructs, Inc., echoes the Mayor's sentiments: "We believe in the stabilizing, positive community effect of home ownership. We get fired up about it, in fact," she explains. "We all feel privileged to be able to bring new homeowners to great remodeled homes in Philly's neighborhoods."

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