Post-Foreclosure Recovery: Rebuilding Neighborhoods

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Sacramento Housing and Redevelopment Agency

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March 16, 2010
Sacramento’s 2nd Gold Rush!

Sacramento Housing Boom 2000-2006

  1.22 million
- **Median Home Value**
  $180,000
- **Median HH Income**
  $43,800

- **Population (2006)**
  1.4 million (14% increase)
- **Median Home Value**
  $367,000 (100%)
- **Median HH Income**
  $57,000 (30%)
Central Valley – Epicenter of the Foreclosure Crisis

- **High Rates of Foreclosure**
  - Almost 39,000 residential properties became real estate owned (REO) between 2005-2009
  - Currently ranks 15th among American cities for foreclosure rate

- **Declining Home Values**
  - ~50% decline in median home values
  - $367,000 in 2006...Now $170,000

- **High and Rising Unemployment**
  - 12.2% rate as of December 2009
  - 4.4% rate in 2000
Over 13,000 REOs Filed in 2009
Sacramento’s REO Market Profile

- **Foreclosures by property use**
  - 88% are Single Family Homes

- **First-time homebuyers being squeezed out**
  - Investors paying cash make up 27% of market

- **Top 5 servicers make up a third of market**
  - Fannie Mae, Freddie Mac, Aurora Loan Svcs, US Bank, Bank of New York

- **New growth areas and lowest-income communities affected**
Sacramento’s Foreclosure Crisis - Tale of Two Cities
Sacramento NSP Program Design

**NSP PRINCIPLES**
1. Return Vacant and Blighted Homes to Owner Occupancy
2. Stabilize Most Challenged Neighborhoods
3. Provide Building Community Access to Properties and Funding

**PROGRAMS**
1. Over the Counter Program
2. Block by Block Approach
3. Strategic Investments and Partnerships

**OUTCOMES**
1. Leverage Investment in Redevelopment Areas
2. Job Creation
3. Increase Home Ownership
4. Consolidate Ownership/Unified Property Management
## Sacramento NSP – Investment Snapshot

### Resources Overview

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percentage</th>
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<tr>
<td>NSP ENTITLEMENT</td>
<td>$29,000,000</td>
<td>46%</td>
</tr>
<tr>
<td>RDA &amp; PUBLIC FUNDS</td>
<td>$22,300,000</td>
<td>35%</td>
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<tr>
<td>PRIVATE INVESTMENT</td>
<td>$12,115,000</td>
<td>19%</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$63,415,000</strong></td>
<td><strong>100%</strong></td>
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### NSP AT WORK

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>PROPERTIES ACQUIRED</td>
<td>143</td>
</tr>
<tr>
<td>PROPERTIES REHABBED</td>
<td>88</td>
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<tr>
<td>HOMES SOLD TO DATE</td>
<td>29</td>
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<tr>
<td>HOMES ACQ FOR REDEV</td>
<td>7</td>
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<tr>
<td>AVE. APPRAISED VALUE INCREASE</td>
<td>65%</td>
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<tr>
<td>4-PLEXES PURCHASED/ REHABBED</td>
<td>19 (76 UNITS)</td>
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Sacramento’s Strategic NSP Partners

- Local Building/Development Community
- National Community Stabilization Trust
- Lenders - Fannie Mae, CalHFA
- Enterprise Community Partners
- Community Groups & Non-profits
Oak Park Redevelopment Area – Single Family Rehabilitation

3251 San Jose Way
Initial Acquisition = $28k / Rehab Loan = $36k
Sales Price = $78k (appraised value up 180%)
4409 34th Street
Initial Acquisition = $73k / Rehab Loan = $57k
Sales Price = $126k (appraised value ↑ 70%)
Oak Park Redevelopment Area
Land Assembly, Public Purpose
Lerwick Road Redevelopment - Block Strategy

- Local, Private Development Partner
- Total Investment - $8M
- 48 Units of VLI

Before

After
Rebuilding Neighborhoods: Ingredients for Success

1. Program Design is Important
2. Surgical Approach to Revitalization
3. Emphasis on Long Term Stabilization
4. Be Transparent yet Nimble
5. Foster New and Beneficial Partnerships