

Post-Foreclosure Recovery: Rebuilding Neighborhoods

Chris Pahule, Assistant Director
Housing and Community Development
Sacramento Housing and Redevelopment Agency



INVESTING IN COMMUNITIES

**National Interagency Community
Reinvestment Conference, 2010**
March 16, 2010



Sacramento's 2nd Gold Rush!



Sacramento Housing Boom 2000-2006

- **Population (2000)**
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

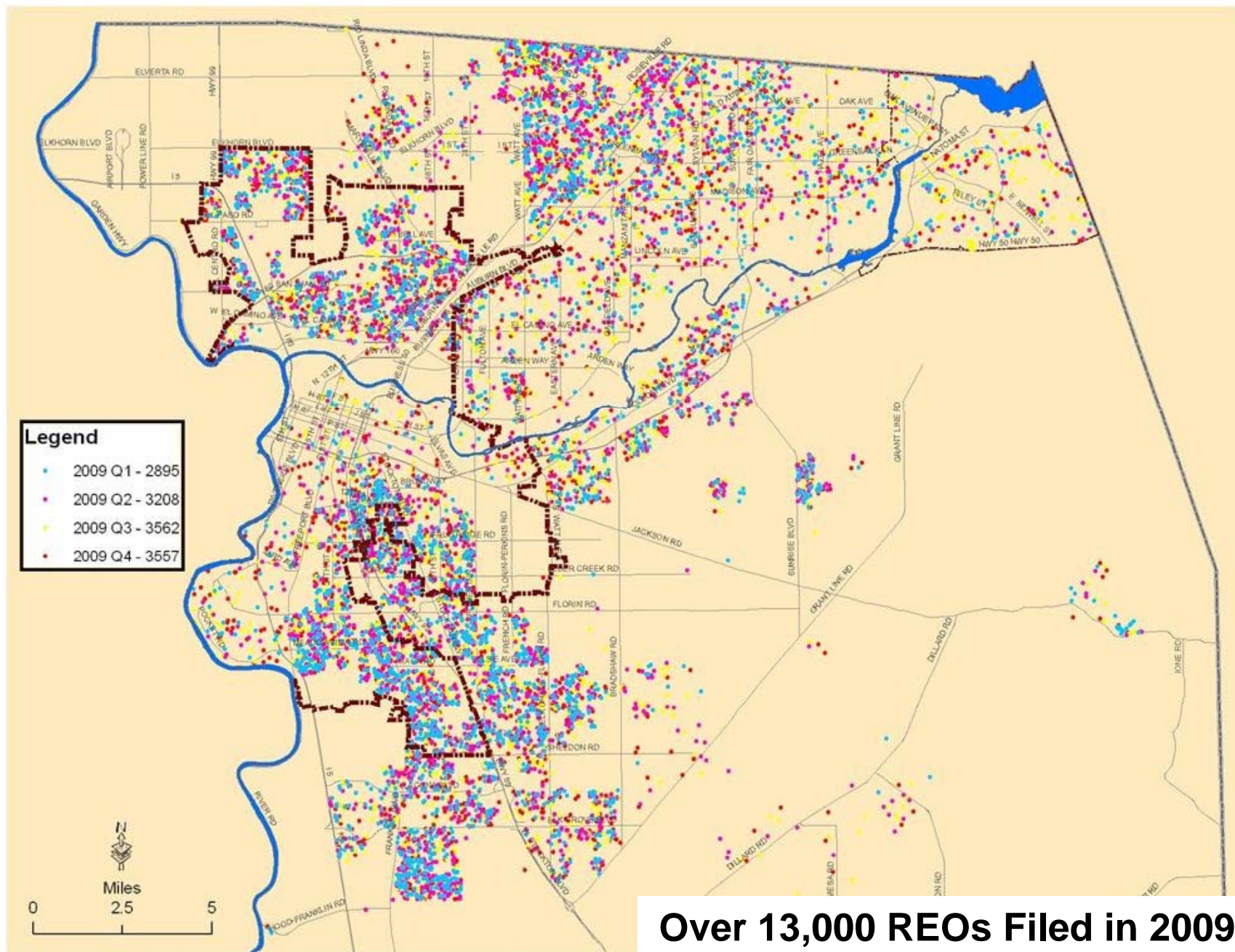
- Almost 39,000 residential properties became real estate owned (REO) between 2005-2009
- Currently ranks 15th among American cities for foreclosure rate

○ 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





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		
NSP ENTITLEMENT	\$ 29,000,000	46%
RDA & PUBLIC FUNDS	\$ 22,300,000	35%
PRIVATE INVESTMENT	\$ 12,115,000	19%
TOTAL	\$ 63,415,000	100%

NSP AT WORK	
PROPERTIES ACQUIRED	143
PROPERTIES REHABBED	88
HOMES SOLD TO DATE	29
HOMES ACQ FOR REDEV	7
AVE. APPRAISED VALUE INCREASE	65%
4-PLEXES PURCHASED/ REHABBED	19 (76 UNITS)



Sacramento's Strategic NSP Partners

- Local Building/Development Community
- National Community Stabilization Trust
- Lenders - Fannie Mae, CalHFA
- Enterprise Community Partners
- Community Groups & Non-profits

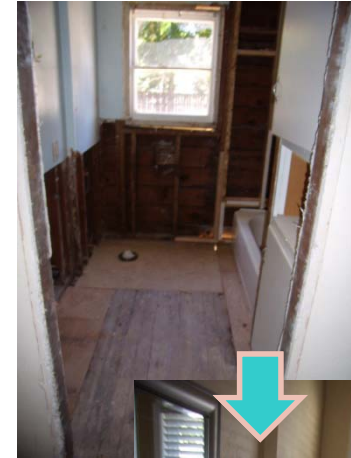
Oak Park Redevelopment Area – Single Family Rehabilitation



3251 San Jose Way

Initial Acquisition = \$28k / Rehab Loan = \$36k
Sales Price = \$78k (appraised value up 180%)

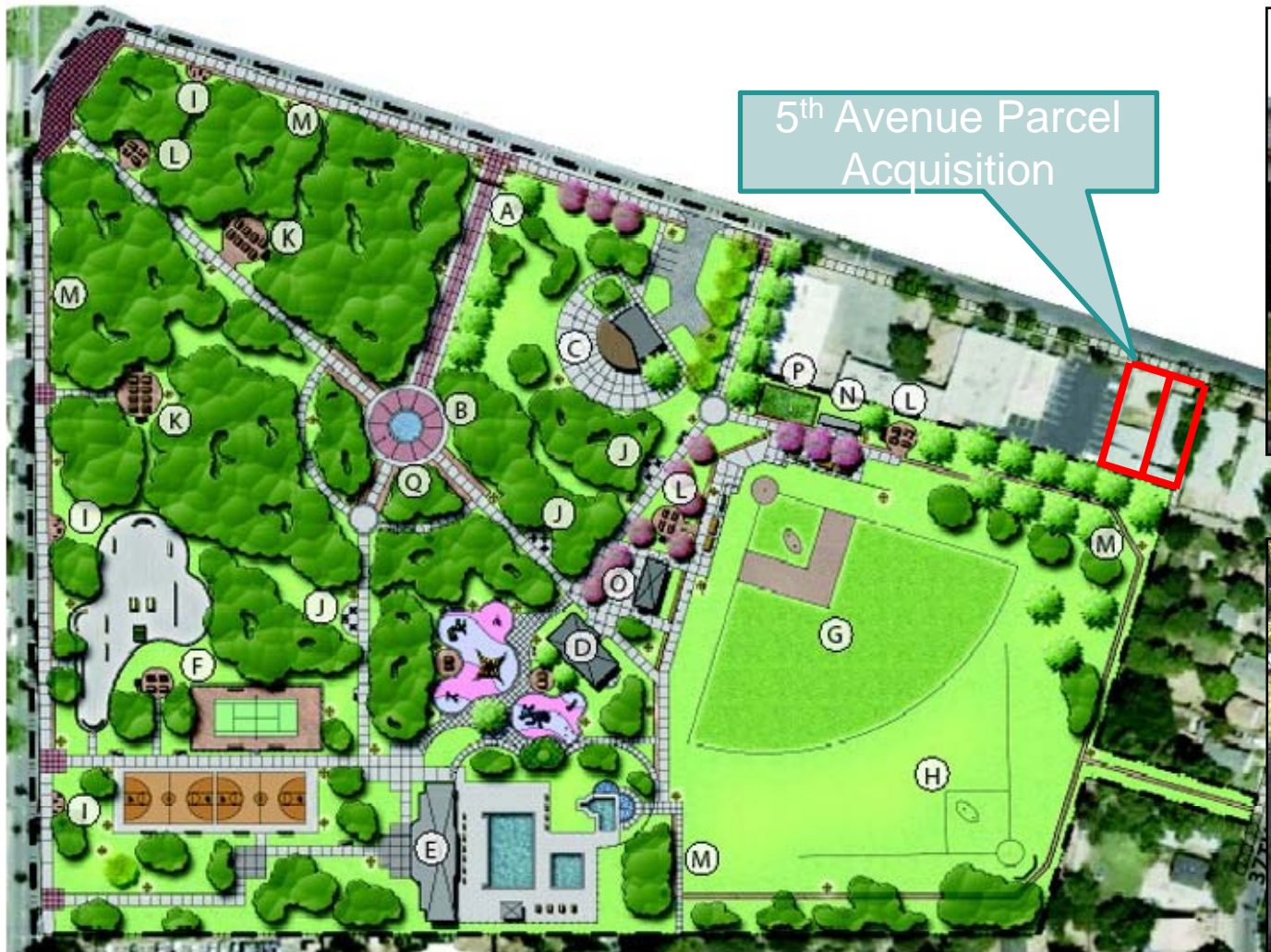
Oak Park Redevelopment Area – Single Family Rehabilitation



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