Los Angeles Housing Department

Federal Reserve Board’s

Confronting the Neighborhood Impacts of Foreclosure:
Models of Vacant Property Disposition

Mercedes Márquez, General Manager

October 20, 2008
How Big is L.A.?

Los Angeles could easily contain the combined physical areas of:
- Boston
- Cleveland
- St. Louis
- Pittsburg
- Minneapolis
- Milwaukee
- San Francisco
- Manhattan
Housing Stock Comparison

Los Angeles, CA: 53%
Chicago, IL: 70%
St. Louis County, MO: 23%
San Francisco, CA: 66%
Boston, MA: 83%
Atlanta, GA: 51%
Cleveland, OH: 46%

Source: ACS 2007

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Supporting safe and livable neighborhoods through the promotion, preservation and development of affordable housing

http://lahd.lacity.org/
1-866-557-RENT
NSP: Data Drives the Strategy

- To develop a Neighborhood Stabilization Program, the LAHD has:
  - analyzed and mapped foreclosure data
  - convened a data-focused working group of experts, academics and the Federal Reserve
  - mapped 18 months of foreclosure data (January 2007 - June 2008)

- Mapping foreclosures city-wide has revealed:
  - scale, location and income (up to 120% AMI)
  - hardest hit areas are: South Los Angeles and neighborhoods in the Valley
  - housing types varies by region, i.e. multifamily foreclosures are clustered in South LA, single-family foreclosures are concentrated in the Valley
LA’s Neighborhood Stabilization Program

- LA’s Neighborhood Stabilization Program will employ multiple strategies:
  1. Holding Company: acquire, rehab and dispose of foreclosed properties
     - Single-family and multi-family properties
  2. Walk-In Program: down payment and rehab assistance
     - Single-family properties

- LA will receive a direct allocation of $33 million HERA’s NSP funds

- These new foreclosure resources will help the City achieve multiple goals, including:
  - Neighborhood stabilization
  - Preservation of affordability
  - TOD targeting
Maximizing Our Resources

• Use HERA NSP funds to support local neighborhood stabilization efforts by leveraging:
  – the New Generation Fund
  – existing local (Affordable Housing Trust Fund) and state resources (Prop 1C, tax credits)
  – HUD lead abatement grant funds

• LA will apply for additional HERA NSP funds from state
Holding Company

- The Holding Company will:
  - Acquire foreclosed properties
  - Oversee competitive process
  - Oversee rehabilitation of foreclosed properties
  - Make properties available for sale

- LAHD will underwrite the purchase assistance and rehab loans

- The Holding Company will employ disposition strategies for both single- and multi-family properties
Holding Company:
Multi-family Disposition Program

- Disposition of Multi-family Properties
  - In priority target areas, bid out for scattered site acquisition through the holding company
  - Leverage tax credits and bonds for rehabilitation

- Analyzing multi-family housing stock
  - To further identify multi-family purchase opportunities, the LAHD will use:
    - code enforcement
    - buildings referred to the City Attorney for nuisance abatement, and
    - properties in the Rent Escrow Account Program (REAP)
  - Analysis will better direct the preservation of rent stabilized units and help avoid tenant displacement

- LAHD will perform underwriting for these loans
Multi-Unit Building Foreclosures
January 2007 - June 2008
City of Los Angeles:
by Address, Council District & 120% AMI or Below

Multi-Unit Building Foreclosures

<table>
<thead>
<tr>
<th>Total Buildings</th>
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<tbody>
<tr>
<td>629</td>
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<table>
<thead>
<tr>
<th>Total Units</th>
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<tbody>
<tr>
<td>3,798</td>
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</tbody>
</table>

- 2007: 2 - 4 units: 280
- 2008: 1st Quarter: 2 - 4 units: 440
- 2008: 2nd Quarter: 2 - 4 units: 20
- 2007: 5 units or more: 13
- 2008: 1st Quarter: 5 units or more: 16
- 2008: 2nd Quarter: 5 units or more: 16

Income by Census Tract: 120% AMI or Below

City Council Districts

Los Angeles Housing Department
LAHD

Source: DataQuick Information Systems; 2000 Census; SPI
Holding Company: 
Single-family Disposition Program

- Disposition of Single-family properties programs:
  - Single-family dwellings target area program:
    - Discounted properties from servicers/lenders’ portfolios will be rehabbed and re-sold to qualified buyers (up to 120% of AMI)
    - Homebuyer education
  - Single-family dwellings “right sizing” program:
    - In priority target areas, properties will be “right sized” (i.e. one bedroom and one bathroom will be added to small homes)
  - LAHD will perform the underwriting for these loans
Single Family Home Foreclosures
January 2007 - June 2008
City of Los Angeles:
by Address, Council District & 120% AMI or Below

SFH and Condo Foreclosures
- 2007
- 2008 - 1st Quarter
- 2008 - 2nd Quarter

Total Units
9,125

*Single units, including condos.
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Council District 7
City of Los Angeles
Foreclosures:
January 2007 - June 2008

Foreclosures
- Single Family Home
  or Condo: 1,336
- 2 - 4 Units: 29
- 5 Units or More: 0

Grand Total: 1,365

Median Income
by Census Tract
(as percent of AMI)
- 50% or below: 0
- 61 - 80%: 163
- 81 - 120%: 617
- 120% or above: 695

CRA/LA Project Area
- Pacoima/Panorama City
- City Council Districts
- Streets
- Outside City of Los Angeles

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LAHD
Pacoima
City of Los Angeles
Foreclosures:
January 2007 - June 2008

Foreclosures

<table>
<thead>
<tr>
<th>Type</th>
<th>Total Number</th>
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<tbody>
<tr>
<td>Single Family Home</td>
<td>329</td>
</tr>
<tr>
<td>2 - 4 Unit Building</td>
<td>13</td>
</tr>
<tr>
<td>Grand Total</td>
<td>342</td>
</tr>
</tbody>
</table>

Median Income by Census Tract
(3x percent of AMI)

- 51 - 80%: 32
- 81 - 120%: 300

CRA/OLA Project Area

- Pacoima/Panorama City
- City Council Districts
- City of Los Angeles
- Park Area
- Outside City of Los Angeles

*Includes Condos.
Walk-In Homeownership Program

Walk-in Program – In Target Areas:

- Purchase and rehab assistance for low/mod families earning up to 120%AMI ($90,960 for a family of four)
  
  • Total amount of assistance: no more than $100,000 for any combination of purchase and rehab assistance (approximately $30,000 per unit for rehab)
  
  • Health and safety rehab standard will be used; only actual code items will be repaired, major systems, and exterior painting.
Conclusion of Presentation

Mercedes Márquez, General Manager

http://lahd.lacity.org