

# Neighborhood Stabilization Program 2 (NSP2) for Specified Mississippi Gulf Coast Communities

Program Summary – July 17, 2009

## APPLICATION # 551699609

Mississippi Home Corporation (MHC) has applied for \$10,900,000 in funding from the Neighborhood Stabilization Program 2 (NSP2) under the American Recovery and Reinvestment Act of 2009. NSP2 is a competitive grant program administered by the U.S Department of Housing and Urban Development (HUD). MHC's NSP2 proposal focuses on redevelopment activities that will reduce or eliminate vacant, abandoned, and foreclosed properties in the Mississippi coastal communities of Gulfport, Moss Point and Pascagoula.

Targeted neighborhoods must be in Census Tracts that meet the threshold scores mandated by HUD's foreclosure and vacancy rate criteria. Accordingly, the follow Census Tracts will be targeted for assistance in this NSP2 grant application – Gulfport (Harrison County): 0017.00, 0020.00, 0023.00, 0026.00; Moss Point (Jackson County): 0414.00, 0415.00, 0416.00, 0418.00; and Pascagoula (Jackson County): 0421.00, 0423.00.

Below are maps of the target areas with the Census Tracts marked:



Our application proposes to use NSP2 funds to help stabilize and revitalize the three target cities. These areas are still working to recover from the effects of Hurricane Katrina which devastated the Gulf Coast in August of 2005. The current recession has added significant, new economic pressures in these communities which have manifested themselves in the form of increased vacancy and foreclosure. Mississippi has one of the highest rates of subprime lending in the country and has seen a recent spike in the number of delinquent loans.

NSP2 funds are critical to our goal of continuing to stabilize and redevelop these areas of coastal Mississippi. Gulfport, Moss Point, and Pascagoula can absolutely not afford to suffer any further negative impacts precipitated by the current economic crisis. Consequently, the NSP2 strategy will not only target foreclosed and abandoned properties, but it will also seek to redevelop blighted, vacant property, some of which has sat untouched for nearly four years.

Vacant property that will be targeted will include vacant lots, lots with only a slab or portion of a slab remaining (where the home was entirely lost in the hurricane), or blighted structures that have not been rehabilitated. We will rehabilitate these homes, if feasible, but we anticipate that many of these properties will have deteriorated beyond cost effective rehabilitation. In those cases, we will utilize demolition. Once demolition is complete, we plan to build new construction homes which can be customized in both size and finishes. These homes will be designed to respect both the architectural styles and structural requirements of the Gulf Coast.

All NSP2 funds must benefit people whose incomes do not exceed 120% of the area median income. Also, 25% of the grant must be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50% of the area median income. Accordingly, NSP2 funds will allow us to serve a variety of households and their housing needs. We will develop both rental property and homes for sale. By using NSP2 funds as soft second mortgages on the for sale homes, we will be able to overcome the high cost of homeowner insurance that has prevented many otherwise qualified buyers from being able to purchase homes in their desired community. Additionally, through the rental property, we will be able to address another critical housing need in these coastal areas which lost much of their affordable rental housing stock.

Joining us in the application are two strong nonprofit organizations located on the Gulf Coast: The Resource Foundation and the Mississippi Regional Housing Authority No. VIII. Both of these organizations have deep experience in redevelopment and a commitment to affordable housing. SunSouth Modular Housing, LLC, will be a development partner, too. Supporting organizations include Enterprise Community Partners, South Mississippi Planning and Development District, the National Community Stabilization Trust, and local housing counseling agencies. By partnering with local, regional, and national entities, we have created a team that is experienced, flexible, and locally grounded.

In our target geography, we propose to continue to work to stabilize already struggling areas while simultaneously preventing further decline. By acquiring and rehabilitating foreclosed properties, we can prevent a major destabilizing influence from further damaging neighborhoods.

MHC proposes to use the funds in the following NSP2 eligible categories:

\$ 5,549,000	Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell or rent such properties
\$ 3,661,000	Redevelopment of other demolished or vacant properties in order to sell or rent such properties
\$ 600,000	Demolition of blighted structures
<u>\$ 1,090,000</u>	Program administration
\$10,900,000	Total

Information about this project can be found at [www.mshomecorp.com/nsp2](http://www.mshomecorp.com/nsp2). Inquiries about the NSP2 program should be directed to Ben Mokry, Sr. Vice President of Research and Development, Mississippi Home Corporation, PO Box 23369, Jackson, MS 39225-3369, or by email to [nsp2@mshc.com](mailto:nsp2@mshc.com).