

Derelict Housing Acquisition and Homeownership Pilot Program Habitat for Humanity-Spokane

Problem Statement: The need for affordable homeownership and housing is growing in Spokane. So too, is the derelict housing issues we see in our neighborhoods that create havens for crime, decreased property values, poor quality of life and expensive burdens on neighbors, schools, law enforcement and the community. With the significant number of derelict homes in Spokane neighborhoods and increasing rental costs, Spokane leaders must find a way to increase affordable housing opportunities and decrease neighborhood blight.

Background: Habitat for Humanity seeks to bring people together to build or rebuild homes, communities and hope. Families earning 25-80% of the area median income partner with Habitat for Humanity to become successful homebuyers and homeowners. With over 300 Habitat homes throughout Spokane, families have found strength, stability and self-reliance through the Habitat homeownership program. Qualified future homeowners are based on need, ability to pay an affordable mortgage, and willingness to partner 500 hours of sweat equity. In return, Habitat provides a new or renewed home, affordable mortgage financing and breaks the cycle of poverty by providing an asset. Habitat's homeowners sit at less than a 1% default rate showing proven success of its mission.

Proposal: Habitat for Humanity aims to pilot an acquisition program to rehabilitate, revitalize and stabilize neighborhoods and families through affordable homeownership with the use of CDBG funds. These homes will be renovated by Habitat-Spokane who will act as its own general contractor. Targeted neighborhoods will be crucial to Habitat's success to create transformative and intentional impact.

Through the Derelict Housing Acquisition and Homeownership Pilot Program, Habitat will be able provide lasting impact for neighborhoods and families with two goals: Transformation of current housing stock and providing affordable homeownership to low-to-moderate income buyers.

The first is to meet the community priority of transforming derelict homes to remediate concerns of housing stock that have fallen into crime, neglect, blight, unsafe and unhealthy conditions into safe and affordable homes.

The second is to meet the community priority of providing increased affordable housing through Habitat for Humanity's homeownership program and list of qualified, low-to-moderate income buyers transformed into successful tax-paying homeowners. The average Habitat home is sold at cost between \$130,000-\$170,000.

Budget: Habitat for Humanity relies on community partnerships to provide volunteer labor, professional expertise, in-kind and monetary donations which will further leverage CDBG funds. While costs for each unit will vary, we anticipate costs for renovations will be \$25,000-\$60,000 a unit. This budget does not include inkind labor and donations, which will make up an additional 20-30% on top of the renovation budget.

Project Activity	CDBG Funds (Request)	Habitat Funds	Total
Acquisition	\$ 650,000.00	\$ -	\$650,000.00
Legal	\$ 50,000.00	\$ -	\$ 50,000.00
Construction Management	\$ 50,000.00	\$ -	\$ 50,000.00
Renovations	\$ -	\$ 225,000.00	\$225,000.00
Total Budget	\$ 750,000.00	\$ 225,000.00	\$975,000.00

Timeline: Habitat-Spokane will acquire 7-10 units in calendar year 2019 and begin renovation, with qualified homebuyers assigned for closing preparation in December 2019.

Next Steps: All funding from home closures goes into a revolving fund to continue new and renewed home construction. If the pilot is successful, it could be implemented in multiple neighborhoods allowing Habitat to engage more stakeholders and partnerships.