

Introduction

Waterbury Development Corporation (WDC) is administering the City of Waterbury's Neighborhood Stabilization Program (NSP). The program is designed to stabilize neighborhoods by facilitating the purchase and rehabilitation of **foreclosed & vacant (still owned by the foreclosing entity)** properties in targeted areas of Waterbury.

This program is available to investors and prospective home buyers who meet certain income requirements (see chart) and investors whose tenants meet income guidelines (see chart).

NSP funds are granted as deferred second mortgage loans that do not have to be repaid if the terms of the program are met.

WDC has partnered with Webster Bank for owner occupied purchase financing and the Waterbury Housing Fund (WHF) for investor purchase financing. WDC directly handles the second mortgage program.

The scope of rehab work is managed by WDC. All projects must be put out to bid through the Purchasing Dept. of the City of Waterbury.

NSP funding requires an affordability period. If the property is sold during that period the loan must be repaid (owner occupied) or the affordability restrictions must pass to the new owner (investor). If the covenants are breached during the affordability period, the loan must be repaid.

Note: all information contained herein is subject to change and is for information and not meant to depict all aspects of the NSP program.

Who Can Apply

- 1) Prospective home buyers who meet the income criteria and desire to purchase a foreclosed & vacant property, with prior WDC approval, within the target areas in Waterbury.
- 2) Investors who desire to purchase a foreclosed & vacant property, with prior WDC approval, within the target areas in Waterbury and agree to rent to tenants who meet the income criteria.

Note: Prospective home buyers and Investors must be free of any outstanding obligations to the City of Waterbury to qualify for NSP funds.

Income limits of Owners Occupied

Yearly income limits provided by HUD

	Income limit
1 person household	\$ 64,600
2 person household	\$ 73,800
3 person household	\$ 83,050
4 person household	\$ 92,300

* Income limits for tenants also apply

Rental Limits of Tenants

Monthly rent limits provided by Waterbury Housing Authority

	Rent limit
1 bedroom unit	\$ 650
2 bedroom unit	\$ 750
3 bedroom unit	\$ 875
4 bedroom unit	\$ 950

Designated Areas

Designated areas within Waterbury have been established using HUD guidelines. They are described as the North Main St. School target area, the Willow-Hillside target area and the Brooklyn-Duggan School target area.

Property Types

Any type of property is allowed. If the subject property is eight or more units, Davis Bacon wages apply to all rehabilitation work. NSP funds can not directly benefit commercial properties.

Purchase Price

There are no restrictions on the purchase price. However, the sales price must be **1% lower than the appraised as-is value**. Purchase financing will be calculated by using a maximum of 30% of the borrower's income (for owner occupied). A minimum investment of 5% is required. NSP funds may be used for gap and rehab financing.

NSP Funding for Buyers

Funding will be considered in the following fashion:

1. Down payment assistance= \$7,500 max
2. Affordability Gap = Difference between the approved purchase financing and sale price
3. Appraisal Gap = Difference between the total project costs and either the appraised value of the property at closing or the actual purchase price.
4. Rehab costs = Cost of the scope of work as determined by WDC

Affordability Periods

HUD requires that NSP funds are given with certain periods during which they must be repaid if the property is sold or a default of the terms occurs.

Homeownership Affordability Periods

Under \$15,000 per unit	5 Years
\$15,000 - \$40,000 per unit	10 Years
Over \$40,000 per unit	15 Years

Rental Affordability Periods

Under \$15,000 per unit	5 Years
\$15,000 - \$40,000 per unit	10 Years
Over \$40,000 per unit	15 Years
New Construction	20 Years

Rehabilitation Process

NSP funds are available to bring properties to code and make them energy efficient. Typical improvements are roofs, windows, siding, heating systems, electrical upgrades and lead abatement (all properties built prior to 1978 will be inspected for lead issues). The buyer will supply their desired improvements which will be finalized by the WDC for program compliance. Work will be put out to bid and progress payments will be made.

General Procedures

WDC will screen initial inquiries and then forward to the appropriate lender. WDC will work with the buyer for rehab specs. Owner occupied buyers are required to attend home ownership counseling when purchase financing and rehab specs are completed. NSP funds will be disbursed for the purchase at the closing while rehab dollars will be disbursed in stages concurrent with completed work.



Target Areas

Tier 1 Borders

(Brooklyn-Duggan)

North: Roughly Sunnyside Avenue
South: Roughly Noyes Street
West: Roughly Highland Avenue
East: Roughly Rt. 8

(Willow-Hillside)

North: Roughly Roseland Avenue
South: Roughly Grove Street
West: Roughly Waterville Street
East: Roughly Cooke Street

(North Main Street School)

North: Roughly City Mills Lane
South: Roughly East Farm Street
West: Roughly Platt Street
East: Roughly Rumford Street

Tier 2 Borders

North: Roughly all streets to the north of I84
South: Roughly South Main St – Piedmont St
West: Roughly Rt. 8
East: Roughly the Wolcott border

Note: Maps, street lists and property listings are available on WDC's website.

Contact Information

Phone: 346-2607

Web: www.wdconline.org

Neighborhood Stabilization Program (NSP) for the City of Waterbury



Do you want to buy a home or investment property in the City of Waterbury?

We can help you with down payment, financing and rehab assistance.

NSP is for you!

Example:

\$ 100,000	Property sales price
\$ 50,000	Rehab cost
\$ 150,000	Total property cost
\$ 70,000*	Mortgage you qualify for (Bank)
\$ 5,000	5% Down payment (Owner)
\$ 25,000	Financing grant (NSP)
\$ 50,000	Rehab grant (NSP)
\$ 150,000	Total property cost

*Purchaser must obtain a mortgage for at least 60% of the "as is" sale price

You can buy and renovate this property for \$5,000 down