



## ***NEW DIRECTIONS FOR HOUSING POLICY***

Presented by

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Reinventing Neighborhood Revitalization Conference

March 1, 2012

Federal Reserve Bank of San Francisco – Los Angeles

# Background on REO Policy Experience

## Private Neighborhood Stabilization Program

Most successfully adopted by nonprofit, HomeStrong USA, with over 200 REO (Real Estate Owned) acquisitions from 2010-2011

- Local contracting for related jobs
- Exclusively sold all REO properties for low to moderate income owner occupied buyers
- Homeownership education classes for qualified buyers required
- **Zero** public funds used

# Policy Recommendations

- Facilitate maximum market efficiency
  - The greatest number of qualified small businesses should have access to participate in REO programs
    - Key for local economic development and job creation
    - Ensures highest financial returns on REO sales for GSE

# Financing Mechanisms

- Recommendation:
  - Approach acquisition of bulk REO single family similar to commercial financing
    - Include fully recourse junior loan – personal guarantee component
      - Unprecedented accountability in single family housing without creating new regulations
  - Provides access for small and regional businesses to compete with Wall Street

# Role of Government Sponsored Enterprises in Financing

- Special financing options should be available for nonprofits and CDFI (Community Development Financial Institution) that preclude recourse
- Opportunity to transform existing housing stock towards sustainable building standards
  - Incentivize through tax credits to promote energy/water efficiency
  - Accelerated depreciation

# Contact Information

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