THE NEIGHBORHOOD STABILIZATION PROGRAM:
IS IT REALLY STABILIZING THE NEIGHBORHOODS?

A RESEARCH PAPER
SUBMITTED TO THE GRADUATE SCHOOL
IN PARTIAL FULFILLMENTS OF THE REQUIREMENTS
FOR THE DEGREE MASTERS OF SCIENCE

BY

JULIE EDWARDS
MAHESH DAAS – ADVISOR
BALL STATE UNIVERSITY
MUNCIE, INDIANA
MAY 2013
ACKNOWLEDGEMENTS

It would not have been possible to write this research paper without the help and support of the kind people around me, to only some of whom it is possible to give particular mention here. Above all, I would like to thank my instructor, Susan Lankford, for her personal support and great patience at all times. I would also like to thank my advisor, Mahesh Daas, for his support. This thesis would not have been possible without the help, support and tolerance of my friend, Anya Grahn. Finally, the advice, support, interest, and time given by the interviewees of the research paper, Carl Malysz, Lisa Thompson, Chris Lepper, Chris Palladino, Jonathon Spodek, Brad King, and Olon Dotson, have been invaluable on both an academic and a personal level, for which I am extremely grateful.
# TABLE OF CONTENTS

ABSTRACT .............................................................................................................................. v

EXECUTIVE SUMMARY ........................................................................................................ vi

LIST OF ABBREVIATIONS ....................................................................................................... vii

GLOSSARY OF TERMS ........................................................................................................... x

LIST OF FIGURES .................................................................................................................. xiii

CHAPTER 1: METHODOLOGY ............................................................................................... 1

CHAPTER 2: WHAT CAUSED THE NEIGHBORHOOD STABILIZATION PROGRAM? .... 5

CHAPTER 3: GOVERNMENT REACTIONS TO THE HOUSING CRISIS .............................. 17

CHAPTER 4: THE NEIGHBORHOOD STABILIZATION PROGRAM: A BRIEF OVERVIEW ........................................................................................................................... 27

CHAPTER 5: THE EFFECTS OF VACANCY AND FORECLOSURE ON A NEIGHBORHOOD ....................................................................................................................... 46

CHAPTER 6: NEW ALBANY, FLOYD COUNTY, INDIANA .................................................. 56

CHAPTER 7: MUNCIE, DELAWARE COUNTY, INDIANA .................................................... 74

CHAPTER 8: FORT WAYNE, ALLEN COUNTY, INDIANA ..................................................... 100

CHAPTER 9: CONCLUSION .................................................................................................... 124

BIBLIOGRAPHY ...................................................................................................................... 133

APPENDIX A: DEMOGRAPHIC DATA NEW ALBANY, FLOYD COUNTY, INDIANA ... 142

APPENDIX B: NSP1 PROPERTIES IN NEW ALBANY .......................................................... 146

APPENDIX C: LIST OF NSP QUALIFIED AREAS OF GREATEST NEED .......................... 160

APPENDIX D: DEMOGRAPHIC DATA MUNCIE, DELAWARE COUNTY, INDIANA ... 165
APPENDIX E: SUMMARY OF MUNCIE NSP1 QUARTERLY REPORTS ...................... 169
APPENDIX F: MAP OF THE NSP DEMOLITIONS AND DECONSTRUCTIONS .......... 173
APPENDIX G: PHOTOS OF VACANT LOTS AND NSP1 PROPERTIES .................... 174
APPENDIX H: SUMMARY OF MUNCIE NSP3 QUARTERLY REPORTS .................... 176
APPENDIX I: DEMOGRAPHIC DATA FORT WAYNE, ALLEN COUNTY, INDIANA .... 178
EXECUTIVE SUMMARY

Purpose

The George W. Bush Administration created the Neighborhood Stabilization Program (NSP) within the Housing and Economic Recovery Act (HERA) to provide monetary funds and technical assistance for communities adversely affected by the housing crisis.\(^1\) The purpose of this research paper is to determine the success of the program in three Indiana Communities: New Albany, located in southern Indiana, is a small city with a population of 36,000;\(^2\) Muncie, located in East Central Indiana, is an entitlement community with a population of 70,000;\(^3\) Fort Wayne, located in northeastern Indiana, is also classified an entitlement community and has a population of over 255,000.\(^4\) New Albany only received NSP1 funding, while Muncie and Fort Wayne both received NSP1 and NSP3 funding. By analyzing the three cities, I hope to determine if the NSP was successful in its purpose and what can be improved for future federal initiatives aimed at fighting urban blight.

Limitations to the Study

The content of this academic paper explores the effectiveness of the Neighborhood Stabilization Program (NSP); however, there are limitations to this study that relate to time, number of areas studied, and depth of analysis. NSP distributed $6.15 billion to entities in the 50 United States and five US Territories. It is not possible to analyze the program as a whole, given the quantity of grantees and plans. Therefore, this study is limited to three cities in Indiana. Other cities and regions could have different results based on their current economic conditions, amount of funding received, and local administration. This evaluation should not be considered a comprehensive evaluation for the State of Indiana or the NSP as a whole. Moreover, this study is limited to evaluating NSP1 and NSP3 due to the fact that HUD did not award any NSP2 grants in the State of Indiana.

Even though the NSP was created in 2008, funds from all rounds of the program are still being administered. Therefore, the program was evaluated based on activities that occurred on or before January 7, 2013. For these reasons, it is not possible to fully evaluate the long-term success of the NSP.

Another limitation to the study revolves around the depth of analysis conducted. Given the time constraints, it is not possible to analyze every NSP-funded property. This study will focus on a more broad impact of the neighborhoods studied.
LIST OF ABBREVIATIONS

AMI – Area Median Income
ARM – Adjustable Rate Mortgage
ARRA – American Recovery and Reinvestment Act
CDBG – Community Development Block Grant
CDC – Community Development Corporation
CDO – Collateralized Debt Obligation
COA – Certificate of Appropriateness
DRGR – Disaster Recovery Grant Reporting
FHA – Federal Housing Administration
FHFA – Federal Housing Finance Agency
GSE – Government-Sponsored Enterprise
HERA – The Housing and Economic Recovery Act
HUD – The US Department of Housing and Urban Development
HVAC – Heating, Ventilation, and Air Conditioning
IHCDA – Indiana Housing and Community Development Authority
LIHTC – Low-Income Housing Tax Credit
LMI – Low to Moderate Income
LOI – Letter of Intent
MOA – Memorandum of Agreement
NDHC – New Directions Housing Corporation
NSP – The Neighborhood Stabilization Program (includes NSP1, NSP2, and NSP3, where the number refers to the round of funding)

PHA – Public Housing Authority

REIT – Real Estate Investment Trust

RFQ – Request for Qualifications

S.A.F.E. - Secure and Fair Enforcement for Mortgage Licensing Act

SEC – Securities and Exchange Commission

TA – Technical Assistance

UBHA – Unsafe Building Hearing Authority
GLOSSARY OF TERMS

**Amortization** - The paying off of debt in regular installments over a period of time.

**Capital Injections** – An investment of cash, assets, or equity into a company or institution that is just starting out or failing.

**Conservatorship** – A legal concept where an entity or organization is subjected to the legal control of an external entity or organization.

**Community Development Block Grant** – “… a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.”

**Credit Default Swap** – A financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default.

**Entitlement Community** – A city or urban area with a population greater than or equal to 50,000. Cities of this size are eligible for access to Community Development Block Grants (CDBG) from the U.S. Department of Housing and Urban Development (HUD).

**Dodd-Frank Consumer Protection and Wall Street Reform Act** – This Act was signed into federal law by President Barak Obama on July 21, 2010. It is an Act to promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail,” to protect the American public.

---

tax payer by ending bailouts, and to protect consumers from abusive financial services practices.⁶

**Housing and Economic Recovery Act (HERA)** – Enacted on July 30, 2008 by the George W. Bush Administration primarily to address the housing crisis.

**Land Bank** - A public authority created to efficiently hold, manage and develop tax-foreclosed properties.⁷

**Mortgage Disclosure** - The process of providing current information on the status of any mortgage activity associated with different types of real estate.

**Pay Option Negative Amortization Adjustable Rate Mortgage** – This type of loan has an adjustable interest rate where the borrower can select to pay one of three monthly payments. The first option is to pay the fully amortized payment of principal and interest on either a 15- or 30-year amortization schedule. The second option is to pay the interest only. The third pay option is a minimum payment. This option is the lowest payment of the three options. When a homeowner chooses this option, they pay less than the current monthly interest owed, meaning there is negative amortization. Any interest that is not paid is added to the balance of the loan.⁸

**Reinvestment Recovery Act (ARRA)** – This act was signed into federal law on February 17, 2009 by President Barack Obama. It is an Act making supplemental

---

appropriations for preservation and creation, infrastructure investment, energy efficiency, assistance to the unemployed, and State and local fiscal stabilization.

**Systemic Risk** – The risk of collapse of an entire financial system or entire market.

**Subprime Mortgage** – A loan to someone with less-than perfect credit history (often below 600), who would typically not qualify for a conventional mortgage.
LIST OF FIGURES

Figure 1: Overview of NSP Funding ................................................................. 28
Figure 2: HUD Formula for NSP1 State Allocation ........................................ 31
Figure 3: Summary of NSP1 Allocations by State ......................................... 32
Figure 4: HUD Formula for NSP1 Local Allocation ....................................... 33
Figure 5: Summary of NSP1 Allocations in the State of Indiana .................... 33
Figure 6: Breakdown of Scoring Criteria for NSP2 Applications .................... 35
Figure 7: Summary of NSP2 Allocations ........................................................ 36
Figure 8: Summary of NSP3 Allocations by State ......................................... 39
Figure 9: Summary of NSP3 Allocations in the State of Indiana .................... 40
Figure 10: Percentage Increase in Number of Non-seasonal Vacancies by State
Between 2000 and 2010 ................................................................................... 48
Figure 11: States with the Greatest Increase in Non-seasonal Vacant Unit’s Share of
the Housing Stock, 2000 to 2010 .................................................................. 49
Figure 12: Map of the S. Ellen Jones Neighborhood ...................................... 58
Figure 13: Breakdown of the S. Ellen Jones Neighborhood Redevelopment ..... 61
Figure 14: Financial Breakdown of NSP1 Funds .......................................... 67
Figure 15: Map of New Albany NSP Properties .......................................... 68
Figure 16: Breakdown of Muncie NSP1 Allocations ..................................... 78
Figure 17: Map of Muncie NSP3 Target Area .............................................. 80
Figure 18: Financial Breakdown of Muncie NSP3 Allocations ...................... 83
Figure 19: Photo of 511 West Main Street .................................................... 86
Figure 20: Photo of 511 West Main Street ................................................................. 87
Figure 21: Historic Photo of 615 West Main Street .................................................. 89
Figure 22: Photo of 615 West Main Street ............................................................... 89
Figure 23: Photo of 615 West Main Street ............................................................... 90
Figure 24: Historic Photo of 703 West Main Street .................................................. 91
Figure 25: Photo of 703 West Main Street ............................................................... 92
Figure 26: Photo of 703 West Main Street ............................................................... 92
Figure 27: Photo of 109 South Council ................................................................. 94
Figure 28: Map of Fort Wayne’s NSP 1 Areas of Greatest Need ......................... 103
Figure 29: Financial Breakdown of Fort Wayne NSP1 Anticipated Uses ............... 104
Figure 30: List of Qualified Development Teams .................................................. 106
Figure 31: Map of the proposed Fort Wayne NSP1 properties ............................... 109
Figure 32: Chart of Fort Wayne Census Tracts in the NSP2 Target Area............... 111
Figure 33: Financial Breakdown of NSP3 Anticipated Uses ................................. 112
Figure 34: Map of Fort Wayne Census Tract 17 ................................................... 115
Figure 35: Map of Fort Wayne Census Tract 40 ..................................................... 116
Figure 36: Map of Fort Wayne Census Tracts 11, 12, 13, and 20 ......................... 117
Figure 37: Amended Fort Wayne NSP3 Allocations ............................................. 118
Figure 38: Summary of NSP in Fort Wayne, Muncie, and New Albany.............. 125
CHAPTER 1: METHODOLOGY

In preparing this research paper, I first focused efforts on understanding economic events that necessitated the Neighborhood Stabilization Program (NSP). Secondary resources were consulted including: film documentaries, newspaper articles, books, and government documents. Next, other government reactions to the housing crisis were studied using secondary sources including: government documents, newspaper articles, and scholarly publications. Then, I studied the NSP plans of Fort Wayne, Muncie, and New Albany.

In order to comprehend the NSP programs, I analyzed several primary sources. I examined the grant application (if available), which illustrated the proposed plan. Second, I studied the quarterly reports grantees submitted to the U.S. Department of Housing and Urban Development (HUD). These two documents showed the difference between what was planned versus what actually occurred. Next, I created maps of the neighborhoods to visualize spatial adjacencies. Following preliminary research of the plans, I conducted interviews with persons involved to gain further insight into the intricacies of the plans. Interviewees included: NSP managers, City officials, Historic Preservation Officers, neighborhood association presidents, community development corporations, not-for-profit
organizations, and neighborhood residents. I created a list of questions I asked of all interviewees and added supplemental questions based on the interviewee’s particular role in the project.

I modeled my NSP evaluation approach after a thesis completed by Cornell graduate student, Nathaniel Decker, titled, “The Effect of NSP on HUD and its Grantees: an Evaluation of the Neighborhood Stabilization Program, Capacity, and Housing Affordability.” Decker researched a specific research question: “Did NSP1 grantees have difficulty fulfilling their set-aside1 because of their suburban attributes?”2 He created a conceptual framework that centered on a series of grantee questions and chose to approach his research question through a series of in-person, phone, and email interviews with grantees and HUD employees. Decker felt he could better understand the programs by speaking directly to the people who created and administered the NSP.3

Similar to Decker’s study, it was not feasible to study the success or failure of the program as a whole given the time frame and availability of resources. I chose to limit my study to the State of Indiana and selected three cities of different size and location to understand how cities of different scales use NSP funds, and if they did help to stabilize a community. Also comparable to Decker’s methodology and

1 The NSP requires grantees to set-aside at least 25 percent of their funding to use toward housing individuals whose income in below 50 percent of the area median income (AMI).
3 Ibid., 30.
In order to determine whether the programs were successful, I evaluated the programs based on a series of quantitative and qualitative factors:

- How were the funds allocated? Did they work with or against the consolidated plan and how the CDBG funds were being administered?
- Was the public involved in the planning process?
- Did the NSP leverage other investment?
- Did the sale prices of homes increase?
- Did the vacancy rate fall?
- Was the crime rate reduced?
- Did homeownership increase?
- Did this funding have an adverse effect on the character of the neighborhood or sense of community?
- Is the program addressing or preventing the issues that cause home abandonment and foreclosure?
- Did politics play any role in the targeting strategy?
- How is the program income being used?
- Was the effectiveness of the program limited by the eligible uses?
- Did the funding positively or adversely affect the historic integrity of the neighborhood and/or individual structures?
These inquiries helped me to determine the overall success of the NSP in the three cities.
CHAPTER 2:

WHAT CAUSED THE NEIGHBORHOOD STABILIZATION PROGRAM?

The George W. Bush Administration created the Neighborhood Stabilization Program (NSP) in 2008 as part of the Housing and Economic Recovery Act (HERA). The program provided monetary funds to stabilize communities suffering from foreclosures and abandonment as a result of the housing crisis. NSP funds use federal tax dollars allocated to state and local governments through the U.S. Department of Housing and Urban Development (HUD). President Obama’s American Reinvestment Recovery Act (ARRA) of 2009 created a second round of funding termed NSP2, and the Dodd-Frank Consumer Protection and Wall Street Reform Act of 2010 authorized a third round of funding, NSP3.¹

The three rounds of NSP allocated a total of $6.15 billion to stabilize communities in the 50 United States and five of the U.S. territories. The State of Indiana received over $183 million of NSP funds.² Was this federal money

¹ “Neighborhood Stabilization Program Grants.”
successful in its purpose?3 Did the Neighborhood Stabilization Program stabilize America’s neighborhoods?

Before delving into the effectiveness of NSP, it is imperative to understand why the program was created and what the NSP was attempting to solve. The main catalyst for the NSP became known as the housing crisis.

The events that led up to the housing crisis began on September 12, 2001. Following the terrorist attacks on the World Trade Center, the economy slowed and Americans significantly decreased their spending. Alan Greenspan, Chairman of the Federal Reserve, feared an economic collapse. The economy was still suffering from the tech-stock bust of 2000 and had an austere outlook. Greenspan searched for a way to encourage Americans to begin investing again.4 As a result, Greenspan cut interest rates from 3.5 percent in August to 3.0 percent on September 5th. He then slashed interest rates even lower to 2.5 percent in October, the lowest level since 1962.5 Because interest rates were so low, it became cheaper to borrow money than it had been in almost forty years.

Americans saw this as an ideal time to take out mortgages and purchase homes. The low interest rates caused an increased demand in homes, which in turn raised housing prices.

---

By 2002, the mortgage market was thriving. The number of Americans who wanted to invest in the housing market continued to increase steadily. Home prices soon rose faster than the incomes of those purchasing them. Some mortgage lenders worried that if prices continued to rise faster than income levels, fewer people would be able to purchase homes, which would slow demand and cause home prices to fall. Conversely, Americans saw that prices were rising faster than wages and realized that the longer they held off, the less real estate they would be able to obtain with their income. This fear of being priced out of the market increased demand and home prices even further. In 2004, President George W. Bush boasted on national television that new home construction was the highest it had been in 20 years, and homeownership in America rose to its highest rate ever of 69.2%. Also in 2004, homeowners withdrew $900 billion by refinancing their mortgages, taking out larger loans against the increased value of their homes, and reinvested the money into their dwellings via home improvements. Moreover, from November 2001 to April 2005, the mortgage industry created over 800,000 American jobs.

In 2005, the entire real estate market changed. Prior to this year, the mortgage industry was dominated by small to medium-sized mortgage banks who conducted business with Fannie Mae and Freddie Mac. Fannie Mae (the Federal

---

6 “House of Cards,” 9:45.
10 “House of Cards,” 23:45.
National Mortgage Association) and Freddie Mac (the Federal Home Loan Mortgage Corporation) were two government-sponsored enterprises (GSEs) created by Congress with the intent of increasing homeownership. Fannie Mae and Freddie Mac are for-profit, publicly held corporations, who operate with a congressional charter to aid Americans in home buying.\(^{11}\) Fannie Mae and Freddie Mac purchase home loans from mortgage lenders and turn them into an investment known as a mortgage-backed security, which they then sell to investors.\(^{12}\) Mortgage-backed securities pay interest and principal to their investors, who include financial institutions, pension funds, and other institutional investors.\(^{13}\) The idea of turning American mortgages into an investment appeared as a low-risk, safe way to make money. Historically, American homeowners were very reliable in paying their mortgages.\(^{14}\)

The idea of selling home loans was also very appealing to mortgage lenders, who received cash from Congress for selling their home loans. Mortgage lenders then reinvested the funds they received from Congress to issue more loans to more homebuyers, which increased homeownership as well as their profits. Fannie Mae and Freddie Mac were the main buyers of mortgages for many years. Because of this, they were able to dictate which loans they would purchase and set a very high lending standard. Fannie Mae and Freddie Mac only purchased mortgages from


\(^{12}\) “House of Cards, 28:43


homeowners who possessed a high credit rating, a down payment, and were likely to meet their monthly payments. If mortgage lenders desired to sell their mortgages, they, too, had to meet the lending standards dictated by Fannie Mae and Freddie Mac. This practice left many American families ineligible for a home loan.15 In 2005, Fannie Mae and Freddie Mac were involved in financial scandals. Government regulators accused Freddie Mac of severely understating profits. Conversely, the Security and Exchange Commission (SEC) concluded that Fannie Mae overestimated their profits. Both of these companies violated accounting rules, which severely hurt their reputation in the mortgage market.16

At the same time, mortgage brokers in California were searching for a way to allow more Americans to qualify for a mortgage in order to further increase profits. To do so, they needed to find a new entity to take Fannie Mae and Freddie Mac’s place as the main buyer of mortgages. The entity needed to possess large amounts of cash and be willing to lower mortgage qualification standards to allow more Americans to purchase a home. Propitiously, Wall Street took over as the main buyer of mortgage-backed securities. Negotiating with Wall Street investment banks, West Coast lenders convinced the investment banks to purchase mortgages that were less than excellent. The lenders created adjustable rate mortgages (ARMs) for those with good credit that did not require a down payment.

Soon after, banks began issuing loans known as subprime mortgages that further lowered standards. These mortgages featured a “stated income” section. In

---

15 “House of Cards,” 38:45.
16 Bethany McLean.
theory, the stated income section was intended for individuals who were self-employed and did not complete W-2 forms to verify their income. In reality, subprime mortgages targeted those who would not have qualified for a home loan previously. The loan did not require a down payment and those with a credit score of 620 or below were eligible.17 Moreover, the stated income section was not verified by lenders, which allowed potential buyers to embellish their monthly incomes in order to receive a larger loan.

Subprime mortgages drastically changed the entire loan process. It afforded families to live beyond their means and purchase homes they could not afford. The subprime mortgages were ARMs that typically began with a low, fixed, monthly payment and low interest rate for two years that then adjusted to a much higher monthly payment. Because home prices were rising so rapidly, homeowners were typically able to refinance after that two years and withdraw the difference in the value their homes gained.

Prior to subprime mortgages, banks had very particular lending criteria. Lenders were so thorough when completing background research on candidates, it often required up to 90 days to process a mortgage application. These new loans, however, were approved the same day due to the lack of verification necessary.

According to Representative Barney Frank, Chairman of the House and Financial Services Committee, “30 years ago, banks used to give mortgages with the expectation that they would be paid back. In 2005, mortgage lenders lent money to

---

a lot of people and did not expect to be paid back but bundled up the right to be repaid and sold it to a lot of other people.”¹⁸

Alan Greenspan further encouraged the banks to provide more loan alternatives. As a result, mortgage lenders created a loan called a “Pay Option Negative Amortization Adjustable Rate Mortgage.” This loan was originally intended for individuals who had a variable monthly income, such as those in the sales industry. Nevertheless, mortgage lenders targeted first time homebuyers who could not actually afford the cost of the monthly payments. Homeowners that used this loan had an option to make one of three payments each month. Option one was a typical mortgage payment that included the fully amortized¹⁹ payment of both principal and interest. The second option was to pay interest only. The third option was to pay a minimum payment that was less than the fully amortized amount. Because the third option payment was lower than the current monthly interest, there was a negative amortization. The amount that was not paid each month was added onto the total amount of the mortgage. Therefore, if the homeowner did not make the full monthly payment (that they could not often afford), the difference was added to the principal owned. This made it nearly impossible to pay off the loan because the principal continued to rise.

Both the subprime mortgage and the pay option negative amortization ARM were high-risk investments. These mortgages did not require a down payment and mortgage lenders did not check the credit history or verify the incomes of

¹⁹ Amortization refers to the paying off of debt in regular installments over a period of time.
applicants. In the past, lenders required down payments because they illustrated a homeowner’s ability to save. Moreover, down payments resulted in lower monthly payments and provided a financial cushion to help homeowners refinance if home values fell.20 Additionally, the fact that the majority of subprime and pay option negative amortization ARM homeowners did not pay a down payment meant that they themselves had little to lose if the loan defaulted.21 Because these loans were often above the homeowners’ means, they were more likely to default on their loans. The banks were irresponsible and allowed homeowners to leverage too much on their homes without nearly enough equity to back it. In short, mortgage lenders lent too much, and homeowners borrowed too much.

Wall Street continued to purchase precarious mortgages, convert them into investments, and sell them around the world. Claims were made that “there wasn’t a loan that Wall Street wouldn’t buy.”22 The crucial part of selling mortgage-backed securities to investors dealt with the way they were rated by rating agencies such as Moody’s Investors Services, Standard & Poor’s, and Fitch Ratings. Their stamp of approval verified an investment was either high- or low-risk. The rating agencies were responsible for stamping securities with an “investment grade.” Institutional buyers, such as universities, could only invest in mortgage-backed securities that had an “investment grade” seal of approval. The ratings for the mortgage-backed securities ranged from AAA to BBB. AAA investments were safer, but paid less than riskier BBB-rated investments.

20 Roberts, 19.
21 Ibid., 18.
22 “House of Cards,” 53:00.
At the start of the housing boom, Fannie Mae and Freddie Mac dominated the mortgage-buying market and set high lending standards. Therefore, there was little difference in risk between an AAA rating and a BBB rating. Over time, homeowners became unreliable as a result of subprime mortgages and pay option mortgage ARMs. As a result, the standards of AAA and BBB ratings fell, which compromised the rating system. Moreover, banks issuing these securities paid the agencies that rated them, which gave the agencies an incentive to rate the securities AAA. This led to greater corruption.\textsuperscript{23} To worsen matters, the investors of the securities were incognizant on how the rating system even worked. As a result, investors purchased the AAA ratings that were subpar and risky. Because the rating system was tainted and because investors were oblivious, there literally was no “loan that Wall Street wouldn’t buy.” Moreover, investors had become accustomed to the reliability of American homeowners repaying their mortgages, permitting the investors to believe they were making sound investments.\textsuperscript{24}

Unbelievably, these unaware investors were searching for even more products to invest in to increase their profits. As a result, the banks created an investment termed a Collateralized Debt Obligation (CDO). A CDO was a bond-like security whose cash flow was derived from other bonds, backed by mortgages.\textsuperscript{25} CDOs were created by pooling individual mortgages to create a mortgage-backed security. The banks took individual pieces of the mortgage-backed securities and packed them together to create a CDO. As a result, each CDO contained parts of

\textsuperscript{23} \textit{Ibid.}, 46:00.  
\textsuperscript{24} Zandi, 13.  
\textsuperscript{25} \textit{Ibid.}
several mortgages. The CDO’s were very successful and purchased by many investors from around the world.26

Unfortunately, it was nearly impossible to evaluate the true risks of CDOs. Investors saw the AAA rating, but were unaware that the CDOs contained risky mortgages. The general consensus on CDOs was that it was a great investment to own small pieces of several mortgages. Upon further inspection, however, the CDOs were developed using assumptions in their formulas that anticipated that home prices would never fall. Investors expected home prices to increase by approximately seven percent each year forever. Moreover, Alan Greenspan, the Chairman of the Federal Reserve, who possessed a PhD in Economics from New York University,27 stated that he could not understand the complexities of the components of a CDO because they did not actually add up mathematically.28

In early 2006, the subprime loans began defaulting at a rapid rate. On Wall Street, these delinquent mortgage payments were tainting the reliability of the new mortgage-backed securities. The firms on Wall Street cut off the mortgage lenders and the mortgage credit began to dry up. The mortgage lenders could not issue new loans and new homebuyers could not receive mortgages. Because lenders were not issuing new loans, home prices became stagnant, which prevented existing homeowners from refinancing. Those with adjustable rate mortgages (ARMs) had no way to escape the inevitable higher monthly payments and began to default on their loans. More and more American homeowners could not afford

26 “House of Cards,” 45:40.
28 Ibid., 58:00.
their higher monthly rate payments and owed more on their homes that they were actually worth because housing prices declined so swiftly.

The CDOs relied on the mortgage-backed securities, which relied on the homeowners to actually pay their mortgages on time. When considerable amounts of homeowners defaulted on their loans, the CDOs were directly affected. Because the CDOs were made up of parts of many mortgages, they were more likely to fail. Wall Street investment banks, such as Bear Stearns & Company, took the accountability for CDOs because of an insurance policy known as a Default Credit Swap. A Default Credit Swap was an agreement in their investment deal to pay the back their investors of the CDOs if the bond defaulted. Therefore, the investment banks that heavily invested in the mortgage industry began to unravel. News traveled quickly, the belief in the financial market was shattered, and the housing crisis began.

Other Catalysts of the Housing Crisis

In addition to the housing crisis, two other factors that greatly contributed to the status of the housing market: a transient population and high unemployment. As manufacturing jobs, once the cornerstone of the American economy, began to disappear due to globalization, the populations they supported also began to disperse as workers moved in search of employment. Although this trend began as a gradual shift in the latter half of the 20th century, the area now known as the
Rustbelt saw the greatest impact with sharp decreases in population. Moreover, the high number of foreclosures also caused a displacement of homeowners.

While Rustbelt cities saw populations dwindle, other areas of the nation began to attract new residents. These areas, such as the suburbs of Phoenix and Las Vegas, prepared for an increase in population by building more housing. Many of these areas overestimated this migration, creating a surplus of housing that has only added to the vacant housing problem. There was an extreme surplus of housing in the nation as a whole and not enough people to fill it. Homes began to deteriorate due to lack of maintenance, and neighborhoods and communities all across America began to decline.

---


CHAPTER 3:
GOVERNMENT REACTION TO THE HOUSING CRISIS

The housing crisis witnessed the largest decline in home prices since the Great Depression.¹ 1.2 million homes went into foreclosure in 2008,² and U.S.A. Today reported that one out of every nine homes was vacant.³ In Detroit, Michigan, the average sale price of single-family homes dropped from $75,000 in 2006 to just $18,000 in 2008.⁴ This was more than just a problem for the banks and Wall Street. Homes sat empty after their homeowners could not meet their monthly mortgage payments and were evicted. This created a huge community development issue that challenged cities across America. The continued influx of foreclosed, abandoned, and vacant homes had a chilling effect on local housing markets, which threatened the vitality of the affected communities.

Following the housing crisis, an outraged public wondered why there was no federal regulation of Wall Street during the irresponsible lending period of the subprime mortgages. Some believed government regulators could not keep up with

¹ Roberts, xvii.
³ Nasser and Overberg.
⁴ Mallach, 18.
the lenders who were constantly devising ways to elude oversight. Moreover, they stated that the SEC’s prime concern during this time was insider trading, not mortgage lending. Finally in March 2008, the federal government intervened. The federal government took many different steps to help stabilize the economy after the housing bubble burst including: a bailout of individual banks, a bailout plan, capital injections, the Hope Now Alliance, the Home Affordable Modification Program (HAMP), and the Home Affordable Refinance Program (HARP), and the Housing and Economic Recovery Act (HERA), which created the Neighborhood Stabilization Program (NSP).

Bail out of the Banks

The federal government made its first attempt to stabilize the housing market in March 2008 when it began to bail out the banks on Wall Street. Bear Stearns & Company, a global investment bank and securities trading and brokerage firm, had become one of the nation’s largest underwriters of mortgage bonds during the housing bubble. Although it was one of the smallest investment firms on Wall Street, Bear Stearns & Company invested tens of billions of dollars in mortgage-backed securities. Furthermore, Bear Stearns & Company had made credit default deals worth hundreds of billions of dollars. When subprime mortgages began to default, Bear Stearns & Company was one of the first firms to show instability. The

---

5 “House of Cards,” 43:50.
speculation of collapse and the resulting plummeting of its stock caused a panic throughout Wall Street. Losing their confidence and fearing a run to the bank, investors began to pull their money and halted trading with Bear Stearns & Company. The company quickly began to unravel. Because Bear Stearns & Company was so interconnected with many of the other banks on Wall Street, their failure to pay debts would likely cause a cascade of other failures in Wall Street. This concept is known as systemic risk.

The Federal Reserve Board stepped in and acted with an unprecedented plan. Ben Bernake, the chairman of the Federal Reserve, felt that the risk to the financial system as a whole would be far too great if Bear Stearns & Company went bankrupt. Because Bear Sterns & Company was an unregulated investment bank, the Federal Reserve could not officially loan money to Bear Stearns to save the firm from bankruptcy. Instead, the Federal Reserve loaned their clearing bank, JP Morgan Chase, $30 billion. JP Morgan Chase funneled the money onto Bear Stearns & Company to help cover their poor investments in the subprime mortgages.8 This was the first time that the Federal Reserve used its statutory power to bail out a company since it was first enacted during the New Deal.9 Nevertheless, the plan did not succeed as predicted. Because Bear Sterns & Company was the only firm that received this bailout, the rest of the financial market perceived that the Federal Reserve singled Bear Stearns & Company as a firm that was destined to fail. Following, the bailout, its entire fate was in question on Wall Street.

8 “Inside the Meltdown,” 34:45.
Throughout the summer of 2008, the rapidly defaulting Subprime Mortgages began to affect every major firm on Wall Street, and even those firms not on Wall Street, most notably, Fannie Mae and Freddie Mac.\textsuperscript{10} Fannie Mae and Freddie Mac had also invested in the toxic subprime mortgages.\textsuperscript{11} Rumors began that the Government Sponsored Enterprises (GSEs) were in trouble, a crisis of confidence began, and two of the largest mortgage lenders of the world, holding over $5 trillion of the mortgage market, lost 60 percent of their stock value within two weeks. The failure of these companies was almost unfathomable. Similar to Bear Stearns & Company, Fannie Mae and Freddie Mac were also diversified in the market. Nearly every institutional investor owned shares of Fannie or Freddie. Their bankruptcy and failure would also adversely affect the financial market. On September 7, 2008, the federal government terminated the management, placed the companies into conservatorship, and usurped the day-to-day operations.\textsuperscript{12}

The following day, Lehman Brothers Holdings Inc., a global financial services firm, began to crumble. They, too, had invested heavily in the mortgage market. Their stock plummeted, as did confidence in their ability to overcome the toxic assets. Showing signs of bailout exhaustion, the federal government concluded that they could not continue to individually bail out the failing banks on Wall Street. The Federal Reserve and the Treasury believed that Lehman Brothers could go bankrupt without causing a catastrophe on Wall Street. Lehman Brothers did not receive a bailout. Immediately after the announcement was made, the stock market

\textsuperscript{10} “Inside the Meltdown,” 25:19.
\textsuperscript{11} “House of Cards,” 45:00.
\textsuperscript{12} “Inside the Meltdown,” 26:30.
plummeted. Once again, systemic risk became a reality. Lehman Brothers were also very well connected on Wall Street. Their financial troubles affected firms all over Wall Street.

Following the bankruptcy of Lehman Brothers, American International Group (AIG), the world’s largest insurance firm, began to struggle financially. They had invested their profits into the crashing housing market. Operating under the assumption that Lehman Brothers would never go bankrupt, AIG sold hundreds of billions of dollars in credit default swaps. When Lehman Brothers went bankrupt, the debt was transferred to AIG. The firm needed to borrow money, but the credit market was frozen. They looked to the federal government for help. As a result, the government lent AIG $85 billion. With this loan, the federal government now controlled the largest insurance company. Wall Street continued to struggle, and one firm after another faced uncertainty. The Federal Reserve and the Treasury evolved their individual bailouts into a more comprehensive and even more unprecedented Bailout Plan.13

Bailout Plan

As the economy grinded to a halt, Secretary of the Treasury, Henry Paulson held a meeting with the congressional leadership to propose an emergency plan. Paulson recommended a full-scale bailout of the nation’s financial system that included a request for $700 billion of taxpayer money to purchase defaulted

mortgage securities. Conservative Republicans in the House of Representatives saw this bill as an inappropriate expansion of Federal power. The House of Representatives voted on the bill on September 29, 2008; the bill came up 13 votes short, and the bailout package failed.\textsuperscript{14}

The result of the failing bill was a 777 drop in points for the DOW Jones Industrial Average, the single greatest point loss in one day. Congress felt even more pressure to purchase the bad investments. The Bailout Plan was revised to include the authorization of capital injections, and the Bill cleared the house by a vote of 263 to 171.\textsuperscript{15}

*Capital Injections*

On Monday, October 13, 2008, the chief executives of the nine largest banks\textsuperscript{16} in the nation met with Paulson at the Treasury Building in Washington D.C. The nine CEOs agreed to allow the federal government to inject cash into each of their banks.\textsuperscript{17} As a result, the government became a major stakeholder in each of the banks. This bold act was done to boost the nation’s confidence in the banks and to encourage banks to begin lending again. In one day, the federal government spent $125 billion to help stop the financial crisis. In addition to the capital injections, the


\textsuperscript{15}“Inside the Meltdown,” 28.30.

\textsuperscript{16}The executives included Lloyd Blankfein from Goldman Sachs, Jamie Dimon from JP Morgan Chase, Vikram Pandit from City Group, John Thain from Merril Lynch, Richard Kovacevich from wells Fargo, Kenneth Lewis from Bank of America, John Mack from Morgan Stanley, Robert Kelly from the Bank of New York, and Ronald Logue from State Street Corp.

government stated that it would temporarily guarantee $1.5 trillion in new senior
debt\textsuperscript{18} issued by banks as well as insure $500 billion in deposits in noninterest-bearing accounts.\textsuperscript{19}

\textit{Housing and Economic Recovery Act (HERA)}

Just as the federal government poured money into the banks and economy as an attempt to fix the damage done to the housing market, they also began to address the people and neighborhoods directly affected by the housing crisis through the Housing and Economic Recovery Act (HERA). HERA was enacted on July 30, 2008 to address the housing crisis and to renew public faith in Fannie Mae and Freddie Mac. It can be divided into three main parts: Division A - Housing Finance Reform, Division B - Foreclosure Prevention, and Division C - Tax Related Provision.\textsuperscript{20}

Division A included a provision termed the Federal Housing Finance Regulatory Reform Act of 2008. This act established a new, independent regulator for Fannie Mae and Freddie Mac, known as the Federal Housing Finance Authority (FHFA). This subtitle gave the regulator the power to establish capital standards, create management standards, enforce its orders through cease and desist authority, restrict asset growth and capital distributions, place a regulated entity into receivership, and review and approve new product offerings.\textsuperscript{21}

\textsuperscript{18} Senior debt, frequently issued in the form of senior notes or referred to as senior loans, is debt that takes priority over other unsecured or otherwise more "junior" debt owed by the issuer.
\textsuperscript{21} \textit{Ibid.}, 6.
Division A also created the HOPE for Homeowners Act of 2008, which was established to help delinquent or at risk borrowers refinance into affordable mortgages.\(^{22}\) It created a new refinancing program that insured up to $300 billion in mortgages for homeowners who could not afford their mortgages. The refinancing program allowed homeowners who defaulted on their mortgages to refinance into a Federal Housing Authority (FHA)-guaranteed 30-year fixed rate mortgage. The program targeted to serve approximately 400,000 homeowners.\(^{23}\)

Additionally, Division A included the Secure and Fair Enforcement (S.A.F.E.) for Mortgage Licensing Act of 2008, a bill that encouraged the establishment of a Nationwide Mortgage Licensing System and Registry.\(^{24}\) Moreover, the bill required all residential mortgage loan originators to be licensed in order to set a standard.\(^{25}\)

Division B of HERA sought to prevent foreclosures. It included nine major titles,\(^{26}\) the first was a modernization of the Federal Housing Administration (FHA). Title I provided safe, fixed-rate mortgages. It increased the FHA loan limit from 95 percent to 110 percent of the area median income (AMI), which allowed more potential homeowners to qualify for the loans, especially those who previously would have been directed to subprime mortgages. Moreover, it required a 3.5 percent down payment and required new homeowner counseling.\(^{27}\)

\(^{22}\) Ibid., 8.
\(^{23}\) Ibid., 15.
\(^{24}\) The Registry was officially established in January 2011.
\(^{25}\) Ibid., 22.
\(^{26}\) Ibid., 35.
\(^{27}\) Ibid., 26.
The second provision of Division B assisted returning veterans in avoiding foreclosure. It lengthened the time a lender was required to wait to begin the foreclosure process for returning soldiers. Moreover, the title provided returning soldiers with a one-year relief from increased interest rates on their adjustable rate mortgages.\textsuperscript{28} Title III of Division B created the Neighborhood Stabilization Program (NSP), which will be discussed in the next chapter. The fourth title of the Division B provided $150 million to be distributed by the Neighborhood Reinvestment Corporation to fund counseling pre-foreclosure for families in need. Additionally, $30 million was provided to help offer legal services to distressed borrowers.\textsuperscript{29}

The fifth provision was created to enhance mortgage disclosure.\textsuperscript{30} This provision required that disclosures be provided at least one week before closing to allow homeowners to the opportunity to search for another loan if they were unsatisfied with the terms. Moreover, the provision required that homeowners be informed of the maximum monthly payments.\textsuperscript{31}

The remaining titles also focused on strengthening the economy through bailouts. The sixth title expanded Veteran’s Administration (VA) housing. Title VII exempted public housing agencies (PHAs) with less than 550 units from annual plan requirements. Title VIII required HUD and the Rural Housing Service to speed up processing of project approvals and revised certain Low-Income Housing Tax Credit

\textsuperscript{28} Ibid., 31.
\textsuperscript{29} Ibid., 28.
\textsuperscript{30} Mortgage disclosure is the process of providing current information on the status of any mortgage activity associated with different types of real estate.
\textsuperscript{31} Ibid., 30.
Division C of HERA dealt with Tax-Related Provisions. Title I revised LIHTC and Tax-Exempt Bond rules. Title II revised tax revisions related to Real Estate Investment Trusts (REITs).

The Housing and Economic Recovery Act of 2008 addressed many different aspects of the housing crisis, including housing reform, foreclosure prevention, and tax-related provisions. It was one of the first steps taken by the federal government that actually addressed the housing itself instead of the banks and companies who were struggling financially. In addition to the HERA, the federal government also addressed the housing crisis through the Hope Now Alliance, the Home Affordable Modification Program (HAMP), and the Home Affordable Refinance Program (HARP).

---

33 The Hope Now Alliance is an alliance between counselors, mortgage companies, investors, and other mortgage market participants. It was designed to facilitate loan modifications by increasing homeowners’ access to counseling and information.
34 The Home Affordable Modification Program (HAMP) was designed to help financially struggling homeowners avoid foreclosure by modifying loans to a level that was affordable for borrowers.
35 The Home Affordable Refinance Program (HARP), was established by the FHFA to help struggling homeowners. It differed from the HAMP because it targeted homeowners who could meet their monthly payments, but who were unable to refinance due to the dropping home prices.
CHAPTER 4:
THE NEIGHBORHOOD STABILIZATION PROGRAM: A BRIEF OVERVIEW

Division B, Title III of the Housing and Economic Recovery Act (HERA) created the Neighborhood Stabilization Program (NSP) in 2008 to provide emergency funding and assistance for redeveloping of abandoned and foreclosed homes. In 2009, Division A, Title XII of the American Recovery Reinvestment Act created a second round of NSP funding, and Section 1497 of the Dodd-Frank Consumer Protection and Wall Street Reform Act of 2010 provided a third round of funding. Rules and allocations vary slightly in each round.

The NSP is a HUD-sponsored grant program to US states, territories, and local governments as a component of the Community Development Block Grant (CDBG) program.1 NSP follows CDBG rules unless otherwise specified and follows affordability requirements set by the HOME Investment Partnership program. NSP grants are allocated as a one-time funding per round. NSP funds may be used for activities that include, but are not limited to:

---

1 “Neighborhood Stabilization Program Grants.”
• Establishing financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties (i.e. soft-seconds, loan loss reserves, shared-equity loans for low- to moderate-income homebuyers).

• Purchasing and rehabilitating homes and residential properties that are abandoned or foreclosed.

• Establishing land banks for foreclosed homes.

• Demolishing blighted structures.

• Redeveloping demolished or vacant parcels.\(^2\)

The chart below summarizes the three rounds of funding:

<table>
<thead>
<tr>
<th></th>
<th>NSP 1</th>
<th>NSP 2</th>
<th>NSP 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
</tr>
<tr>
<td>Amount</td>
<td>$3.92 billion</td>
<td>$2 billion ($50 million for technical assistance)</td>
<td>$1 billion (up to 2% for technical assistance)</td>
</tr>
<tr>
<td>Number of Applicants</td>
<td>N/A</td>
<td>482</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Awards</td>
<td>309</td>
<td>56</td>
<td>279</td>
</tr>
<tr>
<td>Number of State Grantees</td>
<td>50</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Number of City Grantees</td>
<td>164</td>
<td>15</td>
<td>141</td>
</tr>
<tr>
<td>Average Grant Size</td>
<td>States: $40.8 million Counties: $9.2 million Cities: $6.4 million</td>
<td>$30 million</td>
<td>States: $5.9 million Counties: $3.5 million Cities: $2.7 million</td>
</tr>
<tr>
<td>Deadlines</td>
<td>Funds are to be obligated within 18 months of availability to recipient and expended within four years.</td>
<td>Recipients must expend 50 percent of allocated funds within two years and 100 percent of the funds must be expended within three years.</td>
<td>Grantees have two years to expend 50 percent of the funds and three years to expend 100 percent of the funds.</td>
</tr>
</tbody>
</table>

Figure 1: Overview of NSP Funding
Source: NeighborWorks America, *Neighborhood Stabilization Program (NSP) Strategies*.

\(^2\) Ibid.
In addition to the eligible activities, grantees needed to use NSP funds in the “areas of greatest need.” Moreover, the NSP included a “set aside” requirement where grantees were required to spend 25 percent of NSP funds to house families who earned less than 50 percent of the area median income (AMI). Additionally, all NSP-funded activities needed to benefit low- to moderate-income (LMI) persons whose household income did not exceed 120 percent of the AMI. Grantees were obligated to use funds for specifically defined eligible uses that addressed issues associated with foreclosed and abandoned properties; however, all NSP grantees developed their own program and allocated funding based on their community’s funding priorities. Therefore, NSP funds were used differently from city to city and state to state.

**HUD’s Methodology for Awarding Funds**

HUD awarded NSP1 and NSP3 funds to grantees on a formula basis, whereas NSP2 was a competitive application process. NSP1 allocated a total of $3.92 billion to states and local governments based on the “areas of greatest need.” Additionally, the statute noted that all states (including Puerto Rico) would receive at least $19.6 million, a minimum of 0.5 percent of the total allocation.

The grants were then administered based using a two-part methodology. First, HUD distributed funds to states based on relative need to each state as a

---

3 The “area of greatest need” is determined using three main criteria: the number and percentage of home foreclosures in each state or local government jurisdiction, the number and percentage of homes financed by a subprime mortgage in each state or local government, and the number and percentage of homes in default or delinquency in each state or local government.
whole. Figure 2 shows the formula used to determine state allocation. Based on the formula, if a state received less than $19.6 million, the total was increased to $19.6 million to meet the 0.5 percent allocation requirement. Figure 3 shows a breakdown of the allocations by state. Second, state funds were sub-allocated to local governments based on relative need at a local level. The formula used to determine local allocation is shown in Figure 4. HUD determined that a grantee needed to receive at least $2 million in NSP1 funds to properly administer the program effectively. Moreover, HUD stated that fewer grants would allow HUD staff to more effectively monitor the grantees to reduce the risk of fraud, waste, and abuse. Therefore, if a local government received an allocation of less than $2 million based off of their relative need, the allocation amount was rolled up into the state government grant, who administered the funding. Figure 5 illustrates the breakdown of NSP1 allocations in the State of Indiana.

---

Statewide Allocation = Appropriation *

\[
\{ 0.7 \ast (\text{State's foreclosure starts in last 6 quarters}) \ast (\text{State foreclosure rate}) + \\
\text{National foreclosure starts in last 6 quarters} \ast \text{National foreclosure rate} \\
0.15 \ast (\text{State's Number of subprime loans}) \ast (\text{State subprime rate}) + \\
\text{National number of subprime loans} \ast \text{National subprime rate} \\
0.10 \ast (\text{State's number of loans in default}) \ast (\text{State default rate}) + \\
\text{National number of loans in default} \ast \text{National default rate} \\
0.05 \ast (\text{State's loans 60 to 89 days delinquent}) \ast (\text{State 60 to 89 day delinq rate}) + \\
\text{National loans 60 to 89 days delinquent} \ast \text{National 60 to 89 day delinq rate} \\
\ast (\text{State vacancy rate in Census Tracts with more than 40% of the loans High-cost}) \\
\text{National vacancy rate in Census Tracts with more than 40% of the loans High-cost} \}
\]
### NSP1 Allocations by State

<table>
<thead>
<tr>
<th>State</th>
<th>Grant Amount</th>
<th>State</th>
<th>Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$41,851,120.00</td>
<td>Nebraska</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Alaska</td>
<td>$19,600,000.00</td>
<td>Nevada</td>
<td>$71,934,353.00</td>
</tr>
<tr>
<td>Arizona</td>
<td>$121,119,049.00</td>
<td>New Hampshire</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$19,600,000.00</td>
<td>New Jersey</td>
<td>$63,995,490.00</td>
</tr>
<tr>
<td>California</td>
<td>$529,601,773.00</td>
<td>New Mexico</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>$53,053,032.00</td>
<td>New York</td>
<td>$100,318,609.00</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$25,043,385.00</td>
<td>North Carolina</td>
<td>$57,734,781.00</td>
</tr>
<tr>
<td>Delaware</td>
<td>$19,600,000.00</td>
<td>North Dakota</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$2,836,384.00</td>
<td>Ohio</td>
<td>$258,089,178.00</td>
</tr>
<tr>
<td>Florida</td>
<td>$541,364,779.00</td>
<td>Oklahoma</td>
<td>$32,851,741.00</td>
</tr>
<tr>
<td>Georgia</td>
<td>$153,037,451.00</td>
<td>Oregon</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$19,600,000.00</td>
<td>Pennsylvania</td>
<td>$88,122,807.00</td>
</tr>
<tr>
<td>Idaho</td>
<td>$19,600,000.00</td>
<td>Puerto Rico</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Illinois</td>
<td>$172,509,479.00</td>
<td>Rhode Island</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Indiana</td>
<td>$151,936,496.00</td>
<td>South Carolina</td>
<td>$49,158,407.00</td>
</tr>
<tr>
<td>Iowa</td>
<td>$21,607,197.00</td>
<td>South Dakota</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Kansas</td>
<td>$20,970,242.00</td>
<td>Tennessee</td>
<td>$72,520,649.00</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$44,382,510.00</td>
<td>Texas</td>
<td>$178,143,197.00</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$38,795,050.00</td>
<td>Utah</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Maine</td>
<td>$19,600,000.00</td>
<td>Vermont</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Maryland</td>
<td>$46,370,822.00</td>
<td>Virginia</td>
<td>$45,691,843.00</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$54,806,330.00</td>
<td>Washington</td>
<td>$28,159,293.00</td>
</tr>
<tr>
<td>Michigan</td>
<td>$263,563,263.00</td>
<td>West Virginia</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$57,783,175.00</td>
<td>Wisconsin</td>
<td>$47,976,588.00</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$46,267,963.00</td>
<td>Wyoming</td>
<td>$19,600,000.00</td>
</tr>
<tr>
<td>Missouri</td>
<td>$64,859,276.00</td>
<td>Insular Areas</td>
<td>$1,144,289.00</td>
</tr>
<tr>
<td>Montana</td>
<td>$19,600,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** $3.92 billion

Source: The US Department of Housing and Urban Development

Figure 3: Summary of NSP1 Allocations by State

Source: U.S. Department of Housing and Urban Development, “NSP1 Allocations by State.”
Local Allocation = (Statewide allocation - $19,600,000) *

\[
\text{[(Local estimated foreclosure starts in last 6 quarters) * State total foreclosure starts in last 6 quarters]}
\]

\[
\text{(Local vacancy rate in Census Tracts with more than 40% of the loans High-cost) ] State vacancy rate in Census Tracts with more than 40% of the loans High-cost}
\]

Figure 4: HUD Formula for NSP1 Local Allocation
Source: U.S. Department of Housing and Urban Development, "HUD's Methodology for Allocating the Funds for Neighborhood Stabilization Program 3."

<table>
<thead>
<tr>
<th>Entity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson</td>
<td>$2,141,795.00</td>
</tr>
<tr>
<td>Elkhart</td>
<td>$2,251,346.00</td>
</tr>
<tr>
<td>Evansville</td>
<td>$3,605,204.00</td>
</tr>
<tr>
<td>Fort Wayne</td>
<td>$7,063,956.00</td>
</tr>
<tr>
<td>Gary</td>
<td>$3,836,758.00</td>
</tr>
<tr>
<td>Hamilton County</td>
<td>$2,343,868.00</td>
</tr>
<tr>
<td>Hammond</td>
<td>$3,860,473.00</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>$29,051,059.00</td>
</tr>
<tr>
<td>Indiana State Program</td>
<td>$83,757,048.00</td>
</tr>
<tr>
<td>Kokomo</td>
<td>$2,181,088.00</td>
</tr>
<tr>
<td>Lake County</td>
<td>$5,738,024.00</td>
</tr>
<tr>
<td>Muncie</td>
<td>$2,007,356.00</td>
</tr>
<tr>
<td>South Bend</td>
<td>$4,098,521.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$151,936,496.00</strong></td>
</tr>
</tbody>
</table>

Figure 5: Summary of NSP1 Allocations in the State of Indiana
Source: Indiana Housing & Community Development Authority, "Neighborhood Stabilization."
NSP2 allocated a total of $2 billion: grantees received $1.93 billion in program funds, $50 million was set aside for technical assistance, and HUD retained the final $20 million for program administration. NSP2 utilized a competitive application process to award grants to local governments and not-for-profit organizations. Additionally, collaboration with the private sector was permitted and encouraged.\(^5\) NSP2 applications required grantees to request at least $5 million and address a minimum of 100 housing units. Moreover, the grantees needed to score an average foreclosure need index score or vacancy risk index score of 18.\(^6\) By requiring an average index score of 18, HUD estimated that approximately 30 percent of all census tracts would be eligible for NSP2 funding.\(^8\) Moreover, HUD required grantees to illustrate the completion of 75 units similar to each eligible use proposed in the application within the past 24 months.\(^9\) HUD selected grantees on the basis of six scoring factors and a total of 150 points. Grantees had to score a minimum of 115 points to receive funding. Figure 6 shows a breakdown of the scoring criteria for NSP2, and Figure 7 illustrates a breakdown of NSP2 grantees. Although Indiana consortiums applied for NSP2 funds, HUD did not award NSP2 in the State of Indiana.

\(^5\) For example, a local government could partner with a private developer.
\(^6\) This score was developed by HUD to help determine the area of greatest need.
\(^9\) “Neighborhood Stabilization Program (NSP) Strategies.”
## NSP2 Scoring Criteria

<table>
<thead>
<tr>
<th>Factor</th>
<th>Judging Criteria</th>
<th>Points Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor 1: Need/extent of the problem</strong></td>
<td>• Target Geography (threshold factor)</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>• Market Conditions</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>o Absorption rate/months of inventory</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Income characteristics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Housing cost burden</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Cause of the problem</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Identify NSP activities most likely to stabilize</td>
<td></td>
</tr>
<tr>
<td><strong>Factor 2: Demonstrated capacity of applicant and staff</strong></td>
<td>• Past experience</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>o Past 24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Skills of your staff</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Results</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Management structure</td>
<td>10</td>
</tr>
<tr>
<td><strong>Factor 3: Soundness of approach</strong></td>
<td>• Proposed activities</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>• Project completion schedule</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Income targeting</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Continued affordability</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Consultation, outreach, communication</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Performance and monitoring</td>
<td>10</td>
</tr>
<tr>
<td><strong>Factor 4: Leverage or removing substantial negative effects</strong></td>
<td>• Leverage</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>o Cash, in-kind, donated land or services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o No sweat equity or mortgages to homebuyers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Removal of negative effects</td>
<td></td>
</tr>
<tr>
<td><strong>Factor 5: Energy efficiency and sustainable development</strong></td>
<td>• Accessibility to transit</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>• Green building standards</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>• Reuse of all NSP sites</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>• Deconstruction</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>• Other sustainable development factors</td>
<td>1</td>
</tr>
<tr>
<td><strong>Factor 6: Neighborhood transformation and economic opportunity</strong></td>
<td>• Consistency with a comprehensive, regional, or multi-jurisdictional plan</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Demonstrate how NSP activities relate to and increase the effectiveness of the plan</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL: 150**

Source: Stable Communities

Figure 6: Breakdown of Scoring Criteria for NSP2 Applicants

Source: NeighborWorks America, Stable Communities, “Key Features of NSP2.”
<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Target State</th>
<th>Funding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda County</td>
<td>CA</td>
<td>$11,000,000</td>
</tr>
<tr>
<td>Camden Redevelopment Agency</td>
<td>NJ</td>
<td>$11,926,887</td>
</tr>
<tr>
<td>Center for Community Self-Help</td>
<td>CT,GA,IL,CA</td>
<td>$11,783,553</td>
</tr>
<tr>
<td>Chicanos Por La Causa, Inc.</td>
<td>AZ,CA,CO,DC,IL,MD,NM,PA,TX</td>
<td>$137,107,133</td>
</tr>
<tr>
<td>City &amp; County of Denver Office of Economic Development</td>
<td>CO</td>
<td>$18,894,444</td>
</tr>
<tr>
<td>City of Boston</td>
<td>MA</td>
<td>$13,610,343</td>
</tr>
<tr>
<td>City of Chicago</td>
<td>IL</td>
<td>$98,008,384</td>
</tr>
<tr>
<td>City of Columbus</td>
<td>OH</td>
<td>$23,200,773</td>
</tr>
<tr>
<td>City of Dayton</td>
<td>OH</td>
<td>$29,363,660</td>
</tr>
<tr>
<td>City of Evanston</td>
<td>IL</td>
<td>$18,150,000</td>
</tr>
<tr>
<td>City of Indio</td>
<td>CA</td>
<td>$8,310,000</td>
</tr>
<tr>
<td>City of Little Rock, California</td>
<td>AR</td>
<td>$8,602,359</td>
</tr>
<tr>
<td>City of Long Beach, California</td>
<td>CA</td>
<td>$22,249,980</td>
</tr>
<tr>
<td>City of Los Angeles</td>
<td>CA</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>City of Milwaukee</td>
<td>WI</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>City of Minneapolis</td>
<td>MN</td>
<td>$19,455,156</td>
</tr>
<tr>
<td>City of Modesto</td>
<td>CA</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>City of New York Department of Housing Preservation and Development</td>
<td>NY</td>
<td>$20,059,466</td>
</tr>
<tr>
<td>City of Newark</td>
<td>NJ</td>
<td>$20,759,155</td>
</tr>
<tr>
<td>City of North Little Rock, Arkansas</td>
<td>AR</td>
<td>$6,444,347</td>
</tr>
<tr>
<td>City of Philadelphia</td>
<td>PA</td>
<td>$43,942,532</td>
</tr>
<tr>
<td>City of Phoenix</td>
<td>AZ</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>City of Reading</td>
<td>PA</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>City of Saint Paul</td>
<td>MN</td>
<td>$18,031,623</td>
</tr>
<tr>
<td>City of Santa Ana</td>
<td>CA</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>City of Sarasota</td>
<td>FL</td>
<td>$23,000,000</td>
</tr>
<tr>
<td>City of Springfield, Ohio</td>
<td>OH</td>
<td>$6,101,315</td>
</tr>
<tr>
<td>City of Toledo</td>
<td>OH</td>
<td>$10,150,840</td>
</tr>
<tr>
<td>Cuyahoga County Land Revitalization Corporation</td>
<td>OH</td>
<td>$40,841,390</td>
</tr>
<tr>
<td>DC Department of Housing and Community Development</td>
<td>DC</td>
<td>$9,550,562</td>
</tr>
<tr>
<td>Delaware State Housing Authority</td>
<td>DE</td>
<td>$10,007,109</td>
</tr>
<tr>
<td>El Paso Collaborative For Community &amp; Economic Development</td>
<td>TX</td>
<td>$10,191,000</td>
</tr>
<tr>
<td>Habitat for Humanity International, Inc.</td>
<td>CA,FL,NY,TX,WI</td>
<td>$137,620,088</td>
</tr>
<tr>
<td>Hamilton County, Ohio</td>
<td>OH</td>
<td>$24,068,968</td>
</tr>
<tr>
<td>Healthy Neighborhoods, Inc.</td>
<td>MD</td>
<td>$26,092,880</td>
</tr>
<tr>
<td>Housing Authority of the City of Camden</td>
<td>NJ</td>
<td>$14,140,923</td>
</tr>
<tr>
<td>Housing Authority of the City of Prichard</td>
<td>AL</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Housing Authority of the City of Reno</td>
<td>NV</td>
<td>$20,995,000</td>
</tr>
<tr>
<td>Housing Authority of the City of Tampa</td>
<td>FL</td>
<td>$38,000,000</td>
</tr>
<tr>
<td>Housing Trust of Santa Clara County, Inc.</td>
<td>CA</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Lake Worth Community Redevelopment Agency</td>
<td>FL</td>
<td>$23,237,500</td>
</tr>
<tr>
<td>Los Angeles Neighborhood Housing Services, Inc.</td>
<td>CA</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>Massachusetts Housing Investment Corporation</td>
<td>MA</td>
<td>$21,822,940</td>
</tr>
<tr>
<td>Metropolitan Development and Housing Agency</td>
<td>TN</td>
<td>$30,470,000</td>
</tr>
<tr>
<td>Michigan State Housing Department Authority</td>
<td>MI</td>
<td>$223,875,399</td>
</tr>
<tr>
<td>National Housing Trust Community Development Fund</td>
<td>DC</td>
<td>$10,632,066</td>
</tr>
<tr>
<td>Neighborhood Housing Services of Orange County</td>
<td>CA</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>Neighborhood Housing Services of South Florida, Inc.</td>
<td>FL</td>
<td>$89,375,000</td>
</tr>
<tr>
<td>Neighborhood Lending Partners of West Florida, Inc.</td>
<td>FL</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>New Orleans Redevelopment Authority</td>
<td>LA</td>
<td>$29,782,103</td>
</tr>
<tr>
<td>Oregon Housing and Community Services</td>
<td>OR</td>
<td>$6,829,635</td>
</tr>
<tr>
<td>Palm Beach County</td>
<td>FL</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Pinellas County</td>
<td>AZ</td>
<td>$22,150,000</td>
</tr>
<tr>
<td>Rock Island Economic Growth Corporation</td>
<td>IL</td>
<td>$18,530,708</td>
</tr>
<tr>
<td>State of Ohio</td>
<td>OH</td>
<td>$25,422,148</td>
</tr>
<tr>
<td>The Community Builders, Inc.</td>
<td>OH,IL,DC,ND,IN,MA,VA,PA</td>
<td>$78,617,631</td>
</tr>
</tbody>
</table>

**TOTAL**                                                   |              | **$1,930,000,000**|

Figure 7: Summary of NSP2 allocations.
HUD allocated NSP3 funds similarly to NSP1 funds in that they both utilized a mathematical formula to determine the grantees and amounts. In calculating NSP3 funding, HUD:

“...used the estimated rate of loans in foreclosure or delinquent and identified the 20 percent of neighborhoods likely to be most distressed. This equate[d] to an estimated serious delinquency rate (90 days delinquent or in foreclosure) of greater than 17.8 percent. Using the methodology described above, the national rate was estimated at 8.9 percent...For each place and balance of county in the United States we add[ed] up only from the 20 percent of neighborhoods with the greatest need the number of foreclosed homes between 2007 and 2010 and separately the number units 90 days or more vacant in March 2010.

This jurisdiction level file [was] then used to run a formula to allocate the funds available, $969,700,000. Sixty percent of these funds are allocated based on each jurisdiction’s share of foreclosures and 40 percent of the funds are allocated based on each jurisdiction’s share of vacancies.”\(^{10}\)

Again, all states received at least 0.5 percent of the appropriation, which amounted to a minimum of $5 million in NSP3. As part of the sub-allocation, HUD

established the minimum grant threshold at $1 million per grantee. If an entity received less than the minimum grant threshold, it would be rolled into the county grant. If the county grant was less than the $1 million, it would be rolled into the state grant. Figures 8 and 9 show a breakdown of NSP3 allocations by state and a breakdown of the State of Indiana.

---

<table>
<thead>
<tr>
<th>State</th>
<th>Grant Amount</th>
<th>State</th>
<th>Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$7,576,151.00</td>
<td>Nebraska</td>
<td>$6,183,085.00</td>
</tr>
<tr>
<td>Alaska</td>
<td>$5,000,000.00</td>
<td>Nevada</td>
<td>$43,314,669.00</td>
</tr>
<tr>
<td>Arizona</td>
<td>$45,377,073.00</td>
<td>New Hampshire</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$5,000,000.00</td>
<td>New Jersey</td>
<td>$11,641,549.00</td>
</tr>
<tr>
<td>California</td>
<td>$149,308,651.00</td>
<td>New Mexico</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>$17,349,270.00</td>
<td>New York</td>
<td>$19,834,940.00</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$9,322,756.00</td>
<td>North Carolina</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Delaware</td>
<td>$5,000,000.00</td>
<td>North Dakota</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$5,000,000.00</td>
<td>Ohio</td>
<td>$51,789,035.00</td>
</tr>
<tr>
<td>Florida</td>
<td>$208,437,144.00</td>
<td>Oklahoma</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Georgia</td>
<td>$50,421,988.00</td>
<td>Oregon</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$5,000,000.00</td>
<td>Pennsylvania</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Idaho</td>
<td>$5,000,000.00</td>
<td>Puerto Rico</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Illinois</td>
<td>$30,143,105.00</td>
<td>Rhode Island</td>
<td>$6,309,231.00</td>
</tr>
<tr>
<td>Indiana</td>
<td>$31,509,101.00</td>
<td>South Carolina</td>
<td>$5,615,020.00</td>
</tr>
<tr>
<td>Iowa</td>
<td>$5,000,000.00</td>
<td>South Dakota</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Kansas</td>
<td>$6,137,796.00</td>
<td>Tennessee</td>
<td>$10,195,848.00</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$5,000,000.00</td>
<td>Texas</td>
<td>$18,038,242.00</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$5,000,000.00</td>
<td>Utah</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Maine</td>
<td>$5,000,000.00</td>
<td>Vermont</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Maryland</td>
<td>$6,802,242.00</td>
<td>Virginia</td>
<td>$6,254,970.00</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$7,387,994.00</td>
<td>Washington</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Michigan</td>
<td>$57,524,473.00</td>
<td>West Virginia</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$12,427,113.00</td>
<td>Wisconsin</td>
<td>$7,687,949.00</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$5,000,000.00</td>
<td>Wyoming</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Missouri</td>
<td>$13,110,604.00</td>
<td>Insular Areas</td>
<td>$300,000.00</td>
</tr>
<tr>
<td>Montana</td>
<td>$5,000,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** $970,000,000.00

Source: The US Department of Housing and Urban Development

Figure 8: Summary of NSP3 Allocations by State
Source: U.S. Department of Housing and Urban Development
### Summary of Allocations - NSP 3

<table>
<thead>
<tr>
<th>Entity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson</td>
<td>$1,219,200.00</td>
</tr>
<tr>
<td>Elkhart</td>
<td>$1,022,717.00</td>
</tr>
<tr>
<td>Elkhart County</td>
<td>$1,193,194.00</td>
</tr>
<tr>
<td>Fort Wayne</td>
<td>$2,374,450.00</td>
</tr>
<tr>
<td>Gary</td>
<td>$2,717,859.00</td>
</tr>
<tr>
<td>Hammond</td>
<td>$1,243,934.00</td>
</tr>
<tr>
<td>Indiana State Program</td>
<td>$8,235,625.00</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>$8,017,557.00</td>
</tr>
<tr>
<td>Kokomo</td>
<td>$1,014,327.00</td>
</tr>
<tr>
<td>Lake County</td>
<td>$1,613,168.00</td>
</tr>
<tr>
<td>Muncie</td>
<td>$1,148,363.00</td>
</tr>
<tr>
<td>South Bend</td>
<td>$1,708,707.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$31,509,101.00</strong></td>
</tr>
</tbody>
</table>

Source: Indiana Association for Community Economic Development

Figure 9: Summary of NSP3 Allocations in the State of Indiana
Source: Indiana Housing and Community Development Authority

---

**Changes to the NSP**

Through the three rounds of NSP funding, some amendments were made to the program. The ARRA in 2009 made the first round of changes to the program through the creation of NSP2. Some changes affected only NSP1, whereas several of the amendments were applied to both rounds of funding. Changes that affected both NSP1 and NSP2 funds included:

- the elimination of the program income section;
- the addition of land banking as an eligible use;
- the redevelopment of housing only as an eligible use; and
provisions to protect the tenants of the redeveloped housing.

Changes that affected only the second round of NSP funds included:

- the inclusion of non-profit organizations as eligible grantees;
- the establishment of capacity building funds;
- a change in the expenditure timeline and completion timeline;
- a change in criteria for allocation to include those grantees in the “area of greatest need;”
- the ban of the demolition of public housing;
- the requirement that gut rehabilitations must meet Energy Star for New Homes Standards; and
- the establishment of a 10 percent limit for use of NSP funds to demolish structures unless HUD determined that the grantee needed a greater share of funds for this purpose.

Additionally, NSP2 added a set aside of $50 million for technical assistance (TA) grants to be awarded on a competitive basis to states, local governments, non-profit organizations, and other organizations.12

A second change to the program occurred in April 2010, when HUD redefined the meaning of “foreclosed” and “abandoned.” The previous definition of “foreclosed” only included properties that had completed the foreclosure process,

---

which limited the properties that were eligible for NSP funds. The new definition was changed to:

The property is at least 60 days delinquent on its mortgage and the owner has been notified; or the property owner is 90 days or more delinquent on tax payments; or under state or local law, foreclosure proceedings have been initiated or completed; or foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, sub recipient, developer, or end user.

The previous definition of “abandoned” defined a property that had been foreclosed upon and had been vacant for at least 90 days. This definition excluded properties abandoned by owners, but where tenants were still in place. HUD stated that this was a barrier to preserving existing affordable housing. The new definition of “abandoned” was expanded to include:

Homes where no mortgage or tax payments have been made by the property owner for at least 90 days or a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies.\(^{13}\)

Conclusion

The NSP allocated a total of $6.15 billion to stabilize communities in the 50 United States and US territories. The State of Indiana received over $183 million of NSP1 and NSP3 funds. The NSP has received many mixed reviews. Real estate development expert Enterprise created a report that analyzed the NSP plans of State and Local Governments.

Enterprise found a number of difficulties with the NSP1 program. The first difficulty dealt with the expectation of grantees to produce detailed, comprehensive plans, with only three months time. Enterprise stated that this short time frame diminished the quality of the action plans. The second criticism also dealt with time. After giving grantees only three months to create the plan, they were given an eighteen-month time frame in which to obligate the funds. Enterprise stated that the short time frame for NSP1 funds limited grantees’ ability to partner with other resources and leverage other sources of funding to make them more effective.\(^\text{14}\) The final criticism of the program dealt with identifying communities as an “area of greatest need.” Enterprise felt that this attached a negative stigma to the neighborhood.\(^\text{15}\)

Although the program had some shortcomings, the NSP also saw a number of successes. The City of Columbus, Ohio partnered with Homeport CDC, a not-for-profit organization in order to create homeownership opportunities and turn

---


\(^\text{15}\) Sheldon, 25.
around neighborhoods. Targeting NSP investment around anchor projects, the community development corporation used a block-by-block approach to redevelop their neighborhoods that were adversely affected by the housing crisis. Lake Worth, Florida utilized NSP2 funds to take a comprehensive approach in their stabilization approach. The City worked with not-for-profit organizations and community leaders to create a NSP program that included homebuyer counseling, home-purchase assistance, and connect stabilization with broader economic development and revitalization initiatives. Pima County, Arizona utilized a diverse array of tools to maximize the impact of their NSP grant. Through strategies such as mapping, surveying, and working with local code enforcement officials, the county and its not-for-profit partners have had great success in their response to the foreclosure crisis.16

Through the three rounds of funding, the NSP has made several changes in the administration of the program, the eligibility requirements, and the technical assistance offered to grantees in an effort to improve the program and help stabilize the communities that were adversely affected by the housing crisis. Even though the NSP is a federal program, it should be noted that the program is administered primarily at the local level. Local grantees have a base set of rules and timelines that they must follow, but as long as the grantee works in the “area of greatest need” and uses the funds for appropriate eligible uses, the grantee can customize the program based on the needs of the city. Because of this, part of the

success of the program is determined by how comprehensive of a plan the grantee creates and how well it is administered. As a result, NSP plans and results very significantly from city to city.
CHAPTER 5:

THE COSTS OF FORECLOSURE AND ABANDONMENT ON A NEIGHBORHOOD

The housing crisis, a fluctuating population, and unemployment have led to an extremely high foreclosure and abandonment rate for homes in America. These foreclosed upon and abandoned homes have negatively affected most regions of the country, from dying Rustbelt cities, to newly constructed Sunbelt suburbs, to historic neighborhoods. The Neighborhood Stabilization Program (NSP) was created to stabilize the neighborhoods and communities that were plagued by vacancy, foreclosure, and abandonment as a result of the housing crisis. Foreclosures destabilize economic, social, and physical conditions and have the potential to destroy a neighborhood. It is a colossal community development issue that adversely affects the neighborhoods they are located in, and thus, should be thought of as a local-level problem to solve.¹ A stable neighborhood can also be described as a healthy neighborhood. Michael Greenburg of Rutgers University describes health for a neighborhood in a hierarchy of needs including: crime, blight, and infrastructure. Greenburg states that those three components must be addressed for a neighborhood to be healthy and stable. Severe physical blight and

crime must be the top priorities of a community initiative in order to tackle stabilization.\textsuperscript{2} Neighborhood stabilization is good for communities as well as the individuals that live in them. Neighborhood stability is especially beneficial in low to moderate-income neighborhoods. Catherine Ross writes in an article in the \textit{American Sociological Review}:

\begin{quote}
\ldots stability is good for the well-being of communities and the individuals who live in them. According to social disorganization theory low residential turnover increases social integration, or the likelihood that neighbors will know each other, watch out for each other, share values and norms, and be able to exert informal social control. In contrast, mobility increases the likelihood that neighbors are strangers, reduces the ability of neighbors to form and maintain informal social relationships, and impairs the ability of neighbors to work collectively to enforce local social control. Mobility thus leads to the breakdown of informal social control, a precondition for crime and other social pathologies in the neighborhood.\textsuperscript{3}
\end{quote}

Unstable neighborhoods have both easily measurable quantitative impacts and qualitative impacts that are not as easily measured.

According to Census Bureau data, non-seasonal vacant properties have increased 51 percent nationally, from nearly seven million in 2000 to 10 million in

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{3} Catherine E. Ross, et. al., “The Contingent Meaning of Neighborhood Stability for Residents’ Psychological Well-Being,” American Sociological Review 65, no. 4 (August 2000)
\end{itemize}
\end{footnotesize}
2010. Vacancy in the State of Indiana increased over 50 percent (Figure 10). When compared as a percentage of the housing stock, the national average of vacancy was 33.1 percent in 2010. Indiana saw a 38.4 percent increase in vacancies as a percentage of the housing stock, above the national average (Figure 11).

Figure 10: Percentage Increase in Number of Non-seasonal Vacancies by State Between 2000 and 2010

Note: These data exclude vacant units that the Census identified as for seasonal use or for use by migrant workers.

4 Vacant Properties: Growing Number Increases Communities’ Costs and Challenges, 12.
Properties generally become vacant through two ways: absentee owners and foreclosures. Absentee owners are often real estate investors, many of which do not live in the community where they own property. Whether the property becomes too much work or no longer financially viable, these owners mentally and physically abandon the property. The deteriorating structure causes an eyesore and a threat to the neighborhood. Foreclosure, vacancy, and abandonment negatively affect

---

5 It is important to note that there is a difference between vacancy and abandonment. A vacant building is an empty building that is not in use. The owner is known and has an interest in the building. The building is often in a transitional phase, where it is in the process of changing ownership or tenants. An abandoned
occupied nearby properties, the quality of life for neighborhood residents, and places a burden on local governments.

Foreclosures, vacancy, and abandonment have a negative impact on adjacent properties. According to the Bipartisan Millennial Housing Commission, “Both theory and empirical evidence suggest that when several owners fail to maintain their properties, others nearby follow suit.” Moreover, abandoned homes depress area property values. Immergluck and Smith of the Woodstock Institute found that each conventional foreclosure within an eighth of a mile of a single-family home results in a decline of 0.9 percent in value. The Center for Responsible Lending reported that over 44 million homes in the United States will experience property devaluation as a result of foreclosures in neighborhoods.

Vacant and abandoned structures also reduce the quality of life in a neighborhood. “Vacant homes create so many risks to a neighborhood,” said Charles Brown, a retired Chicago police officer. Immergluck and Smith found that for every one percent increase in the rate of foreclosures, violent crime increased by

---

7 Woodstock Institute is a leading nonprofit research and policy organization in the areas of fair lending, wealth creation, and financial systems reform. Woodstock Institute works locally and nationally to create a financial system in which lower-wealth persons and communities of color can safely borrow, save, and build wealth so that they can achieve economic security and community prosperity.
2.33 percent.\textsuperscript{11} Empty buildings are magnets for illegal activity. Thieves enter abandoned homes and strip them of elements such as copper wire, air conditioning units, water heaters, refrigerators, and toilets. In addition to burglary, abandoned homes are a magnet for trespassing, drug use, vandalism, and other types of crime.\textsuperscript{12} Moreover, vacant and abandoned properties carry the threat of fire from vandals. Unsafe neighborhoods repel future residents and create an uneasy feeling for current residents.

Abandoned houses and declining property values also have a negative impact on services. Some schools are forced to close while other schools become overcrowded, as families double up due to foreclosure.\textsuperscript{13} Because abandoned buildings lure illegal activities, they often pose an increased burden to emergency services.

Likewise, deterioration or demolition of properties can result in the loss of neighborhood character and sense of place. Homes that become vacant after foreclosure begin to deteriorate due to a lack of maintenance. Often known as demolition by neglect, these houses can endure severe financial, structural, and character damage while vacant. These properties quickly become eyesores within their neighborhood as they are deemed blight. Deteriorating abandoned structures also deter future homeowners from investing in the neighborhood. Neighborhoods lose their sense of community and pride of home ownership with nearby vacancies or unkempt homes.

\textsuperscript{11} Wolf, 10.
\textsuperscript{12} Vidmar.
\textsuperscript{13} Wolf, 13.
Individual homeowners are not the only ones who suffer financially from foreclosure and abandonment. When homeowners do not maintain their vacant properties, local governments expend millions of dollars in direct costs to mitigate problems, including boarding up and securing properties, mowing lawns, draining pools, and removing debris. Vacant and abandoned homes impose additional burdens on state and local governments because they reduce the revenues available to those entities.14

Property taxes are an important source of revenue for local governments and declines in property tax revenue due to vacancy and foreclosure have led to reductions in government services.15 A reduction in government services means that less emergency responders are available to address the crime and safety issues of the vacant structures, which leads to a further decline in quality of life.

Minimizing the negative or hazardous impact of vacant properties by mothballing and securing such properties can cost between $233 and $1400 per property.16 Typical demolition costs of detached, single-family properties range from $4,800 to $7,000 per property.17 In addition to the costs of maintaining and demolishing vacant properties, local governments bear administrative costs of identifying parties responsible for vacant properties in order to assess code violation fines or liens. Cities with dedicated housing courts, such as Chicago and Cleveland, spend additional resources on enforcing laws governing vacant

---

14 Mallach 18.
15 Vacant Properties: Growing Number Increases Communities’ Costs and Challenges, 52.
16 Ibid., 42.
17 Ibid., 44.
properties through the judicial system. According to a housing court judge in Cleveland, the budget for the city’s housing court is approximately $3 million.\footnote{Ibid., 46.}

Why do neighborhoods plagued with vacancy, abandonment, and foreclosure deserve to be stabilized? Arguments in favor of redevelopment stem from sense of place, cost effectiveness, and sustainability. America’s building stock, big or small, new or historic, is important to our American cultural identity. It shows how the United States has evolved as a nation and plays a vital role in shaping a person’s sense of place. Demolition of the homes that are vacant, abandoned, or foreclosed upon as a result of the housing crisis will destroy the sense of community in neighborhoods and will not solve the housing problem. Vacant lots show the same amount of neglect as a vacant building. Although it is not possible to save every building, it is imperative to make a valiant effort to redevelop those that are structurally sound or those able to be adapted to another suitable use.

From a cost standpoint, rehabilitation has the potential to be more cost effective, than demolition and new construction. Economist Donovan Rypkema found that that historic preservation is typically as cost effective, if not more cost effective than new construction. Rypkema stated that every rehabilitation project is unique, and no absolute standard can determine whether it will be more or less expensive than new construction. However, four reliable main principles have emerged as support in favor of rehabilitation:
1. When complete renovation is required, it is usually possible to build something new that is cheaper. But that something will almost inevitably be a structure of vastly lower quality and shorter life expectancy than the quality of rehabilitation of a historic structure.

2. When the cost of a high-quality new construction building is compared to the quality rehabilitation of a historic building...the high-quality new building will generally be more expensive.

3. ...Historic preservation – square foot for square foot – will usually be a cost-competitive alternative.

4. When quality is part of the equation, historic preservation will nearly always be a cost-competitive alternative.19

Moreover, the federal and state governments have also acknowledged the overwhelming benefits of rehabilitation by providing tax credits for rehabilitation of historic buildings. These tax credits also help to lower the costs of rehabilitation as compared to new construction.

In addition to cost effectiveness, reuse of buildings is typically more energy efficient than demolition and new construction. Preservation Green Lab, a component of the National Trust for Historic Preservation, was able to quantify the environmental value of building reuse in their 2012 publication, The Greenest Building. Preservation Green Lab reported that environmental savings from reuse

---

varied from 4 to 46 percent over new construction when they analyzed and compared buildings with the same energy performance level.2021

Vacancy, abandonment, and foreclosure have both a monetary cost and a quality of life cost on a neighborhood. Empty homes negatively affect adjacent properties and place a burden on local governments who often have to maintain or demolish the properties. Vacant homes increase crime and reduce the quality of life for residents. It is imperative to redevelop the foreclosed, vacant, and abandoned structures for the benefit of present and future generations. The Neighborhood Stabilization Program was created to stabilize the neighborhoods and communities that were plagued by vacancy, foreclosure, and abandonment as a result of the housing crisis. Was the program successful in its purpose help to mitigate the negative effects of vacancy, abandonment, and foreclosure?

21 Preservation Green Lab measured the impacts of rehabilitation of the multi-family housing compared to new construction in four different categories including, climate change, resource depletion, human health, and ecosystem quality.
CHAPTER 6:
NEW ALBANY, FLOYD COUNTY, INDIANA

History of New Albany

The City of New Albany is located in southern Indiana along the Ohio River. It is connected to Louisville, Kentucky via the Sherman Minton Bridge, which brings I-64 and US 50 across the river. Following their hunting trip to the area, Joel, Abner, and Nathaniel Scribner established New Albany in 1813 after seeing great potential for the land that sat adjacent to the river. The Scribners purchased the 822.5-acre site for $8,000 and named the town New Albany after the New York State capital.

In 1819, New Albany was named the county seat of the newly-established Floyd County. Between 1814 and 1830, the City's population doubled in size. The area became known for industries powered by the river such as shipbuilding, mills, boiler works, furniture factories, and tanneries. Economic activity generated by the shipping industry fueled growth and generated considerable business for New Albany merchants and farmers. By mid-19th century, this river port was the largest

---
1 Indiana Division of Historic Preservation and Archaeology, Historic Sites and Structures Interim Report of Floyd County (Indianapolis: Historic Landmarks Foundation of Indiana, 2008), 36.
city in Indiana. As New Albany grew, the city’s prominent citizens constructed stately homes and commercial buildings to showcase their prosperity. Newly-established railroads in New Albany slowed the steamboat industry, but the area developed into a plate glass and plywood-manufacturing center through the mid-20th century. Today, some historic neighborhoods contiguous with the downtown have suffered from neglect and abandonment as a result of migration to the suburbs. A demographic profile of New Albany is available in Appendix A.

NSP1 in New Albany

The City of New Albany differs from Muncie and Fort Wayne in that New Albany did not receive Neighborhood Stabilization Program (NSP) funds directly from HUD, but rather, from the Indiana Housing and Community Development Authority (IHCDA). The IHCDA received almost $83.8 million in NSP1 funds from HUD to distribute throughout the State of Indiana to help stabilize neighborhoods and communities that were adversely affected by the housing crisis. According to New Albany’s former Director of Housing Initiatives, Carl Malysz, IHCDA did not originally obligate NSP1 funding to New Albany. However, the IHCDA amended their plan and awarded the City of New Albany $6.7 million in NSP1 funds in late

---

4 Historic Sites and Structures Interim Report of Floyd County, 36.
5 Peter Hunt, NSP Manager for IHCDA, was not available for interview to confirm.
2009. The City chose to target their NSP1 funds in the South Ellen Jones neighborhood.

The S. Ellen Jones neighborhood is roughly bounded by Beeler Street (north), Vincennes Street (east), Market Street (south), and East 5th Street (west). The neighborhood is located just one block east of downtown, making walkability a key component of its layout (Figure 12). Moreover, the S. Ellen Jones neighborhood is considered a first ring suburb of the Louisville Metropolitan region. Interstate 65 access is available just west of the S. Ellen Jones neighborhood.7

---

7 City of New Albany, NSP1 Grant Application, n.p., retrieved directly from the City of New Albany, 24.
The entire S. Ellen Jones neighborhood itself is not listed as a historic district in the National Register of Historic Places; however, individually listed properties and portions of the neighborhood are listed as historic districts in the National Register of Historic Places. The neighborhood features a mix of architecture from modest shotgun and bungalow residences to stately Queen Anne homes. As of March 13, 2009, the S. Ellen Jones NSP1 grant application stated that housing stock condition ranged from very good to very poor. The listing price of homes in the S. Ellen Jones neighborhood ranged from $33,000 to $175,000, with the average price of March 2009 listings being $77,000.\textsuperscript{8} The City felt that the neighborhood was at a tipping point: it had suffered from several decades of disinvestment and declining homeownership and could either be at risk for further decline or be revitalized.

In 2008, the S. Ellen Jones neighborhood had a total of 893 housing units. Of those 893 units:

- 445 were owner-occupied;
- 293 were renter-occupied;
- 80 were vacant;
- 37 were foreclosed or bank-owned;
- 38 were for sale;
- 40 units were dilapidated; and
- 75 vacant lots existed.\textsuperscript{9}

\textsuperscript{8} Ibid., 25.
\textsuperscript{9} Ibid., 23.
Prior to the NSP, the City of New Albany made major investments in infrastructure, using CDBG funds for sidewalk improvements and street trees over the past ten years. The City stated that they wanted to use the NSP funds to make the S. Ellen Jones neighborhood a neighborhood of choice. They chose to focus on investing in the neighborhood as whole, rather than individual properties. As a result, the City of New Albany chose to leverage their CDBG funds with NSP funds to create a neighborhood revitalization that would benefit the entire neighborhood as well as the downtown. In their proposal to the IHCDA, the City of New Albany requested $6.7 million in NSP1 funds to be combined with $4.4 million of CDBG and other funds to create an $11.1 million redevelopment of the S. Ellen Jones neighborhood. Figure 13 shows a breakdown of the proposed uses and the project funds budgeted.

10 Ibid., 8.
11 A neighborhood of choice possesses the following traits or measurable characteristics:
1. Safe, sanitary, decent housing throughout.
2. Sound urban neighborhood infrastructure – curbs, sidewalks, streets and alleys.
3. A safe and nurturing environment.
4. A neighborhood school and other quality of life amenities.
5. A resident population that mirrors the socio-economic character of the broader community.
6. A blend of housing opportunities – ownership and rental – that is appealing to the broader marketplace.
## Project Funds Budgeted

<table>
<thead>
<tr>
<th>Project</th>
<th>Project Funds Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NSP Acquisition/Rehab/Resale</td>
<td>$4,920,473</td>
</tr>
<tr>
<td>2. Infill/Redevelopment/Resale</td>
<td>$1,476,618</td>
</tr>
<tr>
<td>3. Family Scholar Home</td>
<td>$360,000</td>
</tr>
<tr>
<td>4. HOME Homeowner Rehabilitation</td>
<td>$2,986,860</td>
</tr>
<tr>
<td>5. LIHTC Scattered Sites</td>
<td>$227,659</td>
</tr>
<tr>
<td>6. Emergency Repair Program</td>
<td>$195,000/year</td>
</tr>
<tr>
<td>7. Annual Repair Affair Event</td>
<td>$15,000/year</td>
</tr>
<tr>
<td>8. Concentrated Code Enforcement</td>
<td>$55,000/year</td>
</tr>
<tr>
<td>9. Optional Relocation Assistance</td>
<td>$100,000</td>
</tr>
<tr>
<td>10. Neighborhood Infrastructure Improvements</td>
<td>$335,000</td>
</tr>
<tr>
<td>11. SEJ Watch Expansion</td>
<td>Volunteer</td>
</tr>
<tr>
<td>12. Friends of Ritter Park</td>
<td>Volunteer</td>
</tr>
</tbody>
</table>

*Figure 13: Breakdown of S. Ellen Jones Redevelopment*

*Source: City of New Albany NSP1 Grant Application*

The City stated in the grant application that they would use $4.9 million to acquire, rehabilitate, and resell existing homes in the neighborhood. As of 2008, there were more than 50 properties in the neighborhood that met NSP requirements for abandonment, foreclosure, or vacancy. The City estimated that they would rehabilitate 40 units, and that those units would be targeted to the Millennial generation. In order to sell the homes, a detailed marketing strategy was to be prepared and implemented by realtors through the Southern Indiana Realtors Association (SIRA).

The City originally budgeted $1.4 million in NSP1 funds for infill, redevelopment, and resale. The City planned to demolish structures that were unfit for rehabilitation. All new construction would meet LEED certification for new

---

12 Those in the Millennial Generation were born between 1981 and 1999 making them 14-31 years of age to date. The majority of Millennials prefer to live in an urban core, walkability, closeness to work, and use public transit.
single-family detached homes. Moreover, all new construction would be compatible with the historic character of the adjacent properties.

Unique to New Albany, the City budgeted $360,000 to complete the redevelopment of a 2,000 square foot addition to the historic Ritter House for the purpose of providing a Southern Indiana location for Family Scholar House, an innovative housing and family-support program for single women with children who are pursuing college degrees. The addition was to use NSP funds and be designed as a fourplex with each unit housing a mother and her child. The concept was for Family Scholar House to occupy the Ritter House as its Southern Indiana headquarters, with housing provided in the adjacent addition. The City stated that no NSP funding would be used for the rehabilitation of the Family Scholar Headquarters, only for the addition.

In addition to the NSP funds, the City of New Albany planned to commit $2.9 million in HOME funds for homeowner rehabilitation. The City stated that there was a large population of single-family homeowners who resided in the S. Ellen Jones neighborhood whose housing was not safe or sanitary. Many of the households were Low-Moderate Income (LMI) families who could not complete rehabilitation without subsidy. The City planned to use the HOME funds over a three-year period to lend to households with flexible repayment terms. They estimated the cost of rehabilitation at approximately $40,000 per unit and a total of 70 units.

---

13 NSPI Grant Application, 9.
14 Carl Malysz, interview by author, New Albany, IN. February 6, 2013.
15 NSPI Grant Application, 10.
As in previous years, the City of New Albany planned to commit CDBG funds in the amount of $335,000 for the installation of new sidewalks and street trees. Additionally, the funds would be used for the development of a neighborhood park, and the redevelopment and expansion of the elementary school. Furthermore, the City of New Albany also planned to acquire vacant lots with CDBG funds. The City budgeted $227,659 for the acquisition of vacant lots that would be eligible for Low-Income Housing Tax Credits (LIHTC). They planned make the lots available to both for-profit and not-for-profit developers for the creation of scattered site LIHTC rental housing. Since submitting the grant application, the City completed one LIHTC proposal for a 12-unit property.

The City of New Albany also planned to commit $195,000 in CDBG funds per year for four years for an Emergency Repair Program. The targeted residents of these funds would be the elderly and the funds were to be used for roof, electrical, and heating, ventilation, and air conditioning (HVAC) improvements In addition to the Emergency Repair Program, the City also planned to initiate an Annual Repair Affair event using $15,000 of CDBG per year for four years. This event was also aimed at elderly as well as disabled households to provide other deferred maintenance activities.

CDBG funding in the grant application also implemented a Concentrated Code Enforcement at $55,000 per year for four years. An Optional Relocation
Assistance Program was to be paired with the code enforcement at a cost of $100,000 in CDBG funds. During the code enforcement inspections, owners of properties that were determined unfit for human inhabitation would be issued a Notice to Vacate and provided the optional location assistance which would include: moving expenses; one month’s security deposit and related utilities; and one month’s rent. The City estimated that at least 14 units were for rent in the S. Ellen Jones neighborhood.20

Finally, the City planned to round out the NSP program with a S. Ellen Jones Block Watch Expansion program and a Friends of Ritter Park Program using neighborhood volunteers. Although no NSP funding would be used, the City felt that these activities would contribute to the stability of the neighborhood. According to the NSP grant application, there already was an active neighborhood watch program. The City wanted to expand the program to include entire target area with increased volunteer participation from neighborhood institutions such as the Ritter House and the new residents of the neighborhood.21

To complete the work, the City partnered with New Directions Housing Corporation (NDHC), a not-for-profit community development corporation created to develop and maintain affordable housing. NDHC specializes in real estate development, asset and property management, resident services, home ownership preservation, and community building and organizing. NDHC is a NeighborWorks

20 NSP1 Grant Application, 19.
21 Ibid., 19.
organization that services Floyd and Clark Counties in Indiana and Louisville, Kentucky.

The City of New Albany stated that NSP success would be measured quantitatively, through the completion of specific housing activities, but also through qualitative results such as an embraced resurgence of the S. Ellen Jones neighborhood. The City stated the following qualitative and quantitative impacts that it would use to evaluate the success of its program:

1. Number of NSP units created/assisted.
2. Number of NSP 50% AMI new homebuyers.
3. Number of lower-income homeowner units rehabilitated.
4. Number of lower-income households assisted with emergency repair.
5. Number of rental units inspected/code violations corrected.
6. Number of LIHTC scattered-site rental units created.
7. Number of Family Scholar House units created.
8. A significant increase in homeownership.
10. An influx of millennial homebuyers.
11. A moderate increase in home values.

---

22 NeighborWorks America is one of the country’s preeminent leaders in affordable housing and community development. We work to create opportunities for lower-income people to live in affordable homes in safe, sustainable neighborhoods that are healthy places for families to grow. Headquartered in Washington, DC, NeighborWorks America operates through a national office, two regional offices and seven district offices.

15. Elimination of all hazardous or deteriorated sidewalks.\footnote{NSP1 Grant Application, 25-26.}

As of January 7, 2013, the City of New Albany had either begun or complete work at 32 different parcels throughout the S. Ellen Jones neighborhood. 18 of those homes have been sold to homeowners whose incomes are less than 120 percent of the AMI. The remaining properties are either in process, listed, or pending.\footnote{Malysz.} The City of New Albany is currently utilizing the proceeds from the sale of the NSP1 homes to rehabilitate up to ten more homes in the S. Ellen Jones Neighborhood.\footnote{Lisa Thompson, telephone interview with author, March 8, 2013.} A financial breakdown of the NSP money spent is shown in Figure 14, a map of the NSP properties is shown in Figure 15, and photographs of the NSP properties are available in Appendix B.

The City of New Albany committed a total of $6,359,359.86 for rehabilitation and infill, of which they have spent $6,218,685.14 as of January 7, 2013. The remaining $397,731 was allocated and spent on administration.\footnote{Ibid.}
<table>
<thead>
<tr>
<th>Property Address</th>
<th>Listing Status</th>
<th>AMI</th>
<th>Budget</th>
<th>Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1221 Culbertson Ave</td>
<td>Sold</td>
<td>50%</td>
<td>$228,410.65</td>
<td>$67,949.84</td>
</tr>
<tr>
<td>1402 E. Market St</td>
<td>Sold</td>
<td>120%</td>
<td>$308,367.87</td>
<td>$97,625.45</td>
</tr>
<tr>
<td>716 E. 11th St</td>
<td>Sold</td>
<td>120%</td>
<td>$229,505.26</td>
<td>$94,675.00</td>
</tr>
<tr>
<td>313 E. 14th St</td>
<td>Sold</td>
<td>80%</td>
<td>$237,735.66</td>
<td>$93,354.85</td>
</tr>
<tr>
<td>509 E. Market St</td>
<td>Sold</td>
<td>50%</td>
<td>$214,429.89</td>
<td>$57,280.00</td>
</tr>
<tr>
<td>315 E. 14th St</td>
<td>Sold</td>
<td>120%</td>
<td>$268,925.18</td>
<td>$75,477.59</td>
</tr>
<tr>
<td>1513 E. Elm St</td>
<td>Sold</td>
<td>120%</td>
<td>$217,084.78</td>
<td>$73,573.00</td>
</tr>
<tr>
<td>1528 E. Oak St</td>
<td>Sold</td>
<td>120%</td>
<td>$259,958.93</td>
<td>$97,628.00</td>
</tr>
<tr>
<td>910 E. 11th St</td>
<td>Sold</td>
<td>50%</td>
<td>$228,410.65</td>
<td>$51,115.35</td>
</tr>
<tr>
<td>507 E. Oak St</td>
<td>Sold</td>
<td>50%</td>
<td>$228,410.65</td>
<td>$37,192.21</td>
</tr>
<tr>
<td>418 E. 13th St</td>
<td>Sold</td>
<td>120%</td>
<td>$261,806.52</td>
<td>$79,628.00</td>
</tr>
<tr>
<td>921-923 E. 11th St</td>
<td>Sold</td>
<td>120%</td>
<td>$192,125.03</td>
<td>$64,616.53</td>
</tr>
<tr>
<td>905 E. Oak St</td>
<td>Sold</td>
<td>120%</td>
<td>$251,548.00</td>
<td>$81,681.00</td>
</tr>
<tr>
<td>509 E. Oak St</td>
<td>Sold</td>
<td>120%</td>
<td>$255,921.89</td>
<td>$83,366.16</td>
</tr>
<tr>
<td>1219 Culbertson Ave</td>
<td>Sold</td>
<td>120%</td>
<td>$197,911.79</td>
<td>$46,867.01</td>
</tr>
<tr>
<td>607 E. Elm St</td>
<td>Sold</td>
<td>120%</td>
<td>$186,625.74</td>
<td>$84,911.66</td>
</tr>
<tr>
<td>609 E. Elm St</td>
<td>Sold</td>
<td>120%</td>
<td>$211,150.17</td>
<td>$79,528.00</td>
</tr>
<tr>
<td>1505 E. Spring St</td>
<td>Sold</td>
<td>120%</td>
<td>$143,103.05</td>
<td>$39,020.00</td>
</tr>
<tr>
<td>1218 E. Oak St</td>
<td>Ritter</td>
<td>120%</td>
<td>$225,712.00</td>
<td>$   -</td>
</tr>
<tr>
<td>1141 Beeler St</td>
<td>Lot</td>
<td>120%</td>
<td>$25,533.00</td>
<td>$   -</td>
</tr>
<tr>
<td>325 E. 13th St</td>
<td>Pending</td>
<td>120%</td>
<td>$260,608.68</td>
<td>$   -</td>
</tr>
<tr>
<td>323 E. 12th St</td>
<td>Listed</td>
<td>120%</td>
<td>$66,585.18</td>
<td>$   -</td>
</tr>
<tr>
<td>917 Culbertson Ave</td>
<td>Listed</td>
<td>50%</td>
<td>$235,505.24</td>
<td>$   -</td>
</tr>
<tr>
<td>618 E. 8th St</td>
<td>Listed</td>
<td>50%</td>
<td>$211,828.06</td>
<td>$   -</td>
</tr>
<tr>
<td>315 E. 11th St</td>
<td>Pending</td>
<td>50%</td>
<td>$241,269.79</td>
<td>$   -</td>
</tr>
<tr>
<td>526 E. 8th St</td>
<td>Pending</td>
<td>120%</td>
<td>$295,562.75</td>
<td>$   -</td>
</tr>
<tr>
<td>1127 Greenaway Pl</td>
<td>Pending</td>
<td>120%</td>
<td>$203,797.92</td>
<td>$   -</td>
</tr>
<tr>
<td>612 Culbertson Ave</td>
<td>Listed</td>
<td>120%</td>
<td>$200,482.78</td>
<td>$   -</td>
</tr>
<tr>
<td>607 E. 8th St</td>
<td>In Progress</td>
<td>80%</td>
<td>$73,315.00</td>
<td>$   -</td>
</tr>
<tr>
<td>1320 E Elm St</td>
<td>In Progress</td>
<td>120%</td>
<td>$85,723.56</td>
<td>$   -</td>
</tr>
<tr>
<td>1117 Greenaway Pl</td>
<td>In Progress</td>
<td>50%</td>
<td>$48,355.81</td>
<td>$   -</td>
</tr>
<tr>
<td>1321 E Elm St</td>
<td>In Progress</td>
<td>120%</td>
<td>$63,648.38</td>
<td>$   -</td>
</tr>
</tbody>
</table>

Figure 14: Financial Breakdown of NSP1 funds
Source: City of New Albany
Changes to New Albany’s NSP

From the writing of the grant to the implementation of the NSP, certain sections of the program were omitted or modified. The first modification dealt with the Ritter House. The grant application stated that the historic Ritter House would be rehabilitated to house a Southern Indiana location for the Family Scholar House and that the new addition would become a fourplex to house single women and their children who were pursuing college degrees. In actuality, the Carl Ritter Birthplace Foundation rehabilitated the Ritter House and the addition now houses a neighborhood resource center.
A second change to the NSP dealt with the $2,986,860 in HOME funds that the City wanted to commit for existing homeowner rehabilitation. Although New Albany is considered an entitlement community, New Albany does not receive HOME funds from HUD. The City applied for $2,986,860 in HOME funds from the State of Indiana to use for the homeowner rehabilitation. The City was not awarded the HOME funds. Instead, the State of Indiana awarded approximately $300,000 in CDBG-D funds to create a façade grant program for homeowners in the neighborhood. The program awarded grants to 15 homes at $20,000 per home.\(^{27}\)

**Analysis of NSP1 in New Albany**

My observations of New Albany’s NSP1 plan is overwhelmingly positive in its plan to stabilize the S. Ellen Jones neighborhood. The City of New Albany was part of only 30 percent of NSP1 grantees to concentrate their NSP1 funds into a target area. By creating a cluster of revitalization, they were able to make a larger impact in the neighborhood instead of a scattered and diluted redevelopment. Part of what makes New Albany’s plan so successful was the way the City leveraged other funds to help meet the needs of the neighborhood. The City went beyond using CDBG funds for sidewalks and street trees to address additional needs of the neighborhood and create a more comprehensive plan.

Unique to New Albany’s plan, the Concentrated Code Enforcement helped to improve the quality of life of the neighborhood. Even though the Concentrated Code

\(^{27}\) *Ibid.*
Enforcement did not use NSP funds directly, it complemented the NSP by eliminating blighted properties that were not NSP-eligible. Because of the relocation assistance portion of the program, the renters were transferred from unsafe, overpriced units that were owned by absentee landlords to secure units owned by respectable landlords with a more reasonable rent.\textsuperscript{28}

In addition to allocating CDBG funds for sidewalk improvements, the City utilized CDBG funds for the development of a neighborhood park, and the redevelopment and expansion of the elementary school.\textsuperscript{29} Even though the neighborhood park and school expansion required the demolition of historic residences, the character of the neighborhood was not adversely affected. The expansion of the elementary school and addition of a park expanded neighborhood interaction.

As a result of the NSP, the S. Ellen Neighborhood has generated over $1 million in private investment through residential rehabilitation as well as additional not-for-profit investment through the Ritter House. New Albany’s NSP encouraged confidence in the neighborhood.\textsuperscript{30} The neighborhood is no longer at a tipping point and has become a neighborhood of choice through the safe, sanitary, decent housing throughout, sound neighborhood infrastructure, an expanded elementary school, and a diverse resident population that mirrors the socio-economic character of the broader community. The $6.7 million IHCDA allocated to New Albany did stabilize the S. Ellen Jones Neighborhood.

\textsuperscript{28} Ibid.
\textsuperscript{29} NSP1 Grant Application, 19.
\textsuperscript{30} Thompson.
Although New Albany’s NSP should be considered a success, there are some criticisms of the program. The first criticism deals with the design of the infill construction. While surveying the neighborhood and analyzing the NSP properties, I observed identical infill designs in the neighborhood. Infill design should be designed in response to the properties that border it be tailored to each site. Infill should not be comprised of one standard design. Using one standard design has the ability to be insensitive to the historic properties, as well as have an inappropriate fenestration ratio, height, front porch, and materiality, drawing attention to the infill and away from the historic properties.

The second criticism of the New Albany NSP stems from the paint color choices selected for the residences. The color schemes of the NSP properties did go through a review process, and although the colors are appropriate for the neighborhood and feature one main color with two accent colors, they cause the homes to stand out in the neighborhood. While the color schemes are more muted and historically appropriate than many redevelopments that feature bright, pastel paint colors that are unfitting, I was able to pick out the NSP properties from over a block away. Because of this, it is possible that the NSP properties do not blend in well enough with the existing properties and could cause a stigma to be attached to them.

The final criticism of New Albany’s NSP comes the plan in the original grant application to use NSP funds to develop the addition of the historic Ritter House into a fourplex for single women and their children as part of the Family Scholar House.
While the Family Scholar House is a commendable organization and housing single mothers who desire to further their education is a worthy cause, I do not believe that the plan fully aligns with the intentions of the Neighborhood Stabilization Program. Using the funding to rehabilitate a small, new construction addition, or not using the funding to rehabilitate the addition, would neither stabilize nor destroy the neighborhood. The fact that the City and the Family Scholar Program wanted to open and operate an office and rental units as part of the S. Ellen Jones Neighborhood redevelopment is laudable, but should have utilized other federal or local grant money to do so. The final criticism of the New Albany NSP should be noted as minimal due to the fact that the idea never developed into fruition with NSP funds.

Conclusion

The New Albany NSP overcame many obstacles to help stabilize the S. Ellen Jones neighborhood. Given six months less to formulate a plan than the majority of other grantees does not appear to have negatively affected the overall redevelopment. In addition to time constraints, Lisa Thompson, Chief Operating Officer of New Directions Housing Corporation, felt that New Albany’s NSP was challenged by existing housing stock. Post Hurricane Katrina, New Albany contains more shotgun homes than any other city in the nation.31 As a result, many shotguns

---

31 The shotgun house is a vernacular style of architecture that became common in southern cities in the late 19th century. The simplest type is one story in height and features a narrow-gable front orientation that extends deep into the lot. A hallway is situated on either side of the home, with all of the rooms in the
were rehabilitated as part of the NSP. Malysz, states that the interior layout of the shotgun homes were difficult to rehabilitate to meet modern needs because the floor plans were not able to be altered. In addition, Thompson states that many of the homes rehabilitated with NSP funds were 2 bedroom 1-bathroom homes, but not all families fit into a 2 bedroom, 1 bath home.

Even though New Albany faced a number of challenges, they were able to create an effective and comprehensive plan that strategically and efficiently used NSP funding. New Albany’s plan not only addressed issues of home abandonment, vacancy, and foreclosure, but it also addressed the other issues that Michael Greenburg deemed essential to neighborhood stabilization, crime and infrastructure. Nonetheless, the City of New Albany was not awarded NSP3 funds. Malysz stated that IHCDA NSP3 funds were mostly awarded to NSP-qualified areas of greatest need that did not receive NSP1 funds in an effort to make a larger impact on a greater number of communities.32 A list of NSP eligible communities with areas of greatest need is available in Appendix C.

32 Peter Hunt, NSP Manager for IHCDA was not available for comment to confirm.
CHAPTER 7:
MUNCIE, DELAWARE COUNTY, INDIANA

History of Muncie

The area known presently as Delaware County sits approximately sixty miles northeast of Indianapolis, Indiana. The Delaware County Indians first settled the region in the 1770s. Under the Treaty of St. Mary’s Ohio, the Delaware Indians gave their land to the federal government and moved further west in 1818. Delaware County was organized on January 26, 1827. Shortly after, the village of Munseetown (near present day Muncie) was established as the county seat. As a result of poor transportation routes, the town grew slowly at first. The turnpike that linked Muncie with Cambridge City as well as the Indianapolis and Bellefontaine Railroad that opened in the early 1850s greatly improved transportation to and from Munseetown. In 1854, Munseetown was incorporated as a city and became known as Muncie.

---

2 Indiana Division of Historic Preservation and Archaeology, Historic Sites and Structures Interim Report of Delaware County, (Indianapolis IN: Indiana State Museum, Division of Historic Preservation and Archaeology, 1985), xv.
3 U.S. Department of the Interior, National Park Service, Old West End Historic District, prepared by Muncie Community Development Department, National Register of Historic Places Nomination Form, 1986.
Originally an agricultural trading center, the City became primarily industrial following the Civil War. In 1880, Muncie was home to 40 factories that manufactured a wide range of products from washing machines to roller skates. Although the Civil War sparked Muncie's industrialization and population growth, the discovery of natural gas in Eaton, Indiana in 1886 further accelerated the growth.4

Muncie was the first city in Delaware County to benefit from the discovery of natural gas. In November 1886, gas was discovered on East Jackson Street.5 The Gas Boom resulted in an increased growth of population, the rapid construction of many factories, and the planning of vast new residential districts. To attract the factories, industrialists were offered free land, gas, and occasionally cash subsidies. This resulted in the further development of Muncie through new commercial districts, churches, schools, and other civic improvements.6 The most notable of the Gas Boom industries to come to Muncie was the Ball Brothers Glass Manufacturing Company.

By 1901, the gas wells began to fail throughout the Gas Belt.7 By that time, Muncie was established as a major industrial center. As a result, it did not suffer as much as some of the smaller towns in Delaware County. In 1904, oil was discovered

---

4 Historic Sites and Structures Interim Report of Delaware County, xv.
5 James A. Glass and David Kohrman, Images of America: The Gas Boom of East Central Indiana (Charleston: Minnetrista Cultural Center, 2005), 18.
6 Ibid., 17.
7 Ibid., 97.
near Muncie, which brought about another brief burst of economic prosperity.\(^8\)

Muncie continued to grow in population into the 1960s.

In the late 1980s, the City of Muncie began to decline. From 1980 to 2008, the Muncie lost more than 10,000 people.\(^9\) Muncie built a reputation around being an automotive and industrial center; however, in the age of globalization, factories such as BorgWarner, Delco Battery, and New Venture Gear left Muncie and moved their factories where there were lower labor costs.

Today, Muncie’s largest employer is Ball State University. Ball State has introduced approximately 3,400 jobs to the area, but according to Moody’s Analytics economist Marshall Carter, those jobs are not a growth driver. Muncie is becoming more dependent on education, health care, and retail for employment and less dependent on manufacturing jobs.\(^10\) Many of those that remain unemployed in Muncie are the workers left behind by the abandoned factories. They are trained for manufacturing, not health care or retail. Like many other cities in the Rust Belt, the current economy is forcing Muncie’s unemployed to reinvent themselves midway through their careers. Marti McKeighen, a Muncie local stated in 2008, “24 years making auto parts on an assembly line at BorgWarner and now BorgWarner is

\(^8\) Historic Sites and Structures Interim Report of Delaware County, xv.
leaving town. I can’t get my retirement and I’m 55 years old...what’s going to happen to me?”

The loss of manufacturing jobs has led many residents to move away, which impedes the recovery of the local service industry. Even the Ball Brothers Corporation, responsible for much of the growth and success that Muncie endured over the years, relocated their headquarters to Bloomfield, Colorado in 1998. According to Joe Castelo, former mayor of Hartford City, prior to the 1980s, “a guy who worked in the automotive industry here could have a boat, two cars, and his wife didn’t have to work. You looked like an idiot for going to college....It will never go back to the way it was...New jobs may come to Muncie, but it will never again be so easy to make a good living without a college diploma.”

As a result of the decline in industry and population coupled with the housing crisis, the City of Muncie was left 4,236 vacant housing units, approximately 13 percent of their building stock. In 2008, the Neighborhood Stabilization Program stepped in to help address these vacant houses and stabilize the neighborhoods. A demographic profile of Muncie is available in Appendix D.

**NSP1 in Muncie**

Neighborhood Stabilization Program (NSP1) funds were distributed in early 2009. The City of Muncie received $2,007,356.00 to help stabilize neighborhoods...

---

11 Copeland
13 Copeland.
and communities adversely affected by the housing crisis. Figure 16 shows the breakdown of how NSP1 funds were originally allocated. The City of Muncie planned to use NSP1 funds for administration, clearance, land banking, and multi-family rental development in the areas of greatest need. The City determined that the areas of greatest need were the neighborhoods that surrounded the City’s core.

<table>
<thead>
<tr>
<th>Project #, Project Title</th>
<th>Project Funds Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Administration</td>
<td>$200,735.00</td>
</tr>
<tr>
<td>2. Clearance</td>
<td>$1,054,782.00</td>
</tr>
<tr>
<td>3. Land Bank</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>4. Multi-Family Rental Development</td>
<td>$501,839.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,007,356.00</strong></td>
</tr>
</tbody>
</table>

Figure 16: Breakdown of Muncie NSP1 Allocations

The City utilized administrative funds for activities such as hiring an Assistant Clearance Coordinator, HUD training, environmental reviews, and other related activities. The City of Muncie originally budgeted over $1 million to demolish approximately 136 blighted structures at an average cost of $6,500 per structure. They stated in Quarterly Report 2 of 2009 that the City would work with the Unsafe Building Hearing Authority, City Building Commissioner, and neighborhood representatives to establish site priority in the areas of greatest need. The City did not state any plans for redevelopment of the cleared sites with NSP funds. The City set aside $250,000 for land banking and planned to acquire the majority of land bank properties through tax sales. Finally, the City stated that they
planned to commit just over $500,000 for the purchase and rehabilitation of one abandoned or foreclosed property to create multi-family rental units for those whose incomes did not exceed 50 percent of the AMI. They stated that the choice to focus on only one property was due to the short timeframe imposed by the NSP rules. Moreover, the City felt that one project would minimize administration costs while maximizing the potential for a successful project.¹⁵

The City of Muncie reported their progress with the NSP1 funds to HUD quarterly. A summary of the quarterly reports is available in Appendix E, a map of the demolished properties is available in Appendix F, and photos of the rehabilitated buildings are available in Appendix G.

As of January 7, 2013, the City has used their NSP1 funds to complete the following activities:

- Deconstruction of 7 properties
- Demolition of 129 properties
- Assistance with demolition of 12 properties
- Rehabilitation of 2 apartment buildings (35 units)

**NSP3 in Muncie**

NSP3 funds were distributed on March 8, 2011. The City of Muncie received a second round of NSP funding in the amount of $1,148,383.00 to help stabilize neighborhoods and communities that were adversely affected by the housing crisis.

The City of Muncie chose to target their NSP3 funds in the Old West End neighborhood on both sides of West Main Street from Liberty Street to Kilgore Avenue. A map of the target area is shown in Figure 17.

![Figure 17: Muncie NSP3 Target Area](image)


The Old West End neighborhood is located on the west edge of Muncie’s downtown commercial district. The neighborhood is bounded by the White River on the North, South Tillotson Ave on the west, the train tracks on the south, and North Franklin Street on the east. The Old West End is recognized primarily for its historic residential housing stock. The pre-Gas Boom families, expanding middle class, and “nouveau riche” constructed the majority of the homes in the neighborhood between 1886 and 1910. The Queen Anne style of architecture is
prevalent throughout the neighborhood, but the Old West End also contains Italianate, Greek Revival, American Foursquare, Colonial Revival, and Bungalow architecture.

Like the rest of Muncie, the Old West End has suffered as a result of the declining industry and the housing crisis. While a few of the homes are in excellent condition, the majority of the homes in the area range from average to very poor in condition. While the neighborhood still retains its historic significance and architectural integrity, many of the homes have become vacant, abandoned, and foreclosed upon. The once stately homes that were originally single-family residences have been subdivided up into apartments, significantly increasing the density of the neighborhood. The neighborhood is over 70 percent renter-occupied, and the needs of the neighborhood have changed. Due to the current economic conditions of the City of Muncie, it is no longer feasible for single families to be able to occupy the stately homes in the Old West End. The median household income for the City of Muncie is $31,195. A single-family household with that low of an income would not be capable of affording or properly maintaining a 4,000 square foot home. Moreover, there is a need for more affordable housing contiguous with the downtown and a need for infrastructure improvements because the sidewalks and street trees have not been properly maintained over time.

Though ten different areas were originally considered for NSP3 funds, the City chose the Old West End as their target area for several reasons. The City felt that this area in the Old West End was its area of greatest need based upon the high
percentage of foreclosures, a high percentage of homes with high cost mortgages, and a high vacancy rate. When the City mapped all ten areas into the NSP3 mapping tool provided by HUD, the neighborhood received a score of 19, making it eligible to receive NSP3 funding. Second, the Old West End has a very prominent and supportive neighborhood association. The Old West End Neighborhood Association has taken several steps to improve the neighborhood, including boarding up and securing vacant houses and cleaning up vacant lots and yards. Finally, the target area was chosen due to its high visibility on State Route 32.\textsuperscript{16}

The NSP3 target area contains 59 properties. Nineteen of the properties are owner occupied, at least 14 properties are vacant, abandoned, or foreclosed upon, making them eligible for NSP3 funds. Additionally, it should be noted that two homes in the target area were demolished using NSP1 funds, and the City intends to demolish two more properties in the very near future. The other homes are either renter-occupied, or in transition.

The City of Muncie planned to use NSP3 funds for administration, purchase and rehabilitation for households whose incomes did not exceed 120 percent of the AMI, purchase and rehabilitation for households whose incomes were 50 percent of the AMI or lower, and to redevelop or demolish vacant properties. Figure 18 shows the breakdown of how NSP3 funds were allocated.

<table>
<thead>
<tr>
<th>Project #, Project Title</th>
<th>Project Funds Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Administration</td>
<td>$114,836.00</td>
</tr>
<tr>
<td>2. Purchase and rehabilitation of homes and residential properties at or below 120% AM</td>
<td>$665,626.00</td>
</tr>
<tr>
<td>3. Purchase and rehabilitation of homes and residential properties at or below 50% AMI</td>
<td>$287,901.00</td>
</tr>
<tr>
<td>4. Redevelop demolished or vacant properties</td>
<td>$80,000.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,148,363.00</td>
</tr>
</tbody>
</table>

Figure 18: Financial Breakdown of Muncie NSP3 Allocations

Administrative funds were used for activities such as planning, environmental review, coordination and monitoring of all activities, as well as ongoing communications with the public and residents of the target area. The City budgeted $665,626 for the purchase and rehabilitation of rental units for households that are at or below 120 percent of the AMI. The City estimated that they would complete nine units. The City set aside $287,901 for the purchase and rehabilitation of rental units at or below 50 percent of the AMI. The City estimated that four units would be completed with the funds. Finally, the City of Muncie allocated $80,000 to partner with Habitat for Humanity and/or other entities to construct at least one new single-family home with attention to design that will be sensitive and compatible to the adjacent historic fabric.

In Quarterly Report 2 of 2011, the City stated that NSP3 funds would be used to leverage additional private investment and support involvement by local non-profits and volunteers. In addition, the City stated plans to use other sources of
funding and assistance with the target area. Those listed in the HUD report are listed below:

- HOME funds will be set aside to rehabilitate additional units in the target area;
- CDBG funds will be set aside for a façade restoration program for homeowners not eligible for NSP3 funds;
- The City will partner with Ball State University’s Landscape Architecture graduate students with a curb appeal program;
- A local non-profit has offered assistance in developing pocket parks, urban gardens, and a riverbank cleanup in the target area; and
- TIF funds will be used for sidewalk improvements and ADA curb ramps.

The City prepared a request for qualifications (RFQ) for the redevelopment of the entire NSP3 target area. The RFQ was sent out to multiple developers in the area. The City of Muncie did not receive any responses from the published RFQ. As a result, the NSP Coordinator began to approach local non-profits for the redevelopment of individual properties within the target area.

The City of Muncie reported their progress with the NSP3 funds to HUD quarterly. A summary of the quarterly reports is available in Appendix H.
NSP3 properties – 511 West Main Street

511 West Main Street was acquired at the beginning of 2012 by ecoREHAB of Muncie Inc. EcoREHAB is a non-profit organization whose mission is to rehabilitate houses in downtown neighborhoods using ecologically sound, green, and sustainable principles. The NSP3 program approached ecoREHAB after no developers responded to a Request for Qualifications (RFQ) to redevelop the entire block. As a result, the City turned to non-profit organizations to help stabilize the Old West End. Jonathan Spodek, cofounder of ecoREHAB and Associate Professor of Architecture at Ball State University, considered four properties in the target area and ultimately chose 511 West Main because of its size and condition.

EcoREHAB received $175,000 to purchase and rehabilitate the home at 511 West Main and sell it to a homeowner whose income did not exceed 120 percent of the AMI. In the Old West End, 120 percent of the AMI ranges from $45,000 for a family of one to $57,900 for a family of three to $69,450 for a family of five. Of the $175,000 Spodek approximated that $130,000 was spent on construction costs and the remaining $45,000 was spent on administration. The project stayed on budget and on schedule. Though the landscaping is not yet complete, 511 West Main Street was sold in the beginning of 2013 for $65,000, with the stipulation that landscape work would be completed in the spring. EcoREHAB is further investing in the Old

---


West End neighborhood by rehabilitating a home on the corner of West Powers and South Gharkey Street using HOME funds.\textsuperscript{19}

Figures 19 and 20 show the before and after of the property. The location of the ecoREHAB home serves as a gateway to the neighborhood. The home’s “happy green” color is not historically accurate, but gives a very positive feeling to those entering the neighborhood. It is very different from the white color that the house was painted before the rehabilitation, making it very visible that changes are occurring in the Old West End.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure19.jpg}
\caption{Photo of 511 West Main Street. Photo by author, April 25, 2012.}
\end{figure}

\textsuperscript{19} Jonathan Spodek, interview by author, Muncie, IN, January 25, 2013.
615 West Main Street

The home formerly located at 615 West Main Street was demolished in spring 2012 using NSP1 funds. See Figures 21-23 for photos of the dwelling. The home was abandoned, termite ridden, blighted, and so severely altered over time that it had lost its historic character. The NSP3 program approached the Greater Muncie, Indiana Habitat for Humanity after no developers responded to the RFQ put out by the Community Development Department. Habitat for Humanity received $80,000 to develop a new, three-bedroom, one-bathroom home on the vacant lot and resell it to a homeowner whose income is less than 120 percent of the AMI. Though there was initially a bit of difficulty in finding a buyer, the home has been sold. The City demolished the two homes to the east, 609, and 611 West Main,
respectively. A Memorandum of Agreement (MOA)\textsuperscript{20} states that if 609 West Main Street is torn down, a new home must be constructed in its place. Habitat for Humanity plans to construct another home on the 609 lot. Brad King, the president of the Old West End Neighborhood Association, would like to work with the buyer of 615 West Main Street to help acquire the vacant lot if 611 West Main is demolished and assist him in turning it into a side lot.

The home at 615 West Main is the first home built by the Greater Muncie, Indiana Habitat for Humanity in a historic district. Habitat for Humanity worked with Muncie architect, Kerry LaPrees, pro bono, to modify the typical Habitat design to be more sensitive to the adjacent historic structures.\textsuperscript{21} Though the dwelling is only one story in height, the pitch of the roof is steeper than a traditional habitat home and is more compatible with the homes on the street. Moreover, the home features a strong front porch, and a nine-foot first floor, as opposed to the traditional eight-foot, so that the first floors of the neighboring homes are offset the same distance from the ground. Additionally, the fenestration ratio is appropriate for the neighborhood, and is set back on the lot similar to the other homes on the street.\textsuperscript{22} The home was constructed of reclaimed lumber.\textsuperscript{23}

\textsuperscript{20} A Memorandum of Agreement is a document written between two or more parties to cooperate on an agreed upon project or meet an agreed objective. The purpose of an MOA is to have a written understanding of the agreement between parties. An MOA was required in this situation because the properties were listed in the National Register of Historic Places, and were being adversely affected by federal funding, thus went through the Section 106 process. The MOA was required to outline the agreed-upon measures that the City would take to avoid, minimize, or mitigate the adverse effects on the historic properties.

\textsuperscript{21} “Focus Turns to Old West End.”

\textsuperscript{22} Olon Dotson, interview by Author, Muncie, IN, January 23, 2013.

\textsuperscript{23} “Focus Turns to Old West End.”
Figure 21: Historic Photo of 615 West Main Street ca. 1950. 
Source: Ball State University Libraries, Archives and Special Collections, Digital Media Repository, Muncie, IN.

Figure 22: Photo of 615 West Main Street. Photo by author, April 25, 2012.
703 West Main Street

The home at 703 West Main Street, known as the Martin Sister's House, was constructed in 1894. It was converted to apartments in the late 1970s, and an addition was added onto the rear.24 It appeared as if the home was once divided into as many as eight apartments by the number of mailboxes and utility meters located on the exterior of the home. Though the home has sat vacant for many years, it was secured and visually less neglected than other homes on the street. Moreover, the City of Muncie stated in Quarterly Report 2 of 2012 that they believed the dwelling occupied a prominent corner of the NSP3 target area and its rehabilitation was pivotal to the stabilization of the neighborhood.

The NSP3 coordinator for the City of Muncie approached the Muncie Home Ownership Development Center (MHODC) after no developers responded to the RFQ. MHODC received $400,000 of NSP3 funds to rehabilitate the dwelling at 703 West Main into five one-bedroom apartments for rent to those whose income does not exceed 120 percent of the AMI.25 As of the fourth quarter of 2012, construction had begun, and the exterior has been repaired. Figures 24-26 show a historic photo of the exterior, as well as before and during shots of the structure.

Figure 24: Historic Photo of 703 West Main Street.
Source: Ball State University Libraries, Archives and Special Collections, Digital Media Repository, Muncie, IN.

---

25 Ibid.
Figure 25: Photo of 703 West Main Street. Photo by author, April 25, 2012.

Figure 26: Photo of 703 West Main Street. Photo by author, January 20, 2013.
109 South Council

The apartments located at 109 South Council Street are at the very west edge of the NSP3 target area. The NSP3 program approached Bridges Community Services Inc. after no developers responded to the RFQ put out by the Community Development Department. Bridges is a non-profit organization that provides help to those in need through innovative integrated efforts to enhance the quality of life for Delaware County.26

Historically a four-unit apartment building, this building was damaged in a fire. It will be rehabilitated into four one-bedroom rental units for those whose income is at or below 50 percent of the AMI to meet the set aside requirement. As of the fourth quarter of 2012, the contract had been prepared, but not signed.27 Figure 27 shows a photo of the building prior to construction.

---

26 “Focus Turns to the Old West End.”
Analysis of the Muncie NSP1 and NSP3 Program

My observation of Muncie’s NSP1 and NSP3 plans is that this program did not stabilize the neighborhood. Criticisms of the NSP1 stem from the eligible uses chosen, the location of the properties, the types of rehabilitation, and poor planning. Overall, NSP1 was diluted in its effectiveness because the City worked with scattered, freestanding, vacant and blighted structures, not properties within a concentrated target area. Because the properties they worked with were widely dispersed, so were the results. Moreover, the City demolished over 130 structures, while only rehabilitating two apartment buildings, a total of 35 units. Muncie garnered the nickname “Tear Down City” by locals as a result of the NSP1
program.\textsuperscript{28} The City did not increase homeownership with this program. Instead, they increased the percentage of renters, which is already extremely high in the neighborhoods that surround the downtown.

Furthermore, the lack of rehabilitated properties led to a lack of program income. Other grantees of NSP funding used the program income they received from NSP home sales to rehabilitate additional properties and spread the neighborhood revitalization even further. Because the City of Muncie used their NSP funds primarily to demolish, there was no program income, and no additional rehabilitations were completed. Another criticism deals with the lack of redevelopment plans on the vacant lots. The majority of lots sit vacant and undeveloped, which shows a shortcoming in the City's plan.

It should be noted that the NSP1 program was unique in that it did make an attempt to deconstruct properties as opposed to demolish, which saved space in landfills and allows the City of Muncie to hold on to parts of its unique building stock through recycling. Moreover, the City of Muncie did make an attempt at assembling a land bank, but those attempts were halted due to legal complications.

Though the City of Muncie had many neighborhoods in need of NSP1 funding, the City's choice for a scattered demolition plan using NSP1 funds merely put a band aid on a bullet hole, and created a short-term fix to Muncie's problems of vacancy, abandonment, and foreclosure. The City did not have adequate staffing to be able to create a comprehensive plan. However, the City followed the rules set forth by the

HUD and the NSP. Demolition of blighted properties was considered an eligible use of the funds. They were permitted within the NSP guidelines to demolish over 130 properties without any plans for redevelopment. Should this be considered a shortcoming of the NSP1, or merely a choice in poor judgment by the City administration in charge?

Conversely, City officials, neighborhood residents, and not-for-profit organizations received the NSP3 plan with both positively and negatively. The original NSP3 plan of targeting every NSP-eligible lot in the target area for redevelopment, while combining the funding with CDBG and HOME money, and working with other organizations seemed very likely to produce successful results. However, the City’s RFQ did not receive any responses, and the NSP3 Coordinator was forced to change the NSP3 plan. The end result was criticized by some neighborhood residents for its slightly scattered redevelopment, lack of other funds leveraged, high number of rental units created, design of infill, meeting the needs of the neighborhood, and the small size of the target area.

The revised approach for the NSP3 utilized local not-for-profit organizations that developed individual properties in the target area. Instead of one developer rehabilitating every NSP-eligible lot within the target area, the not-for-profits chose their individual projects based on feasibility, which created a checkerboard of redevelopment instead of a comprehensive redevelopment. Moreover, the not-for-profit organizations did not leverage any of their own money. All rehabilitations were completed with 100 percent of NSP funds. Had the not-for-profits contributed
financially or leveraged other grant money, the program could have been spread farther to include additional properties.

Additionally, the NSP3 program will put into use nine more rental units, while only creating two owner-occupied dwellings. In a neighborhood that is 72 percent renter-occupied,\textsuperscript{29} was this the best use of funding? Associate Professor of Architecture at Ball State University, Jonathan Spodek, feels that the NSP3 worked with very reputable developers and that having them continue as landlords once the properties are completed will help to increase the accepted standard for other rental properties in the neighborhood.\textsuperscript{30}

The NSP3 program also saw the construction of two side-by-side Habitat for Humanity homes within a nationally recognized historic district. Even though the traditional design was modified to blend more with the surrounding historic fabric, the homes still stand out against the historic homes that sit adjacent, which adversely affects the character of the neighborhood. Although the homes are helping to increase homeownership in the neighborhood, the homeowner chosen for the home located at 615 West Main Street, was already an Old West End resident. John Stafford, the owner of the home, moved a mere 277 feet from his rental on Gharkey Street to his new home on West Main.\textsuperscript{31,32} Even though

\textsuperscript{29} Brad King, interview by author, Muncie, IN, January 23, 2013.
\textsuperscript{30} Spodek.
homeownership was increased, new residents were not brought into the neighborhood.

Finally, the NSP3 program is criticized for not meeting the needs of the neighborhood. Although TIF funds were used for sidewalk improvements and ADA curb ramps, Associate Professor of Architecture at Ball State University and Old West End resident, Olon Dotson, believes that there are more pressing infrastructure problems that need to be addressed. Dotson sees the railroad tracks that run through the neighborhood and one-way streets as a significant deterrent for new neighborhood residents. Approximately one train runs though the neighborhood every twenty minutes. There have been talks to install 13 sound barriers throughout the neighborhood at a cost of $250,000 per barrier to absorb the noise caused by the trains. In addition to the noise caused by the trains, Dotson believes that the one-way streets that run east-west in the neighborhood are also a problem. Dotson states that cars tend to drive faster on one-way streets. As a result, parents tend to prefer that their children play in the backyard, resulting in reduced neighborhood interaction.

Old West End Neighborhood Association President, Brad King, believes that the NSP3 program will help to stabilize the neighborhood, but others are weary. The NSP3 plans to rehabilitate a total of four buildings over three blocks, but the neighborhood itself contains over 250 properties. The NSP3 will most likely be successful in stabilizing the three-block target area, but it is unlikely that the small portion of the neighborhood will stabilize the entire Old West End and return it to
its former glory. Could this have been accomplished with more funding? More time? More leverage? Or is the Old West End too far gone?
CHAPTER 8:
FORT WAYNE, ALLEN COUNTY, INDIANA

History of Fort Wayne

For many centuries, the area known as Fort Wayne was originally a gathering site for Native American tribes due to the convergence of the St. Joseph, St Mary’s, and Maumee Rivers. The French then used the area as early frontier outposts, which attracted many settlers. In 1823, the Indian lands became available for purchase and settlement, and the first tract of land was purchased. In late 1823, Allen County was established, and Fort Wayne was named the county seat. The mid-1820s showed a period of growth, and the City as we know it today began construction.

The building of the Wabash & Erie Canal in the 1830s further accelerated the development of Fort Wayne. The city received the nickname “Summit City” because it was the highest point above sea level along the entire canal route. The canal caused an influx of immigrants into the city and increased economic development. As a result, residential neighborhoods began expanding at a more rapid rate. The railroad reached Fort Wayne in the mid 1850s. Fort Wayne became a key location along the Pennsylvania Railroad.
The late nineteenth century showed more growth and development as major industries such as Bass Foundry, Packard Piano Company, and Bowser Pump Company flourished. Many immigrants relocated to Fort Wayne to work in the factories. The influx of population created new residences as well as civic and public buildings.¹ Fort Wayne even continued to grow throughout the Great Depression. Like many former manufacturing cities, Fort Wayne is struggling with changes in its economic base. Average annual wages in Allen County dropped from just over 95% of the U.S. average wage in 1997 to 88.5% of the U.S. average in 2004.²

From 2006 to the end of 2008, a total of 3,665 properties were foreclosed upon in Fort Wayne. Additionally in 2008, 2,270 properties were delinquent on their property taxes.³

A 2012 demographic profile of New Albany is available in Appendix I.

NSP1 in Fort Wayne

The City of Fort Wayne received $7,063,956.00 in Neighborhood Stabilization Program (NSP1) funds to help stabilize neighborhoods and communities that were adversely affected by the housing crisis. The City of Fort Wayne chose to distribute their NSP1 funds throughout the areas of greatest need as well as tipping point neighborhoods.⁴ Fort Wayne stated that those areas were

---

² City of Fort Wayne, “NSP2 Grant Application,” retrieved directly from the City of Fort Wayne, 20.
⁴ A “tipping point neighborhood” is a neighborhood that has a stable homeownership market, an active homeowner organization, high levels of property maintenance, and a history of appreciating values. There
located throughout the City, as shown in the map in Figure 28. The City planned to use their NSP1 funds on eight eligible uses. Figure 29 shows the breakdown of how NSP3 funds were allocated.

are typically 1-2 foreclosures on an otherwise intact block that may have the potential to initiate a localized pattern of abandonment and a downward spiral in property value. The City of Fort Wayne felt that the NSP presented an opportunity to provide subsidy to place those individual properties back into productive use.
Figure 28: Map of Fort Wayne’s NSP 1 Areas of Greatest Need
Unique to the City of Fort Wayne, the NSP1 included a homebuyer driven program called the Purchase-Custom Rehabilitation Program. As part of the program, the City sent out an RFP for the creation of qualified development teams that would consist of a realtor, general contractor, appraiser, and other real estate professionals. A list of qualified development teams is available in Figure 30.

Potential homeowners who met the NSP income requirements were then able to pick any NSP-eligible property within the “areas of greatest need” for rehabilitation with NSP funds. Homeowners did not have to currently live in the City of Fort Wayne to be considered for the Purchase-Custom Rehabilitation Program. As long as they were willing to purchase an NSP-eligible home that would become their
primary residence, within the City’s area of greatest need and met the income
requirements, homeowners from inside and outside of the city boundaries were
invited to participate.⁵

The process began when potential homeowners filled out an application with the City and met the income requirements. To qualify, a household had to earn either below 50 percent of the AMI or below 120 percent of the AMI.⁶ A family of four could earn up to $75,000.⁷ The potential homeowners then chose a qualified development team, and both parties signed a contract with the City. The potential homeowners worked with the realtor from the development team to choose a future home from any of the NSP-eligible properties. Once a home was selected, the appraiser determined the future value of the home by calculating the acquisition price plus the cost of an approved scope of work. The buyer then had to qualify for a loan that equaled the sum of the acquisition price and the scope of work. Following the mortgage approval, the contractor of the development team purchased and rehabilitated the dwelling with NSP funds.⁸ Once construction was complete on the home, another appraisal was performed on the home. The final cost of the home was determined by the lesser price of the pre-improvement appraisal versus the actual improved cost.⁹ The Purchase-Custom Rehabilitation Program resulted in

---

⁵ Chris Lepper, telephone by author, March 8, 2013.
⁶ Ibid.
⁸ Lepper.
three rehabilitated single-family residences for families that earned below 50 percent of the AMI and 26 single-family residences for families that earned between 80-120 percent of the AMI throughout the neighborhoods of Fort Wayne. From the time the properties entered the program to their closing with new homeowners, the Purchase-Custom Rehabilitation homes saw an average increase in appraised value of 63 percent. According to Fort Wayne Community Development Project Administrator, Chris Lepper, another 5-10 homeowners began the Purchase-Custom Rehabilitation Program, but either did not qualify, or begin construction on a home.

![Figure 30: List of Qualified Development Teams](source: City of Fort Wayne, nspfortwayne.net)

In addition to the 29 homes completed through the Purchase-Custom Rehabilitation Program, the City partnered with Promising Partnerships, a Fort

---

10 Lepper.
12 Chris Lepper, e-mail message to author, March 12, 2013.
Wayne not-for-profit organization, to complete seven rental units for households whose income did not exceed 50 percent of the AMI.

NSP1 funds were also used for the acquisition of the McMillen Park Apartments Complex, a 23-acre, 216-unit apartment complex that was constructed in the 1950s. At the time the NSP plan was written, the existing property was more than 80 percent vacant and in foreclosure. The City purchased the property for $1.1 million\textsuperscript{13} on September 1, 2010.\textsuperscript{14} After the existing residents were relocated, the City stated that they would use CDBG funds for demolition of the buildings. At the time of acquisition, the City stated no plans for redevelopment.\textsuperscript{15}

In an effort to engage the public and demolish responsibly, the City of Fort Wayne created an unorthodox approach to tear down the site. According to Mayor Tom Henry:

“The purchase and demolition of this land came at an ideal time because of the availability of federal funding and the City’s commitment to foster growth and development in southeast Fort Wayne. This could be an ideal location for commercial development, new housing, or a mix of the two, but we are going to let the market and neighborhoods drive this conversation.”\textsuperscript{16}

\textsuperscript{15} Fort Wayne Action Plan, 48.
\textsuperscript{16} Hoffman.
In addition to involving the community with the development plans, the contractor for the project, Feuser Contracting, also hired employees through a new employment program as part of the City’s request to hire local employees from LMI families.

Furthermore, Fort Wayne took a sustainable approach to demolition. The apartments were removed in a way that minimized the amount of waste and debris that entered landfills. Feuser was able to salvage approximately 50 tons of scrap metal including steel, aluminum, and copper. Moreover, 12 million pounds of concrete was diverted from landfills into a new use. Finally, Feuser partnered with Fort Wayne’s Habitat for Humanity ReStore Program to reclaim and resell usable building materials and components including doors, shutters, appliances, and cabinets. The final cost of the demolition was roughly $1 million.17 As of August 31, 2010, all relocation activities were complete, bids for demolition began in January 2011,18 and the clearance was completed during the third quarter of 2011.19

In the original NSP plan, the City stated that they planned to redevelop the seventh floor of the Anthony Wayne Bank Building into 7 units, 800-1200 sq. ft. to be sold to households whose income was between 80-120 percent of the AMI. This NSP-eligible project did not occur. Additionally, the City of Fort Wayne planned to partner with Habitat for Humanity to develop seven properties in Fort Wayne as part of the 25 percent set aside requirement for households whose incomes were

---

17 Ibid.
18 Fort Wayne NSP1 Action Plan, 48.
below 50 percent of the AMI. However, the City met their set-aside requirement in a
different way. They combined $689,000 in NSP1 funds with $550,000 in HOME
funds and $12 million in LITHC and tax abatement for a 66-unit rental property in
the Renaissance Pointe Neighborhood. When broken down financially per unit, NSP
funds were used to create 4 units in the project. A map of the proposed NSP1
properties is shown in Figure 31.

Figure 31: Map of the proposed Fort Wayne NSP1 properties.

Lepper, telephone interview by author.
Similar to New Albany and Muncie, Fort Wayne also combined NSP funds with other federal funding in the areas of greatest need. The City invested $1 million of HOME funds into other rehabilitation projects near the NSP properties.21 Moreover, the City utilized over $2,000,000 of CDBG, DOT, and other City funds in the Renaissance Pointe Neighborhood for infrastructure improvements that included new lighting and sidewalks, as well as new sewer, gas, and water lines.

**NSP2 in Fort Wayne**

The City of Fort Wayne applied for $62,140,000.00 of NSP2 funding for the purpose of demolishing 720 housing units and the redevelopment of 726 housing units. The City listed a very large target area as shown by the census tracts listed in Figure 32. As part of their grant application, the City stated that they would focus on three main strategies to stabilize local neighborhoods:

- Focus on neighborhoods that are close to market recovery and move the recovery forward by acquiring and rehabilitating a small number of properties, where costs or other factors make it impossible for the private sector to do the job.
- Target neighborhoods with significant market weakness, but with an intact but frayed physical and social fabric, and build a functioning market by eliminating blighting problem properties or by reducing housing supply to reflect realistic levels of demand.

---

21 Lepper, email message to author.
• Target severely distressed neighborhoods and acquire properties in order to create potential land assembly, reduce housing supply, or stabilize remaining occupied areas.22

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>NSP2 Foreclosure Score</th>
<th>NSP2 Vacancy Score</th>
<th>NSP2 Max Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>16</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>18</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>18</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>19</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>8</td>
<td>18</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>9</td>
<td>18</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td>19</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>11</td>
<td>17</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>12</td>
<td>18</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>13</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>14</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>15</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>16</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>17</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>18</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>19</td>
<td>19</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>21</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

| Average Max Score | 19.65 |

Figure 32: Chart of Census Tracts in the NSP2 Target Area.

Source: City of Fort Wayne, NSP2 Grant Application

Due to a mistake in projections dealing with the number of people who would be affected with the funding, Fort Wayne's application was thrown out, and they were not awarded NSP2 funds.23

NSP3 in Fort Wayne

The City of Fort Wayne received $2,374,450 in NSP3 funding. In their action plan to HUD, the City stated that the NSP3 would be developed to address its

---

22 Fort Wayne NSP2 Application, 11.
23 Lepper, email message to author.
overabundance of functionally obsolete, undesirable stock, while at the same time, making safe, decent, and desirable housing available and affordable.24 The City originally stated that they would use NSP3 funds for activities shown in Figure 33.

At the time the NSP3 plan was being prepared, three LIHTC projects were under review at the state. The City of Fort Wayne had the desire to combine NSP funds with the LIHTC, but were unsure which projects would be funded. As a result, the NSP3 plan was amended on October 26, 2012 when only one of the projects received funding.25

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Funds Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Renaissance Pointe Rental</td>
<td>$700,000.00</td>
</tr>
<tr>
<td>2. Renaissance Pointe Rental - 25% Set Aside for those earning under 50% AMI.</td>
<td>$593,612.50</td>
</tr>
<tr>
<td>3. McMillen Park Redevelopment Area Rental Housing</td>
<td>$93,392.50</td>
</tr>
<tr>
<td>4. Downtown Area Multi-family Housing - Homeownership</td>
<td>$750,000.00</td>
</tr>
<tr>
<td>5. Administration</td>
<td>$237,445.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,374,450.00</td>
</tr>
</tbody>
</table>

Figure 33: Financial Breakdown of NSP3 Anticipated Uses

In the amended NSP3 plan, the City stated three main priorities to be addressed with NSP3 funds. Before they determined the areas of greatest need, the City used a 2010 Housing Market Potential Studies survey to help understand where

---

25 Lepper, telephone interview by author.
the citizens of Fort Wayne wanted to live, whether they wanted to rent or own, and what types of housing developments would be most desirable. As a result of the survey, Fort Wayne decided that the NSP3 funds would be used to provide gap financing in order to achieve the goal of addressing the undesirable housing stock while creating safe, decent, desirable housing that was available and affordable. Following the decision, the City used the NSP3 mapping tool to determine three areas of greatest need in the City. Priority one was the Renaissance Pointe Neighborhood, located in census tract 17. The City felt that while the neighborhood contained existing affordable rental units, many potential residents that wished to live in the area could not afford a new single-family home. Moreover, 12.9 percent of homeowners were late making their mortgage payments. The vacancy rate was low at only eight percent. Additionally, NSP1 funds were used in this neighborhood. This neighborhood was considered to be a tipping point neighborhood by the City of Fort Wayne.\textsuperscript{26} A map of the neighborhood is shown in Figure 34.

The second priority area was the McMillen Park Apartment area, located in Census Tract 40. The neighborhood had been in decline since the post-World War II boom and had a very high percentage of homes that were financed with subprime mortgages. According to the NSP3 mapping tool, from 2004-2007, 428 homes or 30 percent of mortgages originated were subprime. Additionally, the neighborhood had a 19 percent vacancy rate. Moreover, recently sold homes directly adjacent to the former McMillen Park Apartment Complex sold for 50 percent less than homes

\textsuperscript{26} Fort Wayne NSP2 Grant Application, 2.
that were within 0.25 miles of the project area. A map of the neighborhood is shown in Figure 35.

The area received NSP1 funds for the acquisition of the McMillen Park Apartment Complex and received CDBG funds for the demolition of the complex. At the time NSP3 funding was distributed, no plans had occurred on the site. However, an entire year of public input sessions had taken place in order to help steer the area toward a realistic and viable future.\(^{27}\)

The final priority area identified for possible NSP3 funds was the downtown area, census tracts 11, 12, 13, and 20. The area underwent commercial redevelopment in the last few years, but has not experienced any residential resurgence. The City identified possible opportunity areas for adaptive reuse of commercial structures into residential units in order to draw people into the downtown and allow the core of the City to thrive. The Housing Market Potential Study showed that many different age groups, income earners, families, etc., would be willing to relocate to the downtown if there were units available that competed with the suburbs. Other downtown housing units showed a near 100 percent occupancy rate. However, those units did not allow smaller families to live in the downtown. As a result, the City saw a need for a residential development in the downtown census tracts.\(^{28}\) A map of the neighborhood is shown in Figure 36.

\(^{27}\) Ibid., 6.

\(^{28}\) Ibid., 10.
Figure 34: Map of Fort Wayne Census Tract 17
Source: City of Fort Wayne, "Action Plan."
Figure 35: Map of Fort Wayne Census Tract 40
Source: City of Fort Wayne, “Action Plan.”
According to the fourth quarter report of 2012, additional amendments to the NSP3 have occurred. A chart showing the changes in allocation is available in Figure 37. It should be noted that the total amount of the reallocated funding is $5,306.00 less than the total grant amount that the City of Fort Wayne was awarded. Because the 25 percent set aside for households below 50 percent of the AMI was completely allocated and the maximum 10 percent of administration funds has been
completely allocated, the addition money will most likely go toward the McMillen Redevelopment or the Downtown Area project.

<table>
<thead>
<tr>
<th>Project #, Project Title</th>
<th>Project Funds Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Renaissance Pointe Rental</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. Renaissance Pointe Rental - 25% Set Aside for those earning under 50% AMI</td>
<td>$663,306.50</td>
</tr>
<tr>
<td>3. McMillen Park Redevelopment Area Rental Housing</td>
<td>$93,392.50</td>
</tr>
<tr>
<td>4. Downtown Area Multi-family Housing - Homeownership</td>
<td>$1,375,000.00</td>
</tr>
<tr>
<td>5. Administration</td>
<td>$237,445.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,369,144.00</strong></td>
</tr>
</tbody>
</table>

Figure 37: Amended Fort Wayne NSP3 Allocations

The City originally allocated $700,000 for the redevelopment of a rental building in the Renaissance Pointe Neighborhood. However, the City used their NSP1 funds for this project redirected the $700,000 allocated for the project to the Downtown Area Multi-family Housing Program.29 Downtown Area Multi-family Housing is redeveloping two buildings in the downtown. The first is the Randall Building, located at 614-616 South Harrison Street. The top floors of the building will be renovated to create 44 one- and two-bedroom apartments to meet the demand for smaller family units in the downtown. The second building to be developed with NSP funds is the Fairfield Community Center. The Community

---

Center, located at 2828 Fairfield Avenue, will consist of 32 new units. The project will serve as housing for young adults who grow out of the foster care system. The two downtown projects used a combination of private investment and NSP funds. When broken down into units, the Randall Building will provide 5 units funded with NSP3 money, while the Fairfield Community Center will provide 7 units funded by NSP3 funding.31

In addition to the downtown housing, NSP3 funds will also be used in the Renaissance Pointe Neighborhood to meet the 25 percent set aside requirement for households earning less than 50 percent of the AMI. The City plans to partner with Millennia Development, LLC to develop the vacant Eden Garden Apartment Complex into the Villages of Hanna in Census Tract 17. Through demolition, rehabilitation, and new construction, 128 rental units will be created, 32 of which will be funded with NSP3 dollars.32 Currently, the project is waiting for State approval of a LIHTC application for the project.33

To continue with development of the McMillen Park Apartments complex, which were acquired with NSP1 funds, and demolished with CDBG funds, $93,392.50 will be used to assist with the redevelopment phase of this site. As of the end of the fourth quarter of 2012, the City planned to use the entire NSP 3 allocation mentioned above for the planning of site and/or infrastructure improvements needed for redevelopment of this vacant area. The City received a

---

30 Lepper, e-mail message to author.
31 Lepper, telephone interview by author.
33 Lepper, telephone by author.
letter of intent (LOI) from The Community Builders for the redevelopment of this key southeast area site.34

Analysis of the Fort Wayne NSP1 and NSP3 Program

The Fort Wayne NSP1 program has been received with overwhelmingly positive reviews by the mayor and city officials. Mayor Tom Henry publicly praised the program stating: “The Neighborhood Stabilization Program has been an important tool for encouraging a renewed commitment to our neighborhoods. It has supported local jobs, improved troubled properties and turned houses into homes for Fort Wayne residents.”35 The Purchase-Custom Rehabilitation Program is the most notable portion of Fort Wayne’s NSP1 program. The fact that an eligible use was buyer-driven makes it different than any of the other programs studied. The program was able to reach many different neighborhoods surrounding Fort Wayne’s central core and involved for-profit contractors, which further encouraged the local economy. I question the fact that buyers were able to choose their own home, because although it may have tackled some blighted homes, but some homes that were in a very poor condition may have been left to further deteriorate.

Just as Muncie’s NSP plan, it is poor planning and a poor growth strategy to demolish with no plans for redevelopment, but the desire for public involvement and public input is commendable. Moreover, the sustainable approach to

35 “Mayor recognizes Fort Wayne's success with Neighborhood Stabilization Program, Homeownership Month.”
demolition is admirable. The NSP1 program as a whole had very high homeownership rate, which will significantly help to stabilize Fort Wayne’s neighborhoods.

Even though the NSP2 program was not awarded, requesting over $62 million in federal grant money seems like a very high number, when only receiving $7.6 million in the previous round of funding. Minimal analysis was completed on the NSP2 plan, but it also appears irresponsible to tear down over 700 homes. Vacant parcels in fully developed neighborhoods are typically a graveyard for a historic buildings and show the same signs of neglect as an abandoned building. Moreover, the embodied energy that would have been lost through the demolition of over 700 properties would never be able to be recovered through new construction.

The NSP3 plan is not as effective as the NSP1 program. I questioned why the Purchase-Custom Rehabilitation Program was not continued in NSP3 after its achievement in NSP1. If the City of Fort Wayne had over 3,600 foreclosed upon properties in 2008, surely there are still some that need rehabilitated. Lepper stated that the reason for the change in planning efforts for the NSP3 funds stems from the federal guidelines. The NSP3 application process focused on more specific areas of need, whereas in NSP1, the City was permitted to set a larger area of greatest need. Moreover, the City’s Housing Needs survey of 2009 showed a shift in housing needs. Rental housing for LMI persons was a need in the area. Based on the
study and change of structure for NSP3, the City chose to focus their funding on
three major areas: downtown housing, Renaissance Pointe, and the McMillen
Apartments site.\textsuperscript{36} However, the Randall Building is located just one block north of
West Main Street. Even though the housing survey indicated a preference for
downtown living, moving people into the downtown will benefit economically
benefit the downtown, but not necessarily stabilize the neighborhoods.

The downtown adaptive reuse project seems to cater very well to Generation
Y, the Millennials,\textsuperscript{37} whose housing preferences are a national topic of study. I
question the action to attract such large numbers of Millennials into the downtown
because it could cause a mismatch in the supply and demand for Fort Wayne’s
housing stock, which could potentially destabilize neighborhoods. A national trend
is emerging where the Baby Boomer generation is ready to sell their homes in the
suburbs and downsize. At the same time, the Millennials are reaching the age where
historically, Americans began to purchase houses. Millennials are the first American
generation to realize that housing prices do not always continue to rise, and
homeownership can be a risky investment. As a result of the housing crisis, and a
change in preferences, Millennials are waiting on average 3-5 years longer than
previous generations to purchase their first home. Furthermore, Millennials as a
whole prefer to live in an urban environment, not a suburban or rural
neighborhood. If the Baby Boomers are ready to sell, and the Millennials are not

\textsuperscript{36} Lepper, e-mail message to author.
\textsuperscript{37} Those in the Millennial Generation were born between 1981 and 1999, making them 14-32 years of age
to date. Millennials prefer to live in an urban core, and prefer walkability, closeness to work, and use public transit.
looking to buy, the supply of housing is greater than the demand. This could cause a slight mismatch in supply and demand of Fort Wayne’s housing stock. Overall, the Fort Wayne NSP1 and NSP3 program increased homeownership, reduced blight, and was creative in their approach to maximize its impact.
CHAPTER 9: CONCLUSION

The Neighborhood Stabilization Program (NSP) provided monetary funds and technical assistance to help stabilize communities that suffered from home foreclosures and abandonment as a result of the housing crisis. The three rounds of federal funding allocated a total of $6.15 billion to stabilize communities in the 50 United States and five of the U.S. territories. The State of Indiana received over $183 million or roughly three percent of the funding.

After analyzing the NSP in three different Indiana communities of varying populations and locations, several trends have emerged that deal with time constraints, lack of private investment, other federal funding used, and rehabilitated home prices. Figure 38 shows a summary of the grantees’ programs.
All three grantees could have benefitted from an increased time limit to commit their funds. More time would have allowed the grantees to work with local organizations, leverage private investment, and create a more comprehensive plan. The time limit restricted the grantees’ ability to implement a fully comprehensive plan. New Albany was given six months less than the other two grantees to commit their funds, but was ultimately successful. The NSP funds did help to stabilize the S. Ellen Jones Neighborhood. The City of Muncie was not extremely successful in their NSP strategies, due to a lack of capacity, as well as preferences in administration. Due to Muncie’s shrinking population, the Office of Community Development is
understaffed to effectively manage projects. Adding a brand new program without enough time to fully understand it exacerbated the problem and led to an unsuccessful plan. Hiring an NSP3 coordinator helped to improve, but not stabilize the Old West End. Similar to New Albany, Fort Wayne was also successful in their NSP, even though they wished for more time. Moreover, Lepper felt that HUD did not allow sufficient time in which to fully understand the new federal program.

A second reoccurring theme of the NSP grantees was a lack of private investment into the plans. New Albany has seen private investment in the neighborhood, but there were no private funds used in conjunction with NSP funds to help offset the costs and leverage more redeveloped properties. Muncie attempted to leverage private investment in their NSP3 program, but were not able to convince any private investors that the Old West End was a redevelopment project that would be likely to return a profit. As a result, they worked with not-for-profit organizations that used 100 percent NSP funds for the redevelopment. The City of Fort Wayne was the only community studied that was able to combine private investment with NSP dollars. However, the in the grand scheme, it was minimal. The non-profits who worked with the NSP funds treated the money as a sunk cost, instead of using it to leverage additional funds, or fill a gap in a financial pro forma. Leveraging additional funding could have spread NSP dollars farther and made a larger impact.

A third reoccurring theme deals with the use of other federal funding. All three entities combined and targeted their federal funding with NSP funding in
order to a bigger impact in their respective communities. In 1999, a similar approach of targeted community investments for neighborhood revitalization occurred in Richmond, Virginia, known as Neighborhoods in Bloom (NiB). The initiative channeled 80 percent of the City's federal housing money into 6-12 block areas within seven Richmond neighborhoods suffering from crime and economic disinvestment. In each neighborhood, increased police patrols, aggressive code enforcement, and block-by-block rebuilding occurred. The economic impacts were measured five years later by the Federal Reserve Bank of Richmond. Using an adjusted interrupted time series (AITS) model,¹ the economic impact of targeting neighborhood investment yielded positive results. Housing prices in targeted NiB areas appreciated at a rate of 9.9 percent per year faster than the citywide average. Prices in non-targeted blocks, but within 5,000 feet of the impact areas, increased annually at a rate of 5.3 percent faster than the citywide average. The most significant home price impacts occurred after a threshold investment of $20,100 in the same block had been reached. As investments in a given block increased beyond the level of this threshold, a significant boost in prices of initially 50 percent with continued 9.6 percent annual increases thereafter was experienced. Even blocks in the target area that had no investment experienced substantial increases in value suggesting a spillover effect in the entire target area.² Though not an exact replica,

¹ The AITS model compared home sales prices in the targeted neighborhoods with prices in neighborhoods that were not targeted for public subsidies, from 1990 (nine years before the NiB program’s initiation) through 2003 (almost five years after the program’s initiation).
² Richmond LISC, An Overview of the City of Richmond’s Neighborhood in Bloom Initiative and the Quantifiable Results Found in the Study (Richmond: Richmond LISC, 2005), 4.
New Albany’s NSP1 plan, Muncie’s NSP3 plan, and Fort Wayne’s NSP3 plan took a similar approach to Richmond’s NiB policy by targeting federal funding into a small, blighted area. It is too soon to tell if these programs will yield similar results in the upcoming years.

An additional reoccurring theme of the NSP is the cost of rehabilitation versus the sale price of NSP properties. While I was unable to obtain the financial information of Fort Wayne’s NSP, I suspect it was very similar to Muncie and New Albany. For example, New Albany acquired and rehabilitated the property at 1221 Culberston Avenue for $228,210.65, but resold the property for a mere $67,949.84. Rehabilitation cost 3.35 times more than the sale price of the home. In Muncie, ecoREHAB acquired and rehabilitated 511 West Main Street for $175,000, but resold the property for only $65,000. Rehabilitation of the ecoREHAB house cost 2.69 times the cost of the sale price. From a preservation standpoint, the NSP promoted the rehabilitation of historic structures due to the fact that the majority of NSP target areas were located in historic neighborhoods. However, spending two-to-three times the amount of the resale price on rehabilitation and acquisition does not legitimize historic preservation. Were the homes priced so low because no one would purchase them otherwise? The fact that the resale prices did not increase over time shows that the NSP did not rebuild the neighborhood because the housing prices did not appreciate throughout the program. The stagnant home prices in the neighborhood show that demand for homes in the target area did not increase.³

³ Chris Palladino, interview by author, Muncie, IN. March 21, 2013.
Should the NSP have established a formula that generated a maximum acquisition/rehabilitation cost in relation to resale price in order to create standardization for the program in order to prevent grantees from spending more on the home than it would be able to be resold for? Even though the NSP promoted historic preservation, the financial breakdowns of the rehabilitations did not legitimize preservation because it cost grantees at least twice as much to rehabilitate the home than it sold for.

Was the NSP successful in its purpose? Did it help to stabilize neighborhoods and communities that were adversely affected by the housing crisis? Through my evaluation, I found that the NSP has the potential to be an effective program for neighborhoods revitalization if the funds are in a critical mass, if the funds are used to meet the needs of the neighborhood, if the grantee’s other federal funds are used in conjunction with the NSP funds to rehabilitate more properties and meet the needs of the neighborhood that NSP cannot address, and if there is a strong community presence in the neighborhood. However, the NSP could have been improved with more time, more eligible uses permitted to fully address the needs of a neighborhood and more private investment to make a bigger impact. On a national level, HUD found the NSP effective. Comparing communities that received NSP funding compared to communities that did not receive NSP funding, 67 percent saw better home sale price changes, 73 percent saw better vacancy rate
improvements, and 47 percent saw better home sale and vacancy rate improvements.⁴

What's Next?

On September 8, 2011, President Obama addressed a joint session of Congress and proposed the American Jobs Act, which contained a variety of incentives and programs aimed at employing Americans. One of the components of the bill was Project Rebuild, which was described as the next generation of the NSP. The bill proposed a $15 billion budget. Two-thirds of the funding would be allocated to grantees on a formula basis as they were in NSP1 and NSP3. The remaining one-third of the funding would be allocated through a competitive application process as was done in NSP2. Project Rebuild was created to connect Americans looking for work in distressed communities with the work needed to repair and repurpose residential and commercial properties. Like NSP, Project Rebuild was primarily aimed at acquiring, rehabilitating foreclosed properties, but there are several modifications including the added eligible use of commercial activities and the added eligible use of establishing and operating a jobs program maintain eligible neighborhood properties.⁵

191,000 jobs and help at least 150,000 properties throughout the nation. Project Rebuild did not pass Congress in 2011 or 2012.

Conclusion

The housing crisis witnessed the largest decline in home prices since the Great Depression. 1.2 million homes went into foreclosure in 2008. Neighborhoods and communities all across America were stricken with abandonment and foreclosure that threatened their architectural integrity and sense of community. Although it was a national crisis, it was a local-level problem to overcome. The NSP shows how complex and dynamic neighborhoods are and how differently federal funds of the same purpose can be used in order to achieve a common goal of neighborhood stabilization. The NSP also shows how federal funds can be abused at a local level. The NSP shows the importance of comprehensive long-range planning, partnerships between the public, private, and not-for-profit sectors, critical mass, and leverage in community development projects. Without these key factors, projects are likely to fail, and the residents of the neighborhoods are the ones who suffer. Moreover, the NSP illustrated how federal funding could be used to save a historic neighborhood, but also how federal funding could be used to destroy a historic neighborhood. The NSP was designed to be a short-term relief of the impacts of the housing crisis. With Project Rebuild/NSP4 nowhere near passing Congress, how will communities continue to stabilize their neighborhoods? Will

HUD amend the CDBG program to combine some aspects of NSP to continue to stabilize America’s neighborhoods, or will the program be stopped altogether?

Bankrate.com. “Subprime Mortgages.”

Beacon. “Delaware County, IN.”


City of Fort Wayne. “NSP1 Action Plan.”

City of Fort Wayne. “NSP2 Grant Application.” Retrieved directly from the City of Fort Wayne.

City of Fort Wayne. “NSP3 Action Plan.”


City of Muncie. “April 1, 2009 Through June 30, 2009 Performance Report.” retrieved from HUD website


City of New Albany. NSP1 Grant Application. n.p. Retrieved directly from the City of New Albany.


De Wit, Jessica. “Revitalizing Blighted Communities with Land Banks.”

“Delaware Indian Tribe History.”


Fort Wayne Real Estate by Brian Kuhns blog.


King, Brad. Interview by author, Muncie, IN. January 23, 2013.


Lepper, Chris. E-mail message to author. March 12, 2013.


Richmond LISC. An Overview of the City of Richmond’s Neighborhood in Bloom Initiative and the Quantifiable Results Found in the Study. Richmond: Richmond LISC, 2005.


2012 Population: 36,602
Median Age: 37.0
Median Household Income: $36,204
Total Number of Housing Units: 17,316
Average Household Size: 2.28
Population by Sex

- Male
- Female

Population by Race

- White Alone: 86%
- Black Alone: 9%
- Asian Alone: 1%
- Other: 4%
- American Indian Alone: 0%
Housing Stock by Year Built

- Built 1939 or earlier
- Built 1940 to 1949
- Built 1950 to 1959
- Built 1960 to 1969
- Built 1970 to 1979
- Built 1980 to 1989
- Built 1990 to 1999
- Built 2000 to 2004
- Built 2005 or later
APPENDIX B: NSP1 PROPERTIES IN NEW ALBANY

526 E 8th Street, photo by author, February 6, 2013.

607 E 8th Street, photo by author, February 6, 2013.
618 E 8th Street, photo by author, February 6, 2013.

315 E 11th Street, photo by author, February 6, 2013.
716 E 11th Street, photo by author, February 6, 2013.

910 E 11th Street, photo by author, February 6, 2013.
921 E 11th Street, photo by author, February 6, 2013.

323 E 12th Street, photo by author, February 6, 2013.
325 E 13th Street, photo by author, February 6, 2013.

418 E 13th Street, photo by author, February 6, 2013.
313 E 14th Street, photo by author, February 6, 2013.

314 E 14th Street, photo by author, February 6, 2013.
1141 Beeler Avenue, photo by author, February 6, 2013.

615 Culbertson Avenue, photo by author, February 6, 2013.
1219 Culbertson Avenue, photo by author, February 6, 2013.

1219 Culbertson Avenue, photo by author, February 6, 2013.
607-609 E Elm Street, photo by author, February 6, 2013.

1321 E Elm Street, photo by author, February 6, 2013.
1127 Greenaway Place, photo by author, February 6, 2013.

509 E Market Street, photo by author, February 6, 2013.
1402 E Market Street, photo by author, February 6, 2013.

507 E Oak Street, photo by author, February 6, 2013.
509 E Oak Street, photo by author, February 6, 2013.

905 E Oak Street, photo by author, February 6, 2013.
1528 E Oak Street, photo by author, February 6, 2013.

1505 E Spring Street, photo by author, February 6, 2013.
APPENDIX C: LIST OF NSP QUALIFIED AREAS OF GREATEST NEED

Adams County
Berne
Decatur
Other*

Allen County
Fort Wayne
Monroeville
New Haven
Other*

Bartholomew County
Columbus

Benton County
Boswell
Fowler
Other*

Blackford County
Dunkirk
Hartford City
Monterei
Other*

Boone County
Lebanon

Carroll County
Delphi
Flora
Other*

Clay County
Brazil
Clay City
Harmony
Knightsville
Other*

Clinton County
Frankfort
Kirklia
Other*

Crawford
English
Marengo
Milltown
Other*

Daviess County
Elnora
Washington
Other*

Dearborn County
Aurora
Greendale
Lawrenceburg
Other*

Decatur County
Greensburg
Other*

Delaware County
Albany
Chesterfield
Daleville
Eaton
Muncie
Yorktown
Other*

Dubois County
Huntingburg
Other*

Elkhart County
Elkhart
Goshen
Nappanee
Other*

Fayette County
Connersville
Other*

Floyd County
New Albany

Fountain County
Attica
Hillsboro
Melott
Newtown
Veedersburg
Other*
<table>
<thead>
<tr>
<th>Cass County</th>
<th>DeKalb County</th>
<th>Franklin County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logansport</td>
<td>Altona</td>
<td>Laurel</td>
</tr>
<tr>
<td>Walton</td>
<td>Auburn</td>
<td>Other*</td>
</tr>
<tr>
<td>Other*</td>
<td>Butler</td>
<td>Other*</td>
</tr>
<tr>
<td></td>
<td>Corunna</td>
<td>Gibson County</td>
</tr>
<tr>
<td>Clark County</td>
<td>Garrett</td>
<td>Princeton</td>
</tr>
<tr>
<td>Charlestown</td>
<td>Hamilton</td>
<td>Other*</td>
</tr>
<tr>
<td>Clarksville</td>
<td>Waterloo</td>
<td></td>
</tr>
<tr>
<td>Jeffersonville</td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Grant County
Fairmount
Fowlerton
Gas City
Jonesboro
Marion
Other*

Greene County
Bloomfield
Jasonville
Linton
Worthington
Other*

Hamilton County
Noblesville

Hancock County
Fortville
Greenfield
Other*

Hendricks County
Brownsburg
Plainfield
Other*

Henry County
Cadiz
Greensboro
Kennard
Knightstown
Middletown
Mooreland
New Castle
Shirley
Straughn
Other*

Howard County
Kokomo
Other*

Huntington County
Andrews
Huntington
Mount Etna
Other*

Jackson County
Crothersville
Seymour
Other*

Jasper County
Wheatfield
Other*

Jay County
Dunkirk
Portland
Other*

Jefferson County
Other*

Jennings County
North Vernon
Other*

Johnson County
Edinburgh
Franklin
Greenwood
New Whiteland
Whiteland
Other*

Knox County
Bicknell
Vincennes
Other*

Kosciusko County
Warsaw

LaGrange County
Other*

Lake County
Crown Point
East Chicago
Gary
Griffith
Hammond
Highland
Hobart
Lake Station
Merrillville
New Chicago
Whiting
Other*

LaPorte County
La Porte
Michigan City
Trail Creek
Other*

Lawrence County
Bedford
Mitchell
Other*

Madison County
Alexandria
Anderson
Chesterfield
Edgewood
Elwood
Ingalls
Markleville
Orestes
Other*
<table>
<thead>
<tr>
<th>Marion County</th>
<th>Noble County</th>
<th>Posey County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beech Grove</td>
<td>Albion</td>
<td>Mt. Vernon</td>
</tr>
<tr>
<td>Clermont</td>
<td>Cromwell</td>
<td></td>
</tr>
<tr>
<td>Cumberland</td>
<td>Kendallville</td>
<td></td>
</tr>
<tr>
<td>Indianapolis</td>
<td>Ligonier</td>
<td></td>
</tr>
<tr>
<td>Lawrence</td>
<td>Rome City</td>
<td></td>
</tr>
<tr>
<td>Southport</td>
<td>Wolcottville</td>
<td></td>
</tr>
<tr>
<td>Speedway</td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Warren Park</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marshall County</td>
<td>Ohio County</td>
<td></td>
</tr>
<tr>
<td>Bourbon</td>
<td>Rising Sun</td>
<td></td>
</tr>
<tr>
<td>Plymouth</td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martin County</td>
<td>Orange County</td>
<td></td>
</tr>
<tr>
<td>Loogootee</td>
<td>French Lick</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td>Orleans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paoli</td>
<td></td>
</tr>
<tr>
<td></td>
<td>West Baden Springs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miami County</td>
<td>Owen County</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>Gosport</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td>Spencer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monroe County</td>
<td>Parke County</td>
<td></td>
</tr>
<tr>
<td>Bloomington</td>
<td>Mecca</td>
<td></td>
</tr>
<tr>
<td>Ellettsville</td>
<td>Rockville</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montgomery County</td>
<td>Perry County</td>
<td></td>
</tr>
<tr>
<td>Crawfordsville</td>
<td>Cannelton</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td>Tell City</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Troy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morgan County</td>
<td>Pike County</td>
<td></td>
</tr>
<tr>
<td>Martinsville</td>
<td>Petersburg</td>
<td></td>
</tr>
<tr>
<td>Mooresville</td>
<td>Spurgeon</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newton County</td>
<td>Porter County</td>
<td></td>
</tr>
<tr>
<td>Goodland</td>
<td>Portage</td>
<td></td>
</tr>
<tr>
<td>Kentland</td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County</td>
<td>Suburbs</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Spencer County</td>
<td>Chrisney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gentryville</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rockport</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Starke County</td>
<td>Knox</td>
<td></td>
</tr>
<tr>
<td></td>
<td>North Judson</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Steuben County</td>
<td>Angola</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ashley</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clear Lake</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fremont</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hamilton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hudson</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Sullivan County</td>
<td>Farmersburg</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hymera</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shelburn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sullivan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Tippecanoe County</td>
<td>Lafayette</td>
<td></td>
</tr>
<tr>
<td>Tipton County</td>
<td>Kempton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tipton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Windfall City</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Union County</td>
<td>Liberty</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Vanderburgh County</td>
<td>Evansville</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Vermillion County</td>
<td>Clinton</td>
<td></td>
</tr>
<tr>
<td>Vigo County</td>
<td>Terre Haute</td>
<td></td>
</tr>
<tr>
<td></td>
<td>West Terre Haute</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Wabash County</td>
<td>North Manchester</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wabash</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Warrick County</td>
<td>Boonville</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chandler</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Washington County</td>
<td>Hardinsburg</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Livonia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salem</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Saltillo</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Wayne County</td>
<td>Cambridge City</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Centerville</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dublin</td>
<td></td>
</tr>
<tr>
<td></td>
<td>East Germantown</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hagerstown</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Milton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mount Auburn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Richmond</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>Wells County</td>
<td>Bluffton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
<tr>
<td>White County</td>
<td>Burnettsville</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Monticello</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other*</td>
<td></td>
</tr>
</tbody>
</table>

* Other eligible unincorporated areas

Source: Indiana Housing and Community Development Authority, [http://www.in.gov/ihcda/files/NSP_final.pdf](http://www.in.gov/ihcda/files/NSP_final.pdf)
APPENDIX D: DEMOGRAPHIC DATA FOR MUNCIE, DELAWARE COUNTY, INDIANA

2012 Population: 70,235
Median Age: 28.7
Median Household Income: $31,195
Total Number of Housing Units: 31,195
Average Household Size: 2.23
Population by Sex

Population by Race

White Alone: 88%
Black Alone: 11%
Asian Alone: 1%
Other: 0%
APPENDIX E: SUMMARY OF MUNCIE NSP1 QUARTERLY REPORTS

<table>
<thead>
<tr>
<th>Quarterly Report</th>
<th>Dates</th>
<th>Progress Narrative</th>
</tr>
</thead>
</table>
| Q2 – 2009        | 4.1.2009 – 6.30.2009 | • An Assistant Clearance Coordinator was hired  
• Community Development Staff met with potential partners, reviewed proposals, and toured potential project sites |
• Paid a portion of the county ESRI bill  
• Completed one demolition |
| Q4 – 2009        | 10.1.2009 – 12.31.2009 | • Purchased an Unsafe Housing Tracking System and upgraded two computers with hardware required to run the program  
• 27 properties were demolished  
• 1 property was deconstructed  
• 4 properties were demolished by property owners at the order of the UBHA, but used NSP funded dumpsters and debris removal |
| Q1 – 2010        | 1.1.2010 – 3.31.2010 | • Multi-family rehab was delayed due to limited interest  
• 6 properties were deconstructed |
| Q2 – 2010        | 4.1.2010 – 6.30.2010 | • A conflict between HUD regulations and Indiana Code determined that NSP funds are unable to fund the land bank. The $250,000 will be reallocated to the clearance program.  
• Audit by HUD found that the clearance program is in compliance with HUD regulations. |
<table>
<thead>
<tr>
<th>Quarter</th>
<th>Dates</th>
<th>Details</th>
</tr>
</thead>
</table>
| Q3 – 2010 | 7.1.2010 – 9.30.2010 | - 6 properties were demolished  
- 4 properties were demolished by property owners at the order of the UBHA, but used NSP funded dumpsters and debris.  
- Vision Communities, Inc. acquired the foreclosed and vacant, 26 unit Jackson Vine Apartments. A portion of the State’s NSP grant will be added as a funding source to the project. The developer also obtained LIHTC to complete the funding sources for the project.  
- NSP funds assisted in developing the Muncie Action Plan.  
- 27 properties were demolished  
- 3 properties were demolished by property owners at the order of the UBHA, but used NSP funded dumpsters and debris removal  
- A second building, the 9-unit Graystone Apartments was determined to be NSP eligible due to the revised set aside for persons at or below 50 percent AMI. A portion of NSP funds will be used for building acquisition.  
- Contractor began mobilization on Jackson Vine Apartments |
| Q4 – 2010 | 10.1.2010 – 12.31.2010 | - 25 properties were demolished  
- 2 properties were demolished by property owners at the order of the UBHA, but used NSP funded dumpsters and debris removal  
- The Developer closed on the Graystone Apartments on 10.7.2010  
- Architectural and Engineering work was completed for Jackson Vine Apartments and Graystone Apartments  
- A COA application was submitted for the Jackson Vine Apartments |
| Q1 – 2011  | 1.1.2011 – 3.31.2011 | - An amendment to the developer was |
prepared to include Graystone Apartments and to clarify the unit mix of income limits and rents for both buildings.
- The COA for Jackson Vine Apartments was approved
- Rehabilitation work was 10% complete on the two apartment buildings at the end of the quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Dates</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 – 2011</td>
<td>4.1.2011 – 6.30.2011</td>
<td>9 properties were demolished&lt;br&gt;Rehabilitation work was 25% complete for Jackson Vine Apartment&lt;br&gt;Rehabilitation was 36% complete for Graystone Apartments</td>
</tr>
<tr>
<td>Q3 – 2011</td>
<td>7.1.2011 – 9.30.2010</td>
<td>Rehabilitation work was 85% complete for Jackson Vine Apartment&lt;br&gt;Acquisition and rehabilitation of the Graystone Apartments was completed and the City issued a Certificate of Occupancy on 08.23.2011. At the end of the quarter, 3/9 of the units were leased.&lt;br&gt;4 properties were demolished</td>
</tr>
<tr>
<td>Q4 – 2010</td>
<td>10.1.2011 – 12.31.2011</td>
<td>Community Development staff finalized the MOA on the demolition of historic structures&lt;br&gt;4 properties were demolished by property owners at the order of the UBHA, but used NSP funded dumpsters and debris removal&lt;br&gt;Rehabilitation of Jackson Vine Apartments was completed and received a Certificate of Occupancy on 12.21.2011 3/26 units were leased by the end of the quarter.&lt;br&gt;7/9 units were leased at Graystone Apartments.</td>
</tr>
<tr>
<td>Q1 - 2012</td>
<td>1.1.2012 – 3.31.2012</td>
<td>Both apartment complexes were completely rented.&lt;br&gt;5 properties demolished&lt;br&gt;1 property was demolished by</td>
</tr>
<tr>
<td>Quarter</td>
<td>Dates</td>
<td>Details</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Q2 – 2012 | 4.1.2012 – 6.30.2012 | - 18 properties were demolished  
- 1 property was demolished by property owner at the order of the UBHA, but used NSP funded dumpsters and debris removal  
- A severe storm partially flooded the basement of Jackson Vine Apartments, which revealed the need to improve back-flow prevention in the building sewer system. The additional work will be funded with NSP1 funding. |
| Q3 – 2012 | 7.1.2012 – 9.30.2012 | - 5 properties were demolished                                                               |

APPENDIX F: MAP OF MUNCIE NSP1 DEMOLISHED PROPERTIES
APPENDIX G: PHOTOS OF NSP1 REHABILITATED PROPERTIES

Graystone Apartments, photo by author, February 18, 2013.
Jackson Vine Apartments, photo by author, February 18, 2013.
APPENDIX H: SUMMARY OF MUNCIE NSP3 QUARTERLY REPORTS

<table>
<thead>
<tr>
<th>Quarterly Report</th>
<th>Dates</th>
<th>Progress Narrative</th>
</tr>
</thead>
</table>
| Q2 – 2011        | 4.1.2011 – 6.30.2011 | • City received funding approval and grant agreements on March 8, 2011.  
|                  |                | • CD staff met with interest developers and began preparing an RFQ for development of the NSP3 target area.                                             |
| Q3 – 2011        | 7.1.2011 – 9.30.211 | • NSP3 Coordinator finalized RFQ and Sample Developer Agreement and began to send out to local developers.                                        |
| Q4 – 2011        | 10.1.2011 – 12.31.2011 | • NSP3 Coordinator did not receive any responses to the published RFQ. The NSP3 Coordinator identified several local non-profit organizations interested in rehabilitation within the target area.  
|                  |                | • NSP3 Coordinator worked local non-profits to identify properties and contact owners to facilitate acquisition.                                     |
|                  |                | • NSP3 Coordinator communicated with Habitat for Humanity to finalize the development of a new home located within the target area.               |
| Q1 – 2012        | 1.1.2012 – 3.31.2012 | • A contract totaling $175,000 was signed with ecoREHAB of Muncie, Inc. to purchase and rehabilitate the property located at 511 West Main Street to be sold to a homebuyer whose income is at or below 120 percent of the AMI.  
<p>|                  |                | • A contract was signed with Habitat for Humanity to construct a single family dwelling at 615 West Main Street.                                      |</p>
<table>
<thead>
<tr>
<th>Period</th>
<th>Date Range</th>
<th>Events</th>
</tr>
</thead>
</table>
| Q2 – 2012 | 4.1.2012 – 6.30.2012 | • A contract totaling $400,000 was signed with the Muncie Home Ownership Development Center (MHODC) for the rehabilitation of 5 rental units located at 703 West Main Street.  
• EcoREHAB of Muncie, Inc. purchased the property located at 511 West Main Street and developed architectural drawings. |
• A contract for the rehabilitation of a 4-unit rental building located at 109 South Council Street was prepared.  
• Grant Coordinator worked with Habitat for Humanity to locate a homebuyer for the 615 West Main Street property. |

https://hudnsphelp.info/index.cfm?do=viewGranteeAreaDetail&ContactInfoID=653&grantID=489&granteetype=&stateid=&granteename=805^Muncie,%20IN&keyword=&gtforEmail=NSP3.
APPENDIX I: DEMOGRAPHIC DATA FOR FORT WAYNE, ALLEN COUNTY, INDIANA

2012 Population: 255,415
Median Age: 34.7
Median Household Income: $42,471
Total Number of Housing Units: 115,887
Average Household Size: 2.44
Households by Income

- $200,000+
- $150,000 - $199,999
- $100,000 - $149,999
- $75,000 - $99,999
- $50,000 - $74,999
- $35,000 - $49,999
- $25,000 - $34,999
- $15,000 - $24,999
- <$15,000

Housing Units by Occupancy Status

- Owned: 57%
- Rented: 33%
- Vacant: 10%