Land Bank - San Diego

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City/County Reinvestment Task Force
Current Conditions

- There is a need for affordable housing not being met by available funding.
- High foreclosures in low-mod neighborhoods, inhibit stability and escalate decline.
- Foreclosures increase relative to equity decrease.
- Purchases at the bottom of the market stabilizes the market.
- Federal laws establish a national fund ($3.5) for local land banks.
- Hedge funds purchases at reduced rates do not fully contribute to neighborhood economic stability and may prolong market instability.
Low Income

San Diego County Low Income Tracts

Median Sale

Foreclosures

Q1 2006, Q2 2006, Q3 2006, Q4 2006, Q1 2007, Q2 2007
San Diego County Middle Income Tracts

- Median Sale
- Foreclosures

Q1 2006 to Q2 2007

Y-axis: 370000 to 440000
X-axis: Q1 2006 to Q2 2007
Structural Characteristics

- Oriented to large scale acquisition with discount creating affordability
- Established for response to foreclosure environment with long term Land Trust as permanent entity
- Funded largely by private investment offering measured return with public and foundation subsidies;
- Linked to community organizations for rehabilitation, down payment assistance as well as maintaining long term affordability;
- Likely quasi public non-profit with for profit subsidiary;
- Ongoing partnership with for profit sub contractors for acquisition property identification, rehabilitation, management and financing;
Getting Ready-
Organizational Response

- Data to Identify
  - Volume
  - Geography
  - Ownership
  - Value

- Assess Multi-level Response Capability
  - Foreclosure counseling
  - Homebuyer programs/ pre-qualification strategy
  - Rehabilitation resources (non-profit/ public/ private)
  - Funding opportunities
Getting Ready - Organizational Response

• Assemble stakeholders to plan strategy, scale and targeting
  • Multi-level Response
    • Community
    • City
    • Region

• Stabilize Organizational Structure
  • Public/ private/ community overlay

• Identify production capability
  • Acquisition
  • Appraisal
  • Rehabilitation
  • Resale
• Implement funding actions/ commitments
  • Public
    • Bonds
    • Redevelopment
    • CRA Investments
    • State/ Federal funds
    • New Market Tax Credits
    • Grants
  • Private
    • Program Related Investments
    • Pension funds (linked to homebuyers)
    • Private Investors
Getting Ready-
Organizational Response

- Pursue Discounted Acquisitions
  - Brokers
  - Agents pre trained on priorities
  - Lenders
  - Government Secondary Markets
  - Advocacy
Lender Incentives/Benefits

- Assist in maintaining value of non foreclosed properties in high concentration markets;
- Potential tax benefits from property transfer to non-profit organization;
- Potential for back end new home buyer lending;
- CRA investment opportunity with reasonable return;
- Removal of foreclosed properties from balance sheets as non-performing loans;
- Reduction of cash reserve obligations related to foreclosed properties;
Evaluation

- Tracking sales prices, property values, and sales volume
- Diversification of exit outcomes related to return
- Assessment of process (acquisition, preparation and distribution)
- Achievement of socio-economic benefits (jobs, improved units, homeownership, etc)