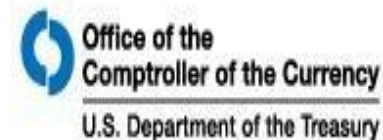


Scaling Solutions to Housing Stabilization

*Sponsored by the
Federal Reserve Bank of San Francisco and the
Office of the Comptroller of the Currency
in partnership with HOPE NOW*

March 20, 2014



Scaling Solutions to Housing Stabilization

Welcome and opening remarks

Eric Selk, HOPE NOW Alliance

*Susan Howard, Office of the
Comptroller of the Currency*

*Lena Robinson, Federal Reserve Bank
of San Francisco*



Housekeeping

- Restrooms are located out to the right toward the windows
- Badges should remain visible at all times
- Move freely on this floor but be mindful not to disrupt other meetings
- Request that you leave at a designated break on the program so that you can be escorted and badged out of the building

Disclaimer

The views expressed in this presentation are the views of the speaker and do not necessarily reflect the views or policies of the Board of Governors or the Federal Reserve System

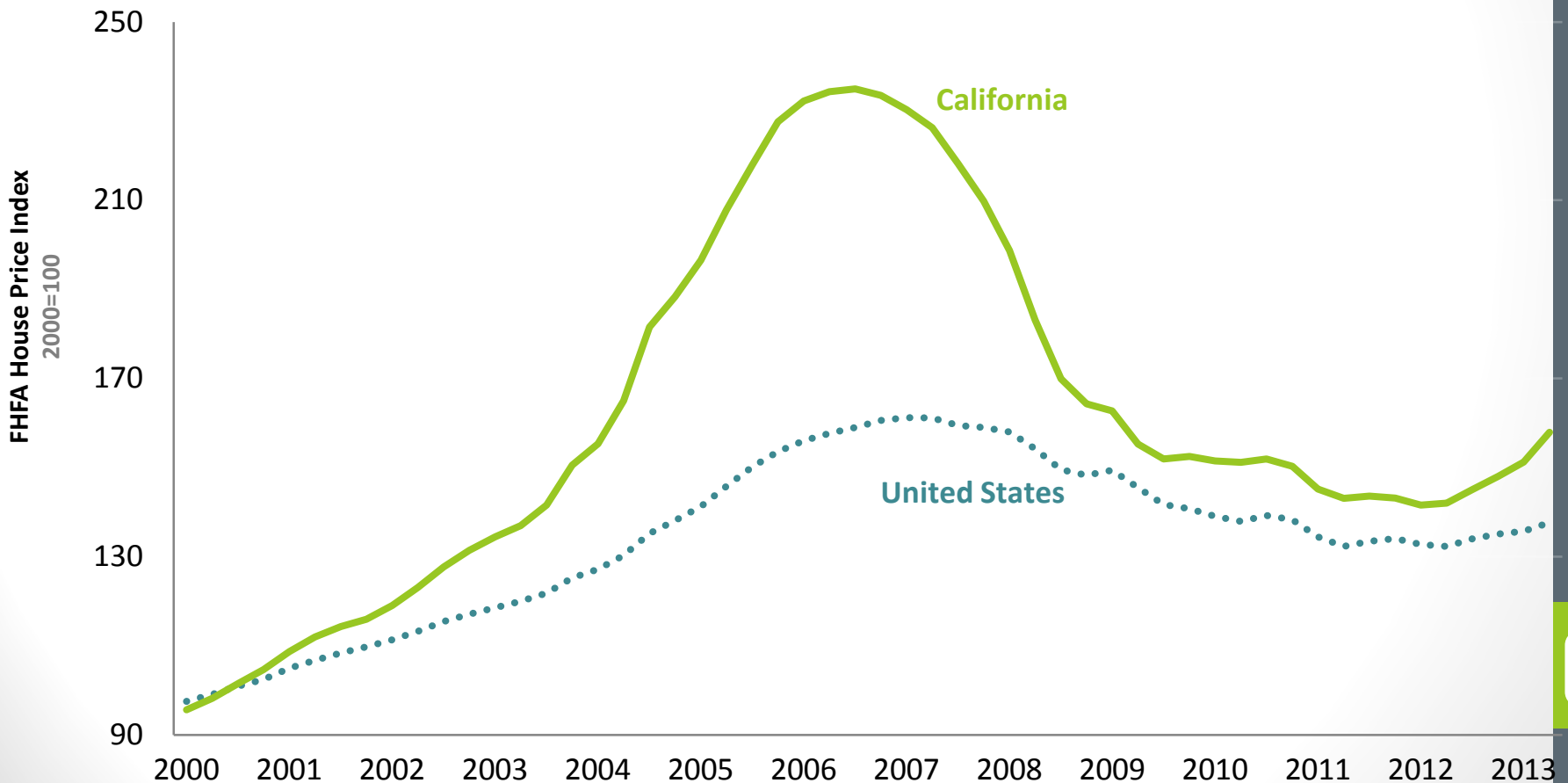


Mission

The mission of the community development function of the Federal Reserve System is to support economic growth and financial stability for low- and moderate-income communities and households

California house prices back on the rise

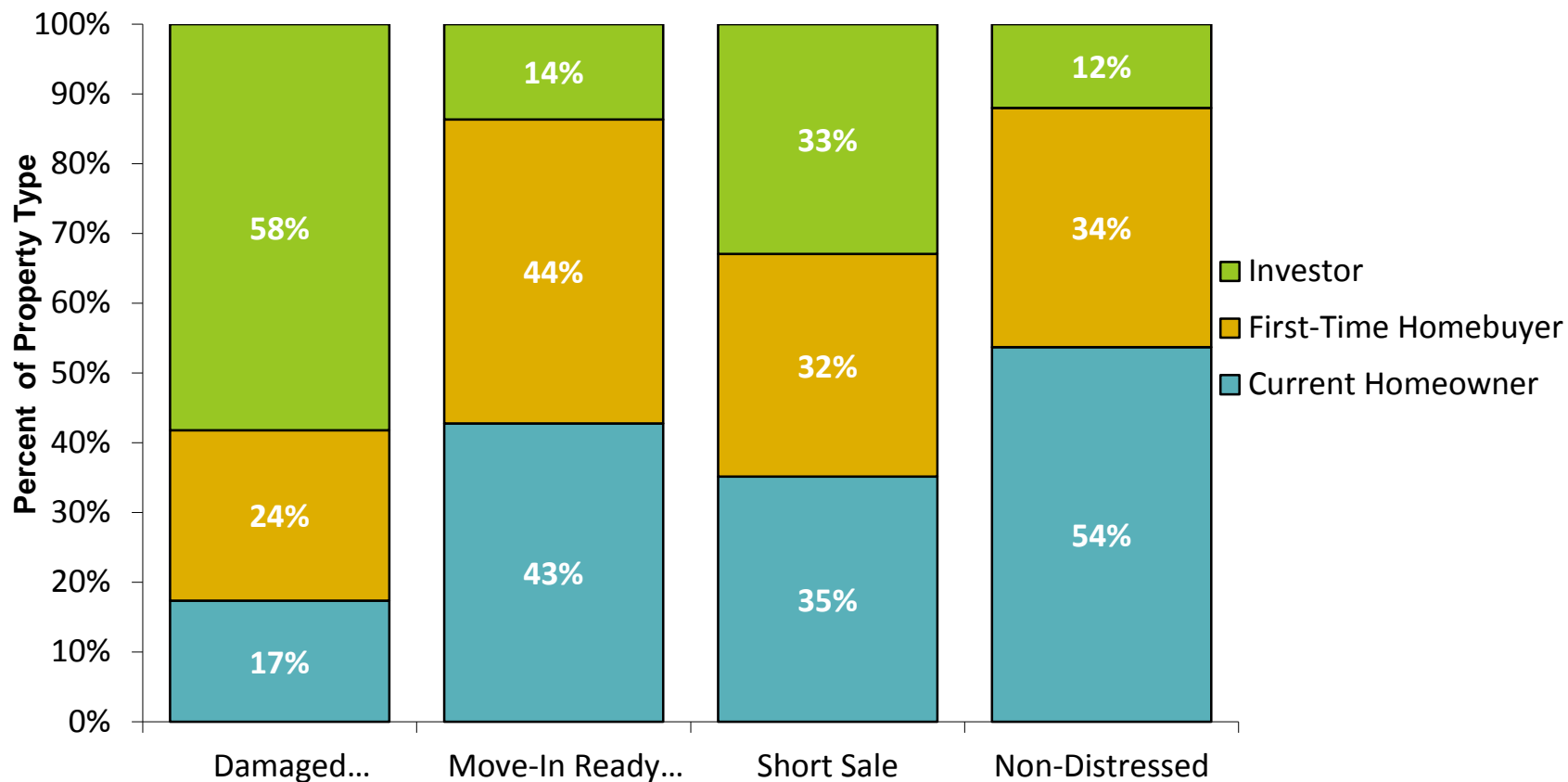
FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

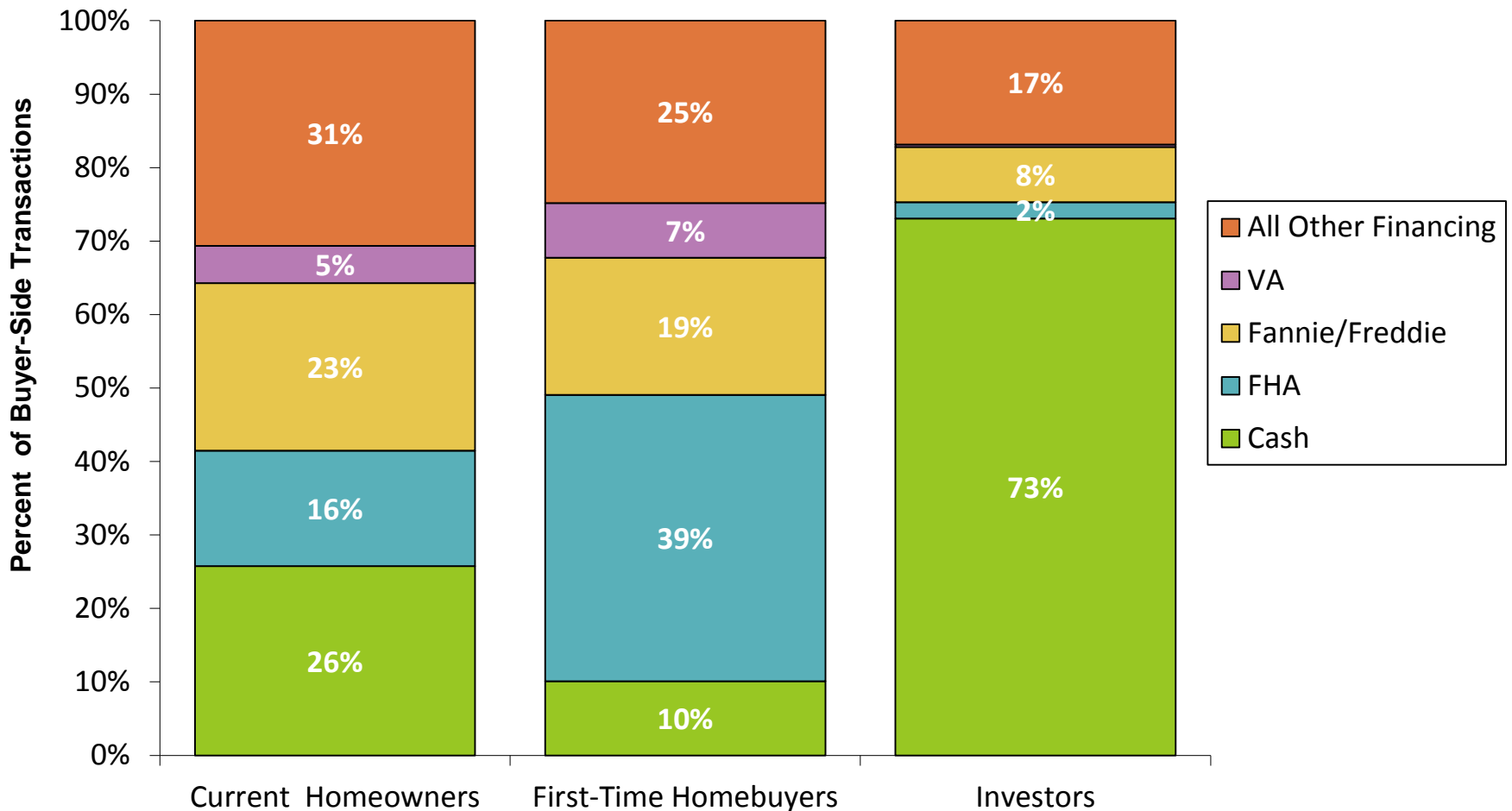
Neighborhood stabilization: concerns over investor purchases of distressed properties

Who Is Buying Properties?—October 2013
U.S. 3 Month Moving Average



Financing for home purchases

Financing for Homebuyers—October 2013 U.S. 3 Month Moving Average

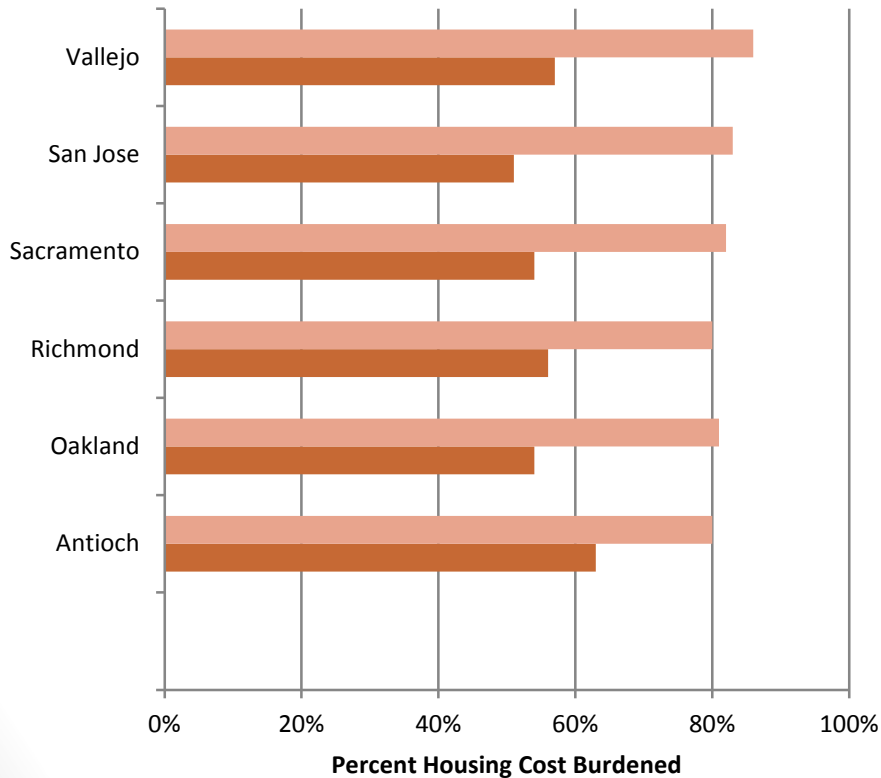


Consequences of Investor Dominated Recovery

- Constrains the supply of property available for purchase by an owner occupant
- Increases the cost of homeownership beyond middle income buyers and destroys the opportunity for wealth accumulation
- Raises the cost of rental housing to cover financial returns required by investors
- Perpetuates disinvestment, instability and inequality as higher rent payments leak out of neighborhoods to investors
- Discourages social cohesion and personal investment that develops in owner occupied neighborhoods

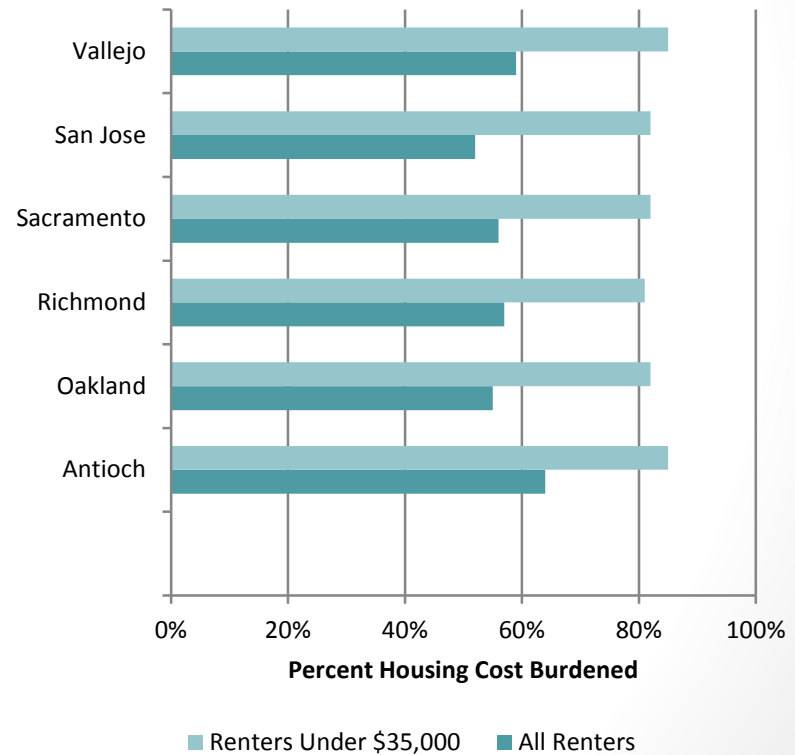
Most Low-Income Renters in NorCal Cost Burdened

Housing Cost Burdened Renters, 2005-2009



■ Renters Under \$35,000 ■ All Renters

Housing Cost Burdened Renters, 2008-2012



■ Renters Under \$35,000 ■ All Renters

Housing Stabilization and Equitable Recovery

1. Provide sustainable modifications that continue homeownership for current occupants; not just alternatives to foreclosure
2. Prioritize owner-occupancy for REOs and short sales
3. Create access to properties that can be managed as long-term affordable rentals to a range of income levels from low to moderate-income
4. Transition vacant properties into productive housing assets

Innovative Responses to Housing Stability

- *Addressing Chronic Homelessness.* LAHD working in partnership with the Los Angeles County Department of Health Services (DHS), has set aside 15 NSP properties, totaling 56 housing units, to provide permanent supportive housing opportunities for homeless individuals with disabilities or chronic health conditions who are frequent users of DHS hospital services.
(http://www.frbsf.org/community-development/files/cdir_vol9issue2_reflections_on_the_crisis.pdf) Mercedes Marques
- *Landlord Entrepreneurship Affordability Program (LEAP)* in Bridgeport, CT. Support LMI buyers to purchase 2 to 4-unit properties as owner occupied landlords

Innovative Responses to Housing Stability

- *CRA Fund (Applied Residential)*. Partnership with National Community Reinvestment Coalition to bridge buyers back into homeownership through Trio lease option with one to five-year leases.
- *Lease Purchase in Phoenix*. Chicanos Por La Causa has converted six renters out of 45 lease purchase contracts into homeowners (Tom.Wilson@cplc.org)
- *Project for Pride in Living* in Minneapolis consolidated multiple properties for recapitalization using LIHTC. Exploring use of technology such as call centers based on UK model.

Scaling through Collective Impact

- Foster relationships and build partnerships that will result in more inventory and access to funding for mission motivated organizations who are committed to creating homeownership, affordable rentals and neighborhood stability
- Coordinate and harmonize multiple funding streams including capital markets

FSG Definition

1. *Common Agenda*
2. *Shared measurement*
3. *Mutually reinforcing activities*
4. *Continuous communication*
5. *Backbone support*

Scaling through Collective Impact



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Competitively
priced/long
term capital

Single source
lender (e.g.
CDFI)

Property
preference

Mission
motivated
buyers,
owners &
managers

Local and
state
government
resources

Partnerships
with
program &
service
providers

Subsidies
targeting
challenged
populations

Property Disposition: Accessing Inventory for Housing Stabilization

Biniam Gebre, General Deputy Assistant Secretary for Housing, Department of Housing and Urban Development

Thomas Dombrowski, Freddie Mac

Jason Hall, Fannie Mae

Annie Carvalho, National Community Stabilization Trust

Developing Partnerships Towards Housing Stabilization

Kara Douglas, Contra Costa County

Paul Staley, Self Help Housing

Margaretta Lin, City of Oakland

Jennifer Duffy, Hello Housing