



City of Phoenix
OFFICE OF THE MAYOR



MAYOR PHIL GORDON

March 1, 2011

The Honorable David Schweikert
House of Representatives
Arizona Congressional District 5
1205 Longworth House Office Building
Washington, DC 20515

Dear Congressman Schweikert:

I understand that the Financial Services Committee plans to markup tomorrow the "Neighborhood Stabilization Program (NSP) Termination Act," which would end the NSP program and rescind its unobligated third round of funding of \$1 billion. The City of Phoenix respectfully requests that you oppose or modify this legislation, as it would jeopardize the City's \$16 million award in NSP Round 3 funding, which has been allocated but not yet obligated.

Arizona has the dubious honor of being one of the top 5 states in the country for reduced property values and negative equity. Over 34% of mortgaged homeowners are 'upside down' compared to the national average of 18%. Home values in Arizona Congressional District 5 have decreased by more than 44% in the past four years.

According to Realty Trac, Phoenix consistently ranks in the top 5 cities for foreclosures, with foreclosure notices again on a steep rise. As a result, the U.S. Department of Housing and Urban Development (HUD) allocated \$116 million in NSP funding to the City of Phoenix.

Phoenix is using its NSP funds to address over 2,400 foreclosed single family homes and multi-family rental homes. Over half of these housing units are already acquired, which has made a difference. This investment in neighborhood stability is producing over 1,280 jobs, which contributes to Arizona's economy recovery. Our goal with the program is to improve property value stability by reducing vacancies and eliminating blighting, empty homes that attract crime. The City sees the program as critical to breaking the downward spiral of declining values and restoring confidence in our shattered housing markets.

There may be a perception in Washington that NSP may be contributing to an increase in home foreclosures or is ineffective. Our experience in Phoenix is that the opposite is true. We have used our NSP allocations effectively and as a result have improved our neighborhoods.

I hope that you will consider opposing or modifying the "Neighborhood Stabilization Program (NSP) Termination Act" as it may result in the loss of \$16 million in Phoenix NSP Round 3 funding. These dollars are helping the City's neighborhoods and families recover from the home foreclosure crisis. If you need additional information or have any questions please contact Mr. Jerome Miller, Deputy City Manager at 602-262-6941.

Thank you for your continued service and consideration of our concerns.

Sincerely

Phil Gordon
Mayor