



March 13, 2019

New Early Access Program, Buyer Merger Success Story, Oversight Questions, and more!

New Early Access Program Provides Additional Acquisition Opportunities for Buyers



by Erin Persons, NCST

In a time when REO inventory continues to shrink, many financial institutions are looking at alternative ways to market their properties. Often, they are turning to an auction platform early in the REO process, before they have taken the property into their REO inventory. This enables them to save both time and money, as they do not wait for redemption periods to run or for occupants to vacate.

Last year, Freddie Mac began to market its properties through an auction site on a limited basis. Upon review of its results, Freddie has decided to use this approach for its entire portfolio.

While the use of the auction platform means process changes for NCST, it also enables us to offer Freddie Mac properties in the NSI markets earlier in the foreclosure timeline. We are calling this new program “Freddie Mac Early Access.” Combined with other programs, potential buyers to see the property up to three different times:

- **Freddie Mac Early Access Program** – Properties are provided to NCST as soon as they reach REO. These properties have not been trashed out, may still be in a redemption period and may have occupants (owner/renter). NCST Buyers are given the opportunity to purchase the property at what Freddie Mac believes to be an aggressive price prior to the property being listed on auction.com for all purchasers. Buyers may only inspect properties that are vacant and not still in a redemption period.
- **NSI First Look Program** – Properties are provided to NCST if they do not sell through the early auction process. In this program, REO preparation such as trash out, eviction, redemption, etc., is complete. Buyers may inspect all of these properties, and Freddie Mac prices the properties using a model that takes into consideration

cost savings based upon a quick sale.

- **Second Look Program** – When properties do not sell through First Look and then are not sold within 90 days of being placed on the market, they are offered to NCST buyers as a “Second Look.” Pricing will reflect actual market conditions now that the property has been through formal marketing. Buyers may inspect these properties as well.

NCST is excited that Freddie has arranged to partner with us through all of the processes described above. Providing buyers with repeated opportunities to acquire Freddie Mac properties ensures that key properties for neighborhood stabilization are not missed.

Is your organization sourcing properties through auction sites? Are there other innovative ways your organization is currently acquiring properties? If so, please share them with us so that we can get the word out to other buyers. Contact us at buyer@stabilizationtrust.org to set up a time to discuss.

Erin Persons serves as Vice President of Program Operations for NCST.

Buyer Spotlight

New Merger Offers Potential for Greater Impact



by Dawn Stockmo, NCST

As a former CDC executive director who started merger conversations with another CDC, I am very impressed with a new merger of three organizations. As of January 2019, the combination of three equals—Affordable Housing Corporation of Lake County (AHC), Community Partners for Affordable Housing (CPAH) and Lake County Residential Development Corporation (LCRDC)—will now operate under the name Community Partners for Affordable Housing (CPAH).

While many experts talk about nonprofit collaboration, this merger goes to the next level. Three successful organizations with more than 80 years of combined experience joined forces without laying off staff and with the larger goal of ultimately increasing the number of people being served and resulting in greater impact. “Our organization will serve more people and offer more housing,” said Rob Anthony, who has been appointed president of the newly created nonprofit and was previously AHC’s executive director. “Each of the three original organizations has had considerable success in specialty areas of affordable housing and now we can more effectively meet clients wherever they are on their homeownership or rental journeys.”

Properties offered by CPAH are located across the north and northwest Chicagoland area—including parts of northern Cook, Lake and McHenry Counties. The new CPAH serves as a coordinated point of entry to assist residents with financial counseling, rental housing, home buying, home repairs, accessibility improvements and saving homes from foreclosure. The organization will also continue to operate the first Community Land Trust program in Illinois and assist multiple municipalities in administering their affordable housing programs.

Thus far, 115 properties were purchased by the three organizations through NCST. Highlights of their property rehabilitation work include two properties in a northern suburb of Chicago that are examples of true neighborhood stabilization. In both cases, the ultimate homeowners completed home buyer classes offered by Affordable Housing of Lake County with one property coming from Fannie Mae and the other from Freddie Mac.

Property 1:

Four bedroom, 2 bath 1,288 SF rambler had \$63,000 in rehab expenses including \$14,000 in kitchen repairs; \$13,000 in bedroom repairs; \$12,500 in exterior repairs and was completed in early 2018.

Property 2:

Three bedroom, 1.5 bath, 1,004 SF house had almost \$60,000 in rehab expenses including \$13,000 for the exterior and garage; \$10,400 in kitchen; \$5,000 in bedrooms and was completed in the fall of 2017.

Dawn Stockmo serves as Community Development Director for NCST.

Property 1: Before Rehab:



Property 1: After Rehab:



Property 2: Before Rehab



Property 2: After Rehab



Policy Corner

Ten Questions that Congress Could Ask about Single Family Rentals



by Theo Chang, NCST

March is a busy month for consumer and financial issues oversight, with seven separate hearings [scheduled](#) by the House Financial Services Committee on topics ranging from Wells Fargo's abuses to disaster recovery funding. Chairwoman Waters previewed these priority areas in her first [policy speech](#) back in January, where she also emphasized a renewed focus on the current housing

affordability crisis that is rooted in the financial crisis and directly tied to homeownership and rental opportunities.

One important issue NCST is encouraging Chairwoman Waters to explore is today's single family rental market, a topic we have [written](#) and spoken about frequently. This sector has transformed since the financial crisis in a way that has significant implications for tenants, aspiring homeowners, communities, and the nation's housing market as whole. The rental sector used to be dominated by so-called "[mom and pop](#)" [investors](#) who were often neighbors or other local residents. Today, investment in single family rental has been supercharged by billions of dollars of private equity money, foreign investors, single family rental securitization, REITs, bulk sale of nonperforming loans by FHA and the GSEs, and a variety of technology innovations ranging from auction sites to national property management utilities to "[ibuyers](#)."

One of the biggest challenges in understanding the implications of the new single family rental market is the dearth of public data. At the most basic level, we don't even [know](#) exactly how many homes have been purchased or built by investment firms. The main way to research homeowners is by combing through individual state and local public databases – and even then, the only available information may be the name of an LLC that is a '[shell company](#)' for a larger corporation, making it vastly more difficult for the public to understand homeownership and rental trends, or to even know who truly owns the homes in their neighborhood.

These observations suggest that a House Financial Services Committee hearing on single family rental could provide important insights on the affordability crisis for both homeowners and tenants. A hearing could explore a number of questions, including the following:

1. What percentage of homes in the single family rental market are owned by investors or firms outside of the community in which the homes are located?
2. How many single family homes have moved from owner-occupancy to rental in the

last ten years?

3. Have home prices for buyers increased in areas with high concentrations of investor-owned rental homes?
4. How do rents for locally owned single family homes compare to the rent that is charged to tenants of corporate-owned homes, and how frequently do corporate landlords raise the rent?
5. Are corporate landlords accepting housing vouchers?
6. How often do corporate landlords evict tenants compared to local landlords?
7. What types of tenant complaints have been filed against corporate landlords, and at what scale?
8. What percentage of vacant and/or tax delinquent single family homes are owned by absentee landlords?
9. How have auction websites and ibuyers contributed to the transition of single family properties from owner occupancy to rental?
10. How are new financial instruments such as single family rental securitization working?

Finding the answers to these questions can help guide legislators and other policymakers as they work to support affordable, safe and habitable rental, and increased access to affordable homeownership.

Theo Chang serves as Senior Policy Associate for NCST.

Industry News

- [Housing Industry To FHFA: Go slow on GSE reform](#)
[NCST co-signed the letter mentioned in this article]
<https://www.housingwire.com/articles/48363-housing-industry-to-fhfa-go-slow-on-gse-reform>
- [Wall Street, Seeking Big Tax Breaks, Sets Sights On Distressed Main Streets](#)
<https://www.nytimes.com/2019/02/20/business/taxes-hedge-funds-investors-opportunity-funds.html>
- [Housing Is Already In A Slump. So It \(Probably\) Can't Cause A Recession.](#)
<https://www.nytimes.com/2019/02/19/business/economy/housing-recession.html>
- [A Billion-Dollar Empire Made Of Mobile Homes](#)
https://www.washingtonpost.com/business/economy/a-billion-dollar-empire-made-of-mobile-homes/2019/02/14/ac687342-2b0b-11e9-b2fc-721718903bfc_story.html?utm_term=.1493c60accd9
- [Oakland's Vacant-Property Tax Takes Effect, Sparking Hope - And Alarm](#)
<https://www.sfchronicle.com/business/networth/article/Oakland-s-vacant-property-tax-takes-effect-13563273.php>
- [U.S. Existing Home Sales Fall Sharply To Three-Year Low](#)
<https://www.reuters.com/article/us-usa-economy-housing/us-existing-home-sales-fall-sharply-to-three-year-low-idUSKCN1QA20Z>
- [Study Shows What Happens After Blight Is Removed From Detroit](#)

Industry Conferences

NCST team members attend and serve as panelists for selected industry conferences and events. We enjoy the opportunity to see and meet our partners, as well as share our industry knowledge.

March:

- **13-14:** Greater Ohio Policy Center Summit, Columbus, OH. Chris Garland will be a panelist.

April:

- **15-17:** NACEDA People & Places 2019, Arlington, VA. Julia Gordon will be a panelist.
 - **29-May 1:** Building Michigan Communities Conference, Lansing, MI. Chris Garland will be a panelist.
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Community Buyers - Share Your Property Success Stories

Buyers - we'd like to share your accomplishments - please do brag a little! In REOTrack, when you submit your final reporting, click on the "Good Story Flag" box and we'll take it from there.

Staff, Phone or Email Changes?



NCST Community Buyers: Had a recent staff change? Or updated your email address or phone number? Please alert our Buyer Team to any changes so they can update your records. To participate in our purchasing programs, it's very important we have the correct contact information for you and your team.

Please email updates to: Buyer@StabilizationTrust.org.

NCST Email Addresses

Sending an email to an NCST team member? Please include the team email box. This ensures a timely response to your email in case your primary contact is out of the office.

- Desk@StabilizationTrust.org - property transaction questions and assistance
- ReoTrack@StabilizationTrust.org - post-closing questions and assistance
- Buyer@StabilizationTrust.org - questions about program guidelines, target areas, and additional programs
- NewBuyer@StabilizationTrust.org - for more information about becoming an NCST buyer





About NCST: The National Community Stabilization Trust (NCST) is a non-profit organization that works to restore vacant and abandoned properties to productive use and protect neighborhoods from blight. Our programs facilitate the rehabilitation of vacant but structurally sound homes, enable safe, targeted demolition when necessary, and support creative and productive re-use of vacant land.

[View as Webpage](#)