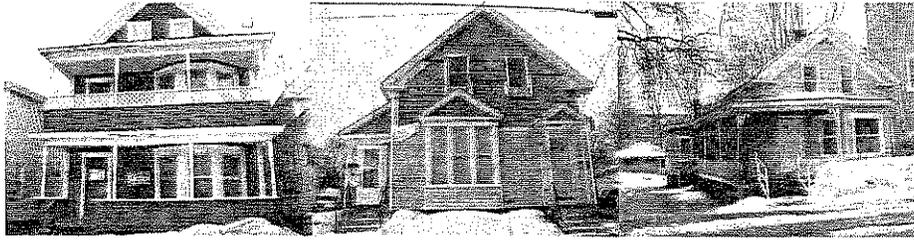




Summary of the Neighborhood Stabilization Program Development in Rochester



New Hampshire, through its Community Development Finance Authority (CDFA), has been awarded \$19.6 million in Neighborhood Stabilization Program (NSP) funds from the U.S. Department of Housing and Urban Development (HUD). The program is designed to help address foreclosure problems in certain neighborhoods in order to make them more stable, sustainable, and competitive. It is a component of the CDBG program and generally follows its requirements. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008.

CDFA conducted an extensive community input process, consulted with housing experts, and obtained HUD guidance to assure that its plan for implementing the Neighborhood Stabilization Program will be as efficient and effective as possible. After reviewing data from January 2007 through August of 2008 showing New Hampshire communities with the highest rates of foreclosures, highest rates of subprime loans, and the highest likelihood of future high rates of foreclosures, Rochester was identified as eligible for these funds along with Berlin, Derry, Manchester, and Nashua.

After receiving an invitation to apply for these funds, Rochester began to investigate the areas of concentration of properties that have been under foreclosure deed during the previous 18 months. The neighborhood in and around Lafayette St. (bordered by North Main St. and the Cocheco River to the east and south, Washington St. to the north and the Rochester Fairgrounds to the southwest) has the greatest concentration of properties that have been foreclosed in the time period beginning January 2007.

In this dense residential neighborhood, 28 properties have fallen under a foreclosure deed since 2007. As of February 2009, private investors have reabsorbed 16 and 12 are still bank owned. During our evaluation of the neighborhood an additional nine properties were identified as vacant or appeared to be vacant with significant signs of distress or neglect. One of these "watch list" properties was a foreclosure that was purchased by a private investor; rehabilitation was started, but now appears to have been abandoned again. While still under private ownership at this time, the appearance of vacancy and physical deterioration puts these properties on our radar to monitor.

Rochester will be applying for up to \$3.6 million dollars from the CDFA to purchase and rehabilitate these foreclosed properties. The city has sought the assistance and partnership of The Housing Partnership, a non-profit housing developer based in Portsmouth. The Housing Partnership owns and managed 38 affordable housing units in Rochester, 12 of them in the target neighborhood. They are well versed in the complexity of federally financed property rehabilitation. They will be coordinating the purchase, the rehabilitation, and the resale of some of the target properties. The City will be the recipient of the grant funds and will bear the responsibility for compliance with the grant requirements and adherence to the federal rules and regulations.

At the end of the project, we project that 12-15 properties will be able to benefit from this program. A major priority will be to find income-qualified families who are interested in home ownership and in contributing to the stability of this downtown neighborhood. Resources will be available to help new homeowners with the challenges of property ownership and management and with how to be a skilled landlord for the many multi family properties improved through this program.