



# NEIGHBORHOOD STABILIZATION INITIATIVE

## NSI PROGRAM

### BACKGROUND

The Neighborhood Stabilization Initiative (NSI) was jointly developed by the Federal Housing Finance Agency (FHFA) and Fannie Mae and Freddie Mac to stabilize neighborhoods that were hardest hit by the housing downturn, and to reduce the inventory of real estate owned (REO) properties held by Fannie Mae and Freddie Mac. NSI began as a pilot program in the city limits of Detroit, Michigan in May 2014. It was expanded to Cook County, Illinois in April 2015, to 18 different metropolitan statistical areas in December 2015, and to 10 additional markets in December 2017.

Fannie Mae and Freddie Mac selected the **National Community Stabilization Trust (NCST)**, a national nonprofit organization experienced in stabilization efforts for distressed communities to administer the program. NCST has ties to community organizations and local nonprofits that have a vested interest in their communities.

### LESSONS LEARNED

- Critical for success are partnerships with local community buyers who have the financial capacity and expertise to renovate REO properties to meet local code requirements.
- Providing these buyers with an exclusive opportunity to purchase REO properties prior to Fannie Mae and Freddie Mac listing them for retail sale allows neighborhood stabilization goals including reduced vacancy time, increased rates of owner occupancy and increased investment in rehabilitation to be realized by properties sold through the NSI program.
- The *Enhanced First Look* process is an effective tool to responsibly dispose of REO properties and stabilize neighborhoods.

### PROGRAM ELEMENTS

NSI focuses on REO properties and capitalizes on the *Enhanced First Look* principles. Fannie Mae and Freddie Mac foreclosed properties that have not been listed for public sale are presented to eligible NCST community buyers for purchase review.

The sales price for properties offered during *Enhanced First Look* reflects fair market values that take into account savings in marketing, upkeep, utilities, and taxes – all costs Fannie Mae and Freddie Mac would have paid if the property sold during standard REO inventory disposition, rather than through the *Enhanced First Look* process. Fannie Mae and Freddie Mac may also contribute funds for demolition of certain properties, based on market costs.

## KEY ELEMENTS OF NSI

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NCST community buyers have exclusive opportunity to buy foreclosed properties prior to being listed for sale to the public.

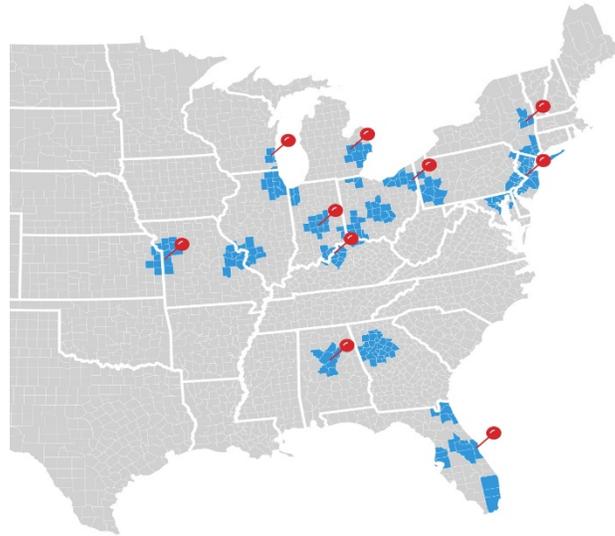
Properties will be sold at fair market value, which includes discounts for expenses saved through a quicker sale.





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## SELECTED MARKETS



- Akron, OH
- Albany-Schenectady-Troy, NY<sup>NEW</sup>
- Atlanta-Sandy Springs-Roswell, GA
- Baltimore-Columbia-Towson, MD
- Birmingham-Hoover, AL<sup>NEW</sup>
- Chicago-Naperville-Elgin, IL
- Cincinnati, OH-KY-IN
- Cleveland-Elyria, OH
- Columbus, OH
- Cook County, IL
- Dayton, OH
- Detroit, MI
- Detroit-Warren-Dearborn, MI
- Flint, MI<sup>NEW</sup>
- Indianapolis-Carmel-Anderson, IN<sup>NEW</sup>
- Jacksonville, FL
- Kansas City, MO-KS<sup>NEW</sup>
- Louisville-Jefferson County, KY-IN<sup>NEW</sup>
- Miami-Fort Lauderdale-West Palm Beach, FL
- Milwaukee-Waukesha-West Allis, WI<sup>NEW</sup>
- New York-Newark-Jersey City, NY-NJ-PA
- Orlando-Kissimmee-Sanford, FL
- Palm Bay-Melbourne-Titusville, FL<sup>NEW</sup>
- Philadelphia-Camden-Wilmington, PA-NJ-DE
- Pittsburgh, PA
- St. Louis, MO
- Tampa-St. Petersburg-Clearwater, FL
- Toledo, OH
- Trenton, NJ<sup>NEW</sup>
- Youngstown-Warren-Boardman, OH-PA<sup>NEW</sup>

## TIMELINE

