



Introduction to the National Community Stabilization Trust

National Coalition for Homeless Veterans
2012 Housing Summit



National Community
Stabilization Trust

T H E B R I D G E T O S T R O N G E R C O M M U N I T I E S

What is the National Community Stabilization Trust?

- An unprecedented campaign launched in 2008 to reclaim neighborhoods devastated by foreclosures and abandonment.
- Creates a bridge between two worlds – *the financial institution servicer/REO departments and the state and local housing providers.*

What does the Stabilization Trust do?

Transfer Properties

- Facilitates the effective transfer of foreclosed and abandoned properties to localities

Financing

- Provides flexible financing to support local and state efforts

Capacity Building

- Organizes and facilitates local collaborations working through our sponsor organizations

Focal Point

- Serves as an industry 'voice' for foreclosure remediation and neighborhood stabilization

HUD Neighborhood Stabilization Program

- **\$7 billion initiative to reclaim foreclosed and vacant property in target markets**
- **Funding used for acquisition, renovation, land banking, demolition, new construction, down payment assistance – *considerable flexibility***
- **Properties must be conveyed with a prescribed “discount”**

NSP I: \$4 billion has been “on the street” since April 2009

- 309 state and local grantees
- 99% of funds obligated; program income starting

NSP II: \$2 billion of funding started in May 2010

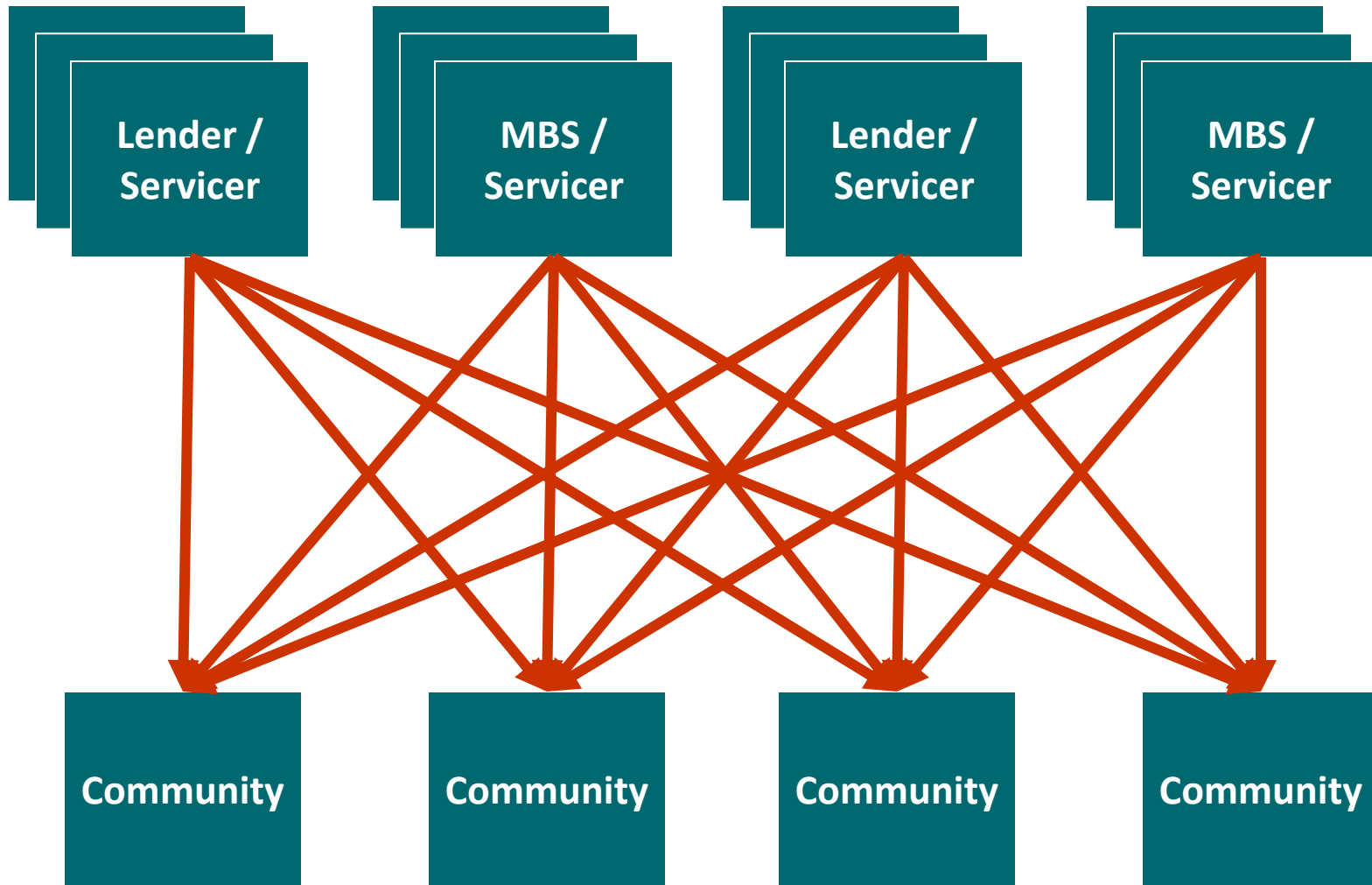
- 56 state, local, and non-profit grantees
- NSP2 funds – 60% Expended

NSP III: \$1 billion in funding announced in September 2011, starting now

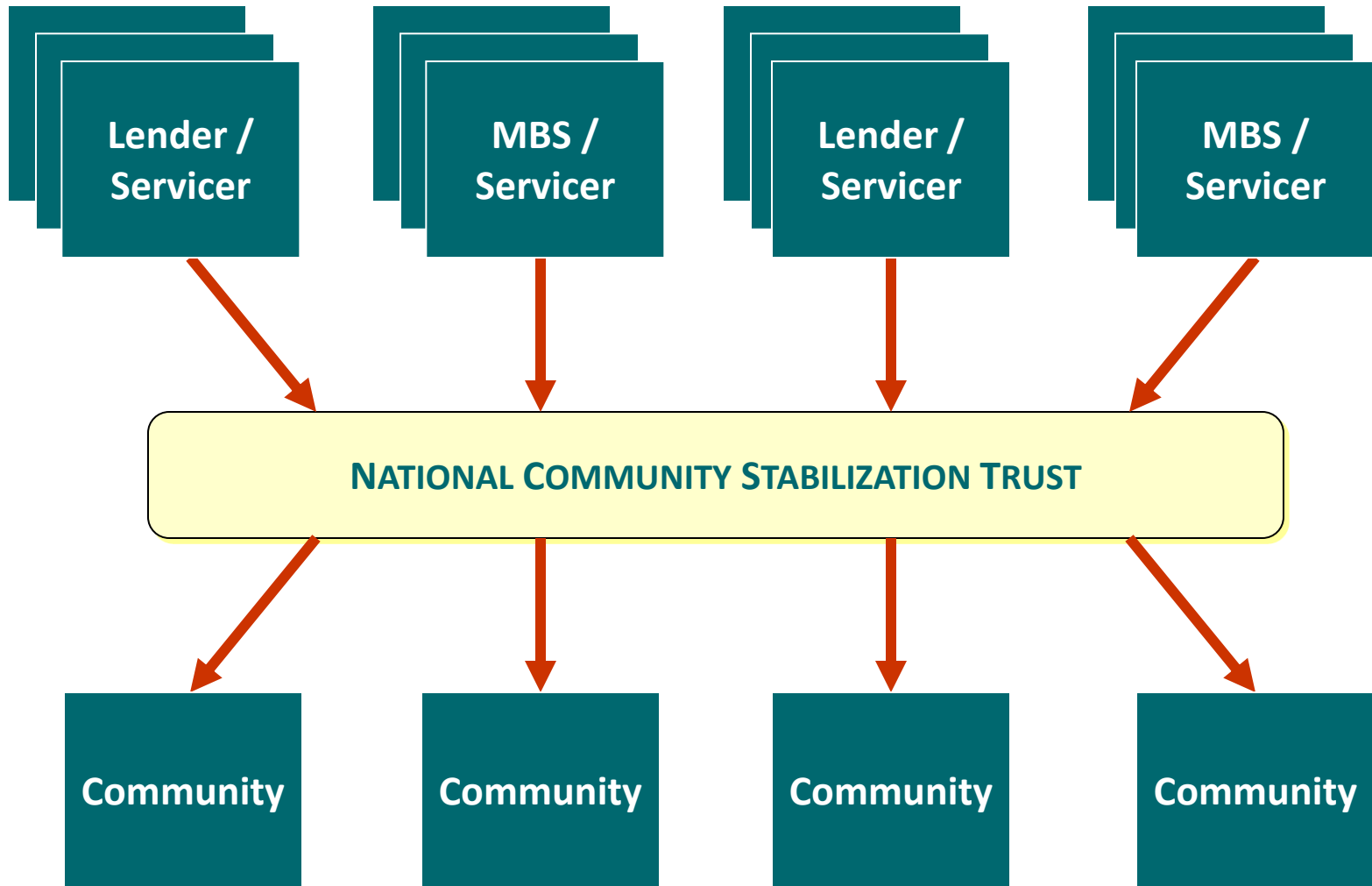
- 250 grantees w/ formula-based allocations to areas of high need



Transfer Foreclosed Properties



Transfer Foreclosed Properties



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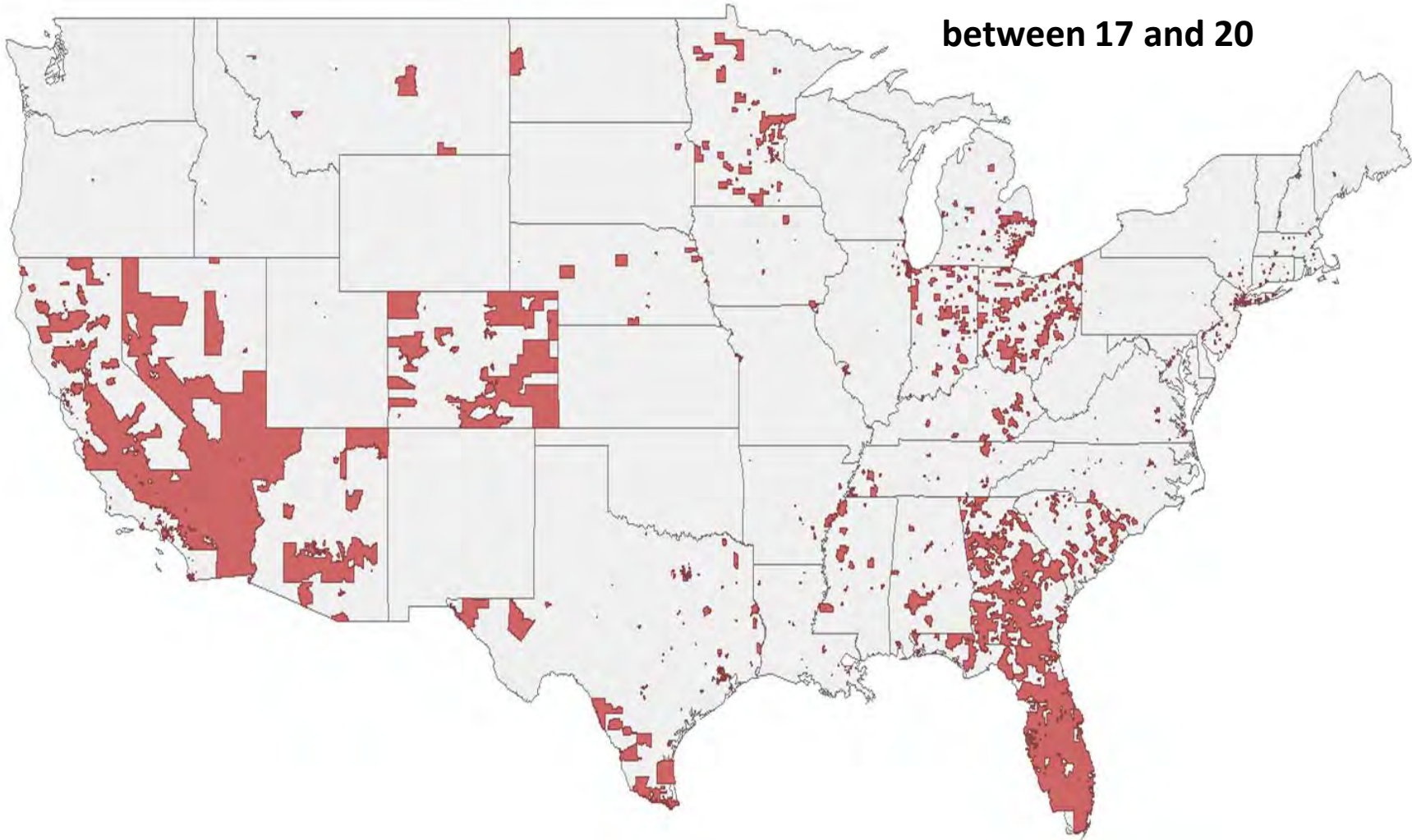
Key Obstacles to Neighborhood Stabilization

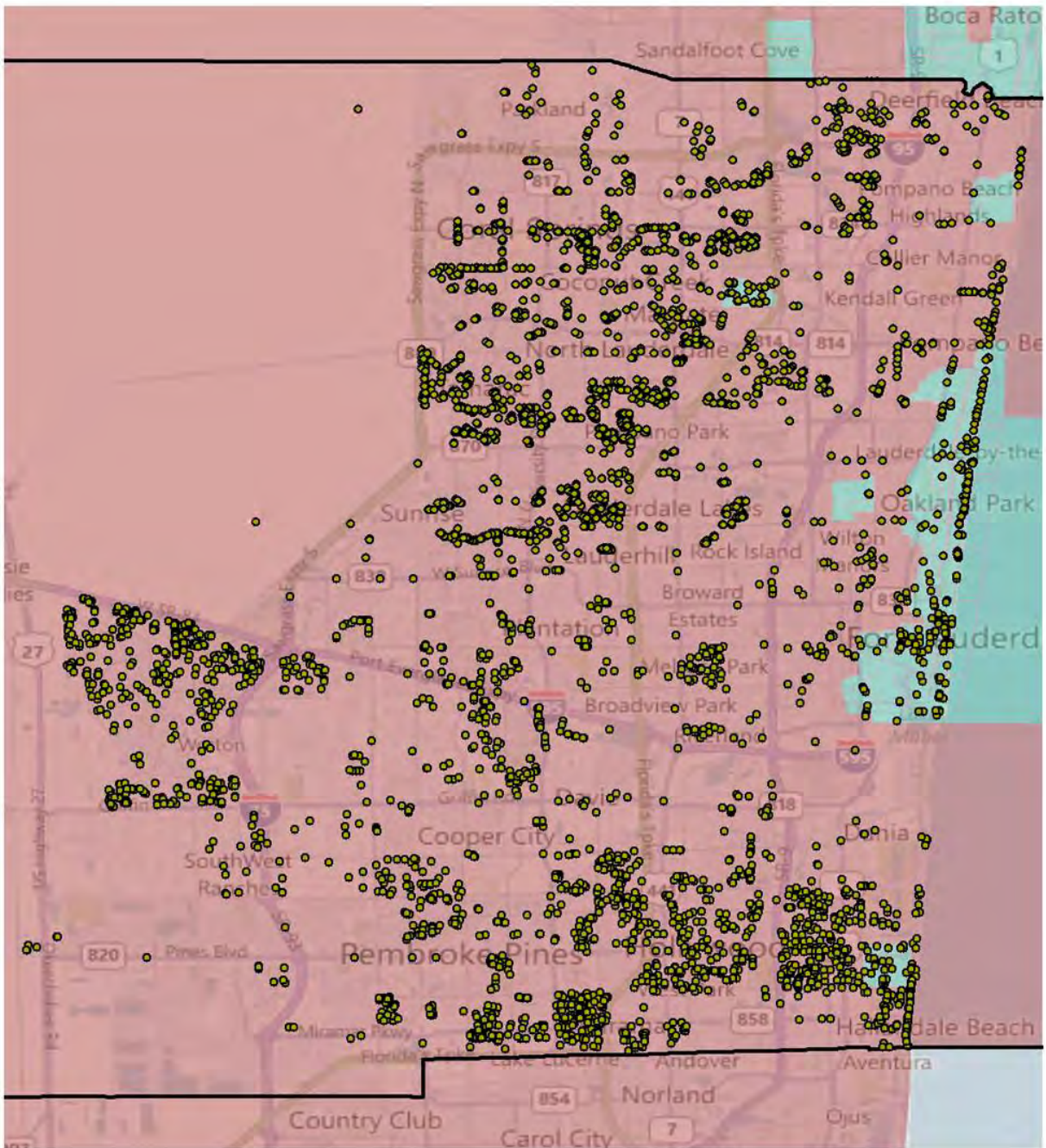
The Issue: The scale of current NSP efforts will NOT stabilize neighborhoods

- **Lack of local capacity – rebuilding the infrastructure to effectively respond takes time**
- **Inadequate community focus on the “end game”**
- **Lack of available REO property**
 - Investor competition – “fix and flip” buyers
 - Shadow inventory keeps growing
- **REO is increasingly held by a more diverse servicer community**
- **Pre-foreclosure disposition world is still evolving**
- **NSP and other public funds are insufficient and private capital on “sidelines”**
- **Lack of relevant technology**
- **Poorly coordinated private sector engagement**
- **The foreclosure process is too slow!**






Areas of High Housing Market Risk

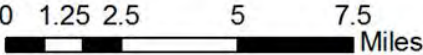
**Market Risk Scores
between 17 and 20**



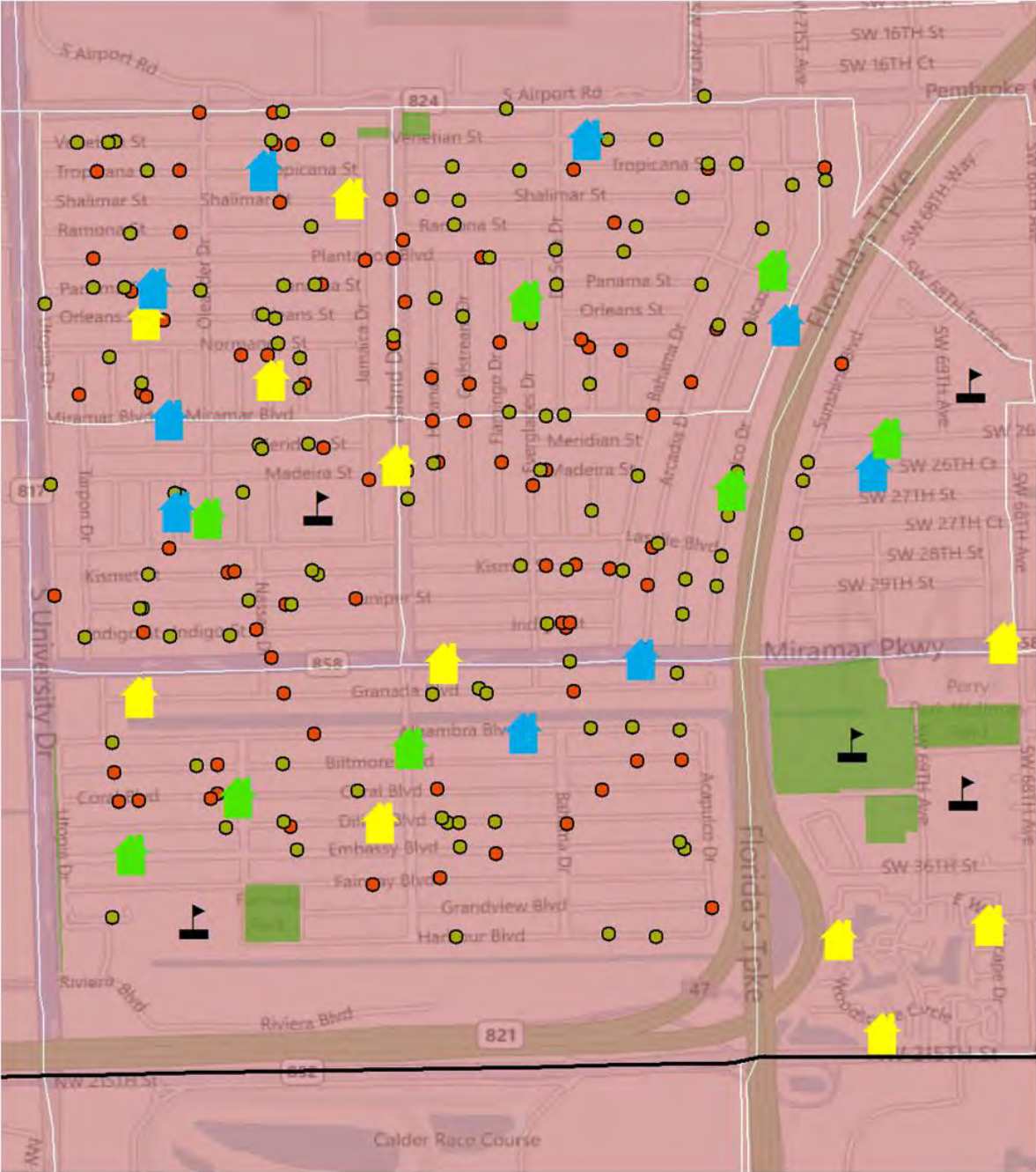


Market Stability in Broward County, FL

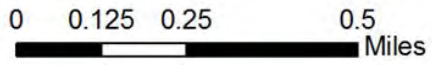
-  County Boundary
 -  State Boundary
 -  Notices of Default, 2011
- HUD Risk Score**
-  12-16
 -  17-20

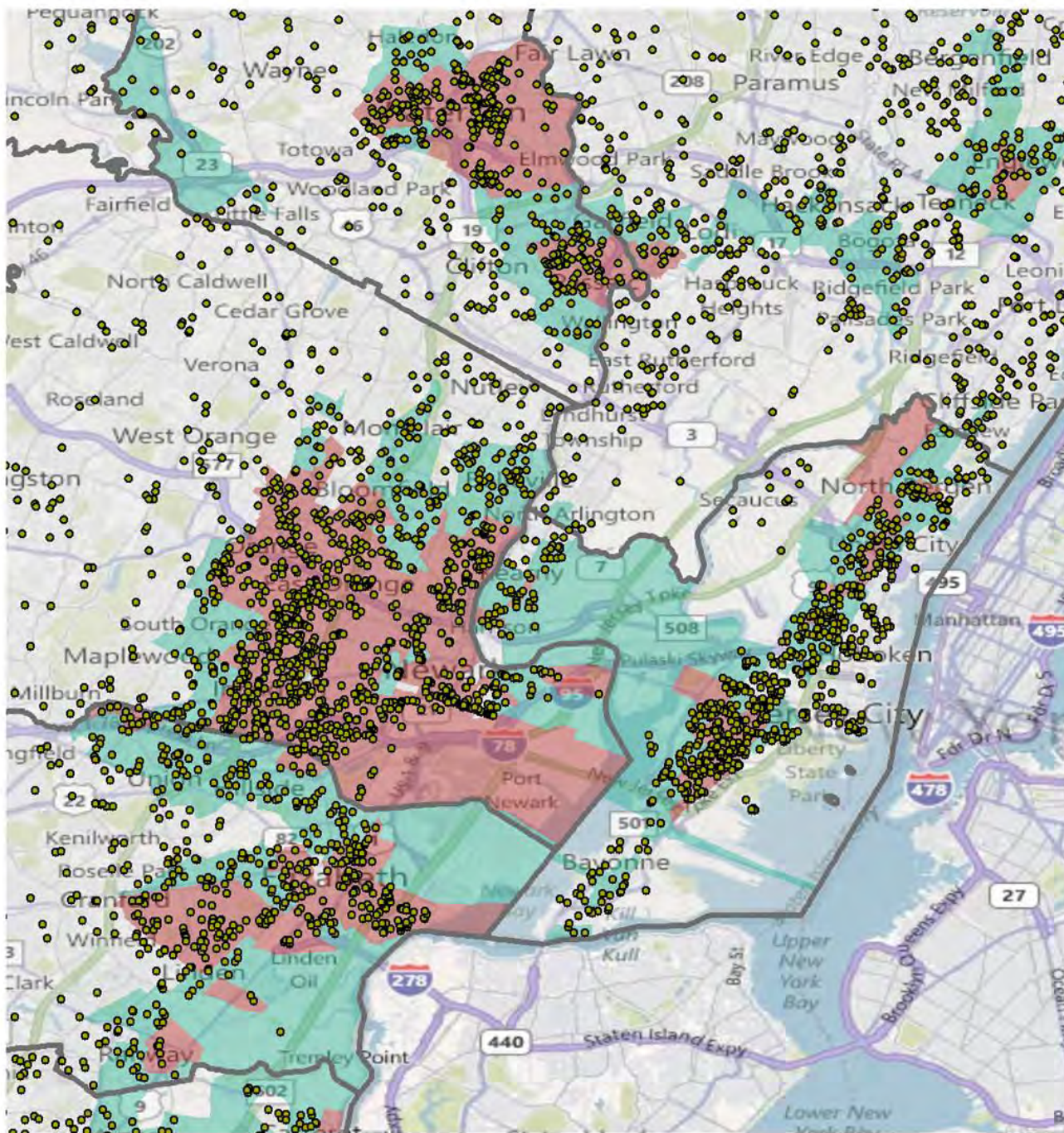


NSP Activity in Broward County, FL



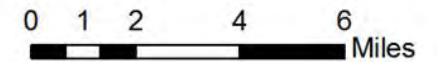
-  County Boundary
 -  State Boundary
 -  Public School
 -  City Park
 -  Notices of Default, 2011
 -  Real Estate Owned, 2011
- NSP Program Activity**
-  Rehabilitation
 -  Acquisition
 -  Homeownership Assistance
 -  Demolition
 -  Land Bank
- HUD Risk Score by Census Tract**
-  12-16
 -  17-20



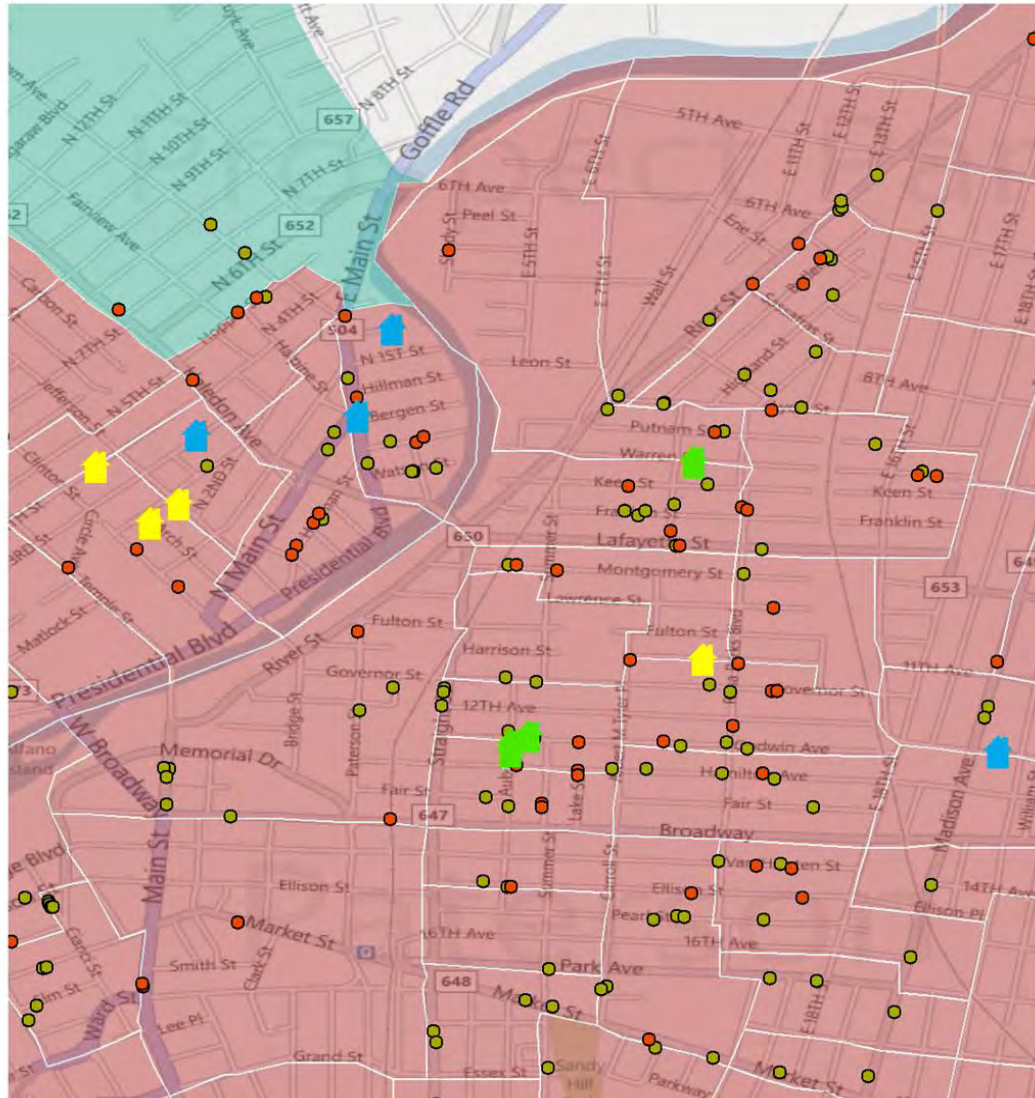


Market Stability in the Newark MSA

- Notices of Default, 2011
- ▭ County Boundary
- ▭ State Boundary
- HUD Risk Score**
- 12-16
- 17-20



Strategic Intervention in Newark



NSP Activity in the Newark MSA

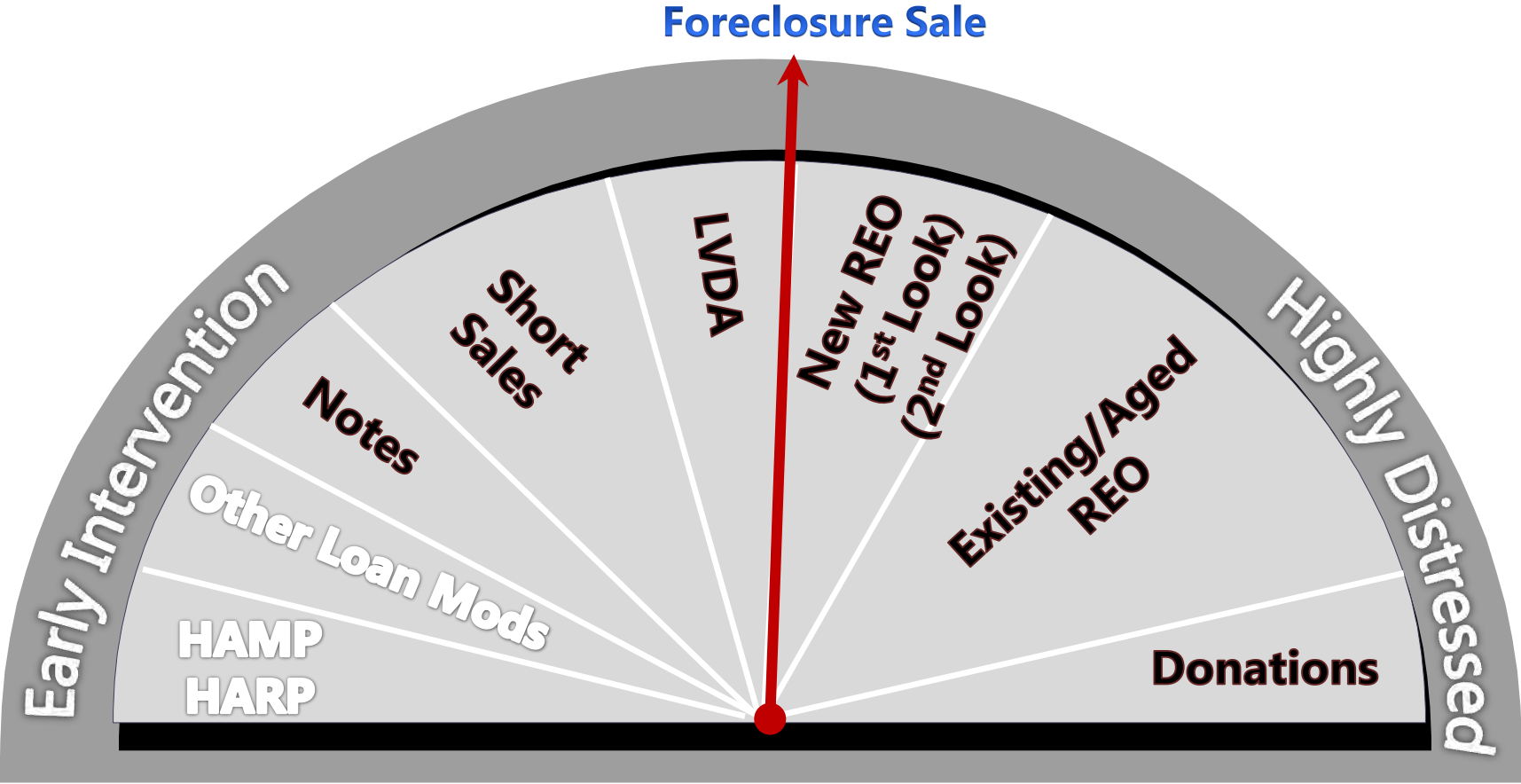
- Real Estate Owned, 2011
- Notices of Default, 2011
- County Boundary
- State Boundary
- NSP Program Activity**
- Rehabilitation
- Acquisition
- Demolition
- Homeownership Assistance
- HUD Risk Score by Census Tract**
- 12-16
- 17-20

0 0.225 0.45 Miles



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Distressed Asset Segments – The Sources



30-Day
Lates

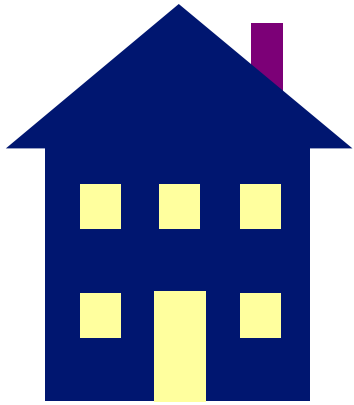


No Value

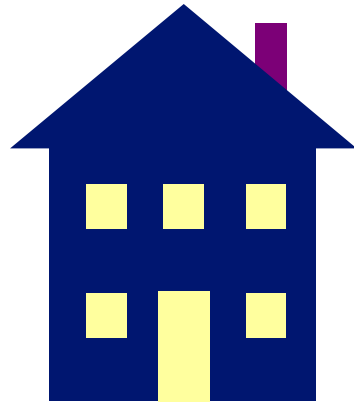


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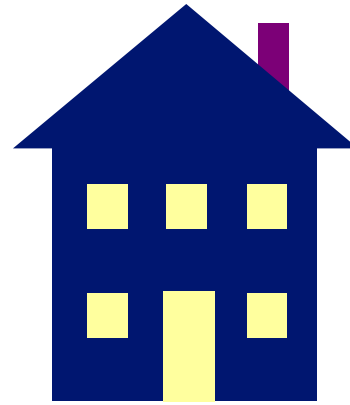
Neighborhood Stabilization – Property Uses



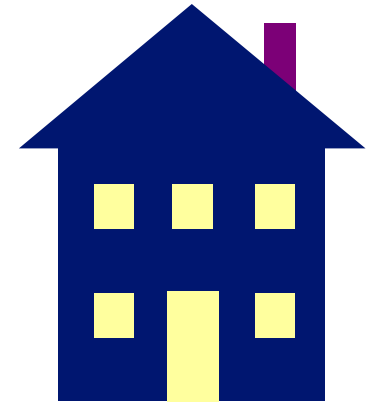
Homeownership



Lease-to-Own



Short-Term Rental



Long-Term Rental

Getting to Scale with Neighborhood Stabilization

Seven Key Steps:

1. **National First Look** – National property transform platform to enable economies of scale
2. **New Technologies** – Cutting edge technology to promote data-driven strategic planning and efficient program implementation
3. **Strategic Developer Engagement** – Increase volume of properties under renovation
 - Turnkey housing development that puts private capital to work
 - Expansion to a wider base of affordable housing developers
4. **Moving beyond REO**
 - Short sale executions that work
 - Purchasing “paper”, not property
5. **Low Value, Distressed Property** – More options on low value, distressed properties
6. **Leveraging Private Financing** – Accessing private capital for interim acquisition/rehab and permanent mortgages
7. **Rental Strategies and Bulk Executions**