

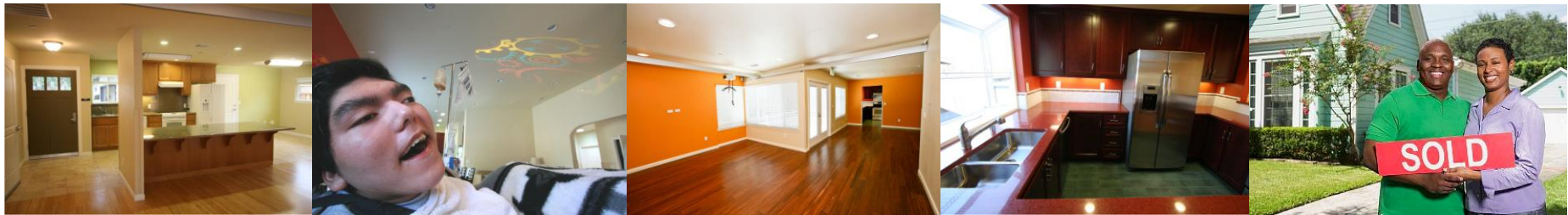


# National Association of Realtors Conference

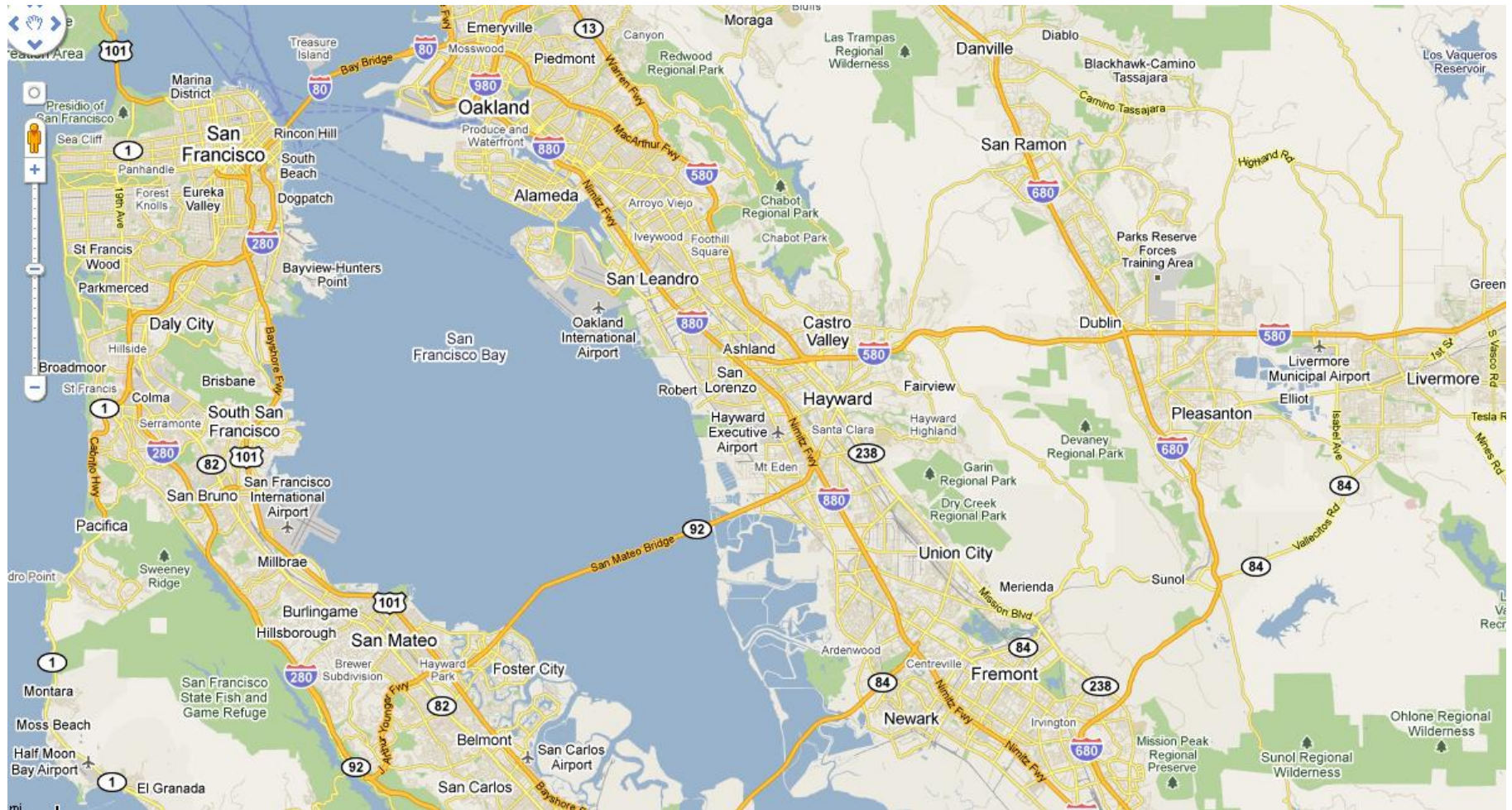
November 6, 2010



Working at the intersection of  
finance, policy, design and community  
to create affordable housing for people most in need.

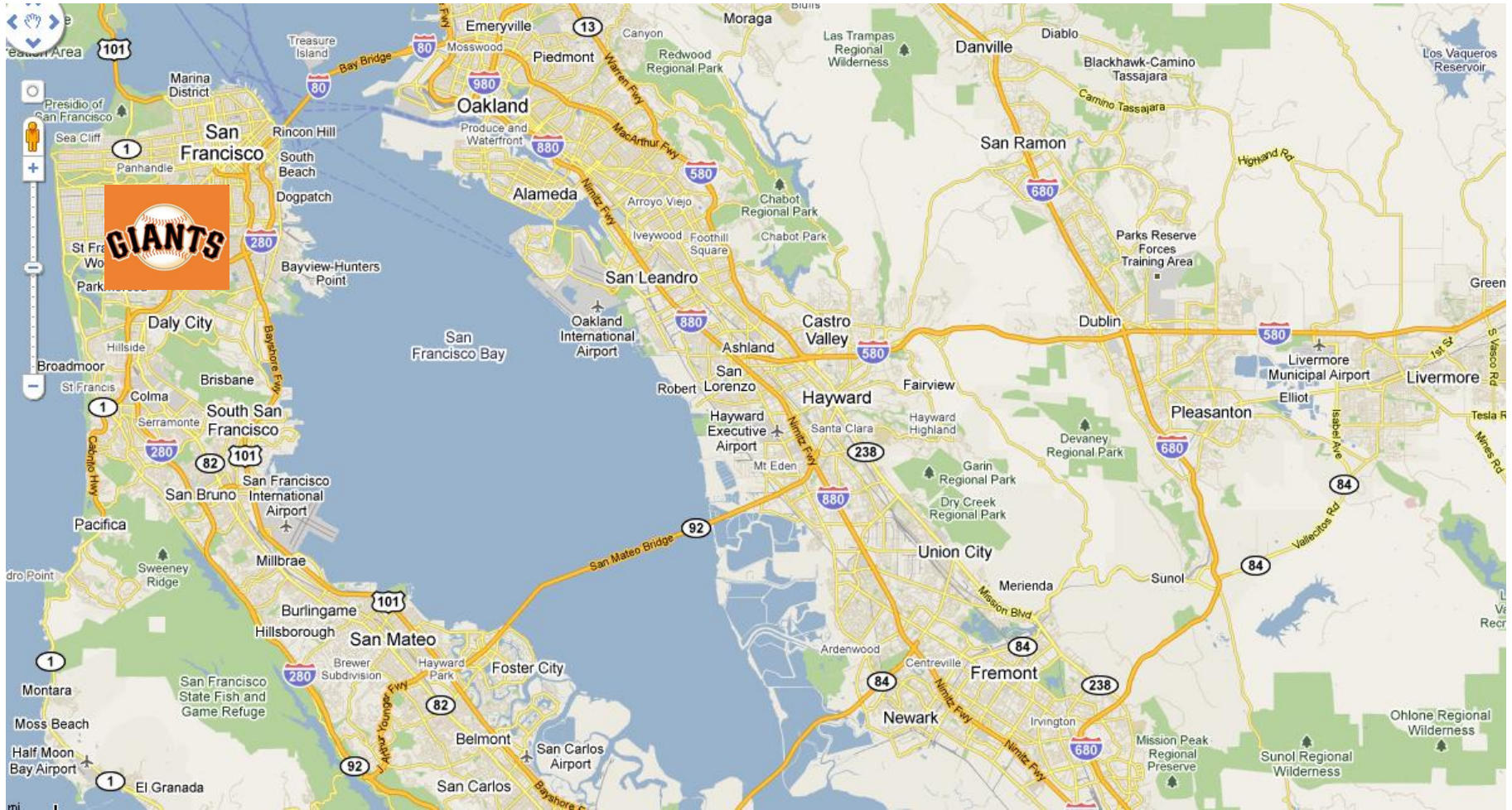


# The Bay Area



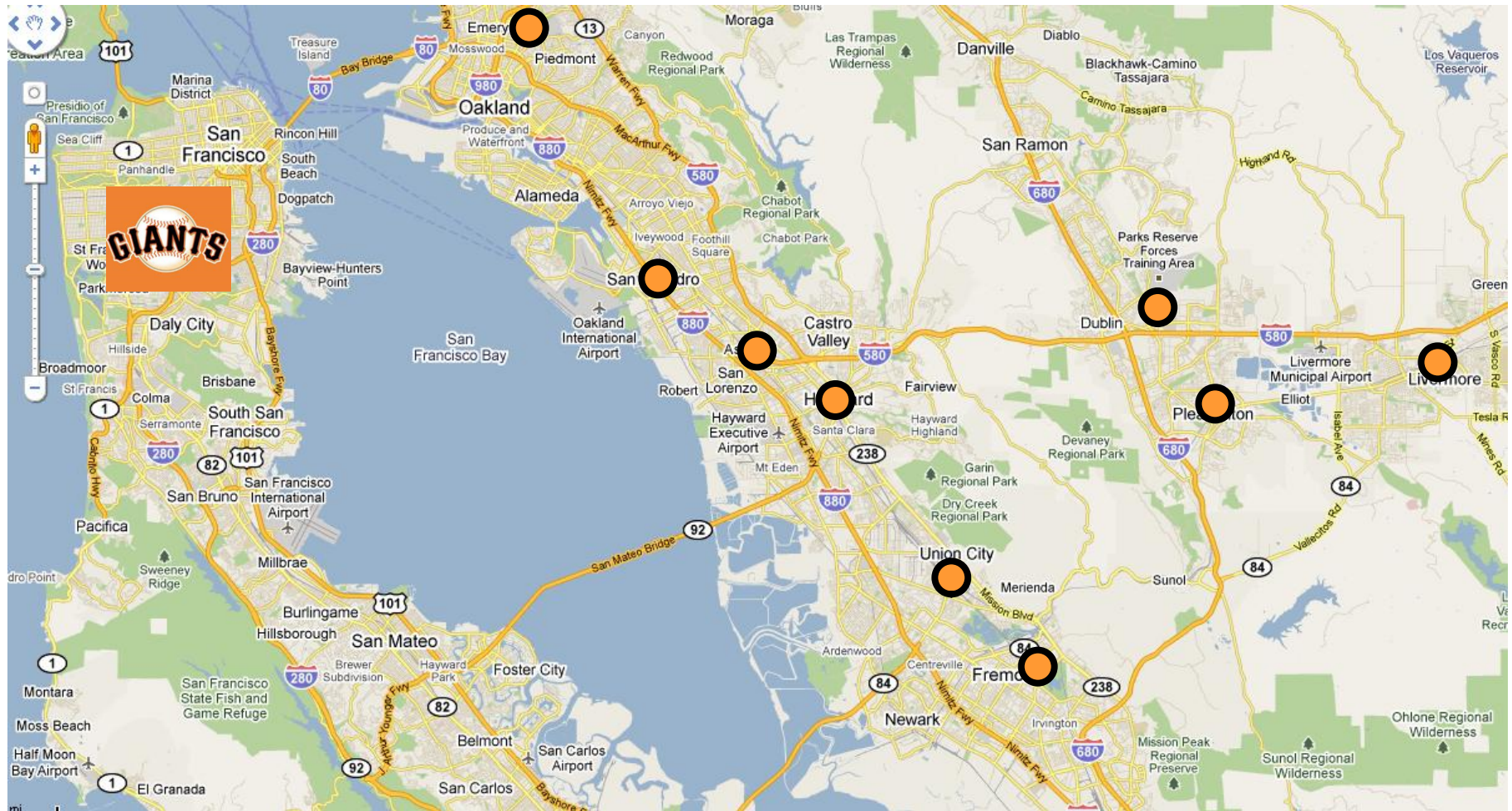


# The Bay Area





## Our NSP Target Areas



## Local realtor associations have been critical in allowing us to efficiently:

- Learn about local market dynamics
- Educate the real estate professional community about the intent of the Neighborhood Stabilization Program overall (stabilize communities)
- Educate the real estate professional community about the benefits of NSP for a potential buyer (major renovations compared to other homes on the market)
- Describe how NSP overlaps (or doesn't) with local down payment assistance programs
- Disseminate announcements about NSP homes available for sale
- Opportunity to network

# The Bay Area Market

- ~ \$75 million in NSP funds awarded
- 8 NSP grantees (cities, counties and consortiums)
- 6 developers actively implementing NSP
- Multiple offer environment on original REO purchase
- Cash investors are widespread
- Low end sales price after renovations is \$135,000
- High end sales price after renovations expected to reach \$375,000
- Higher prices require layering of multiple down payment assistance programs, adding complexity
- Resale very challenging in higher cost markets
- Approximately **\$130,000** in permanent subsidy stays in each house

## A typical home (2 bedroom/2 bath/1 car garage)

Before



Most recent sale in 2004 for \$330,000

Purchased by HCS for \$223,000

Put in \$140,000 in improvements

After

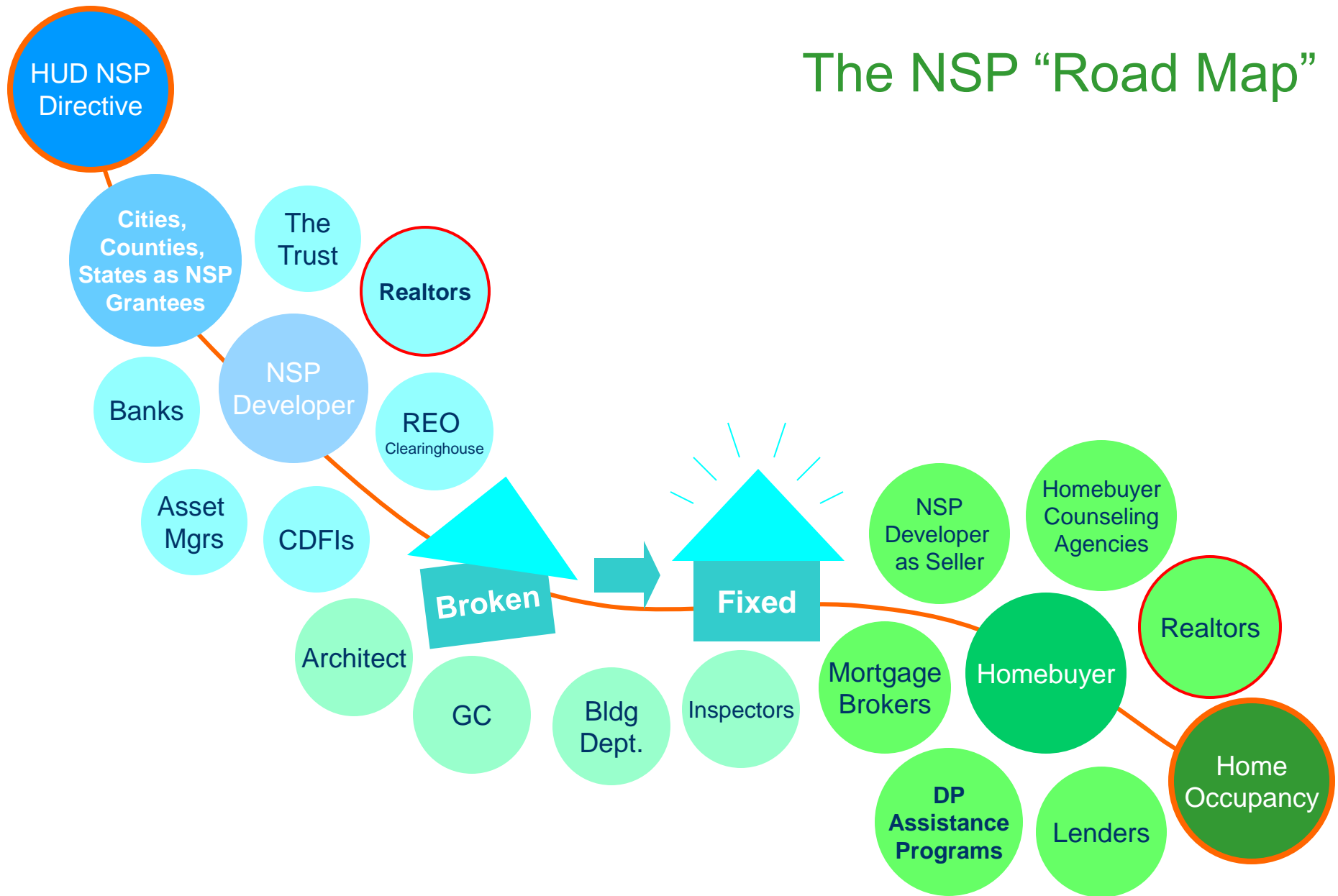


As-Complete Appraisal \$290,000

Offer Price: \$285,000



# The NSP “Road Map”

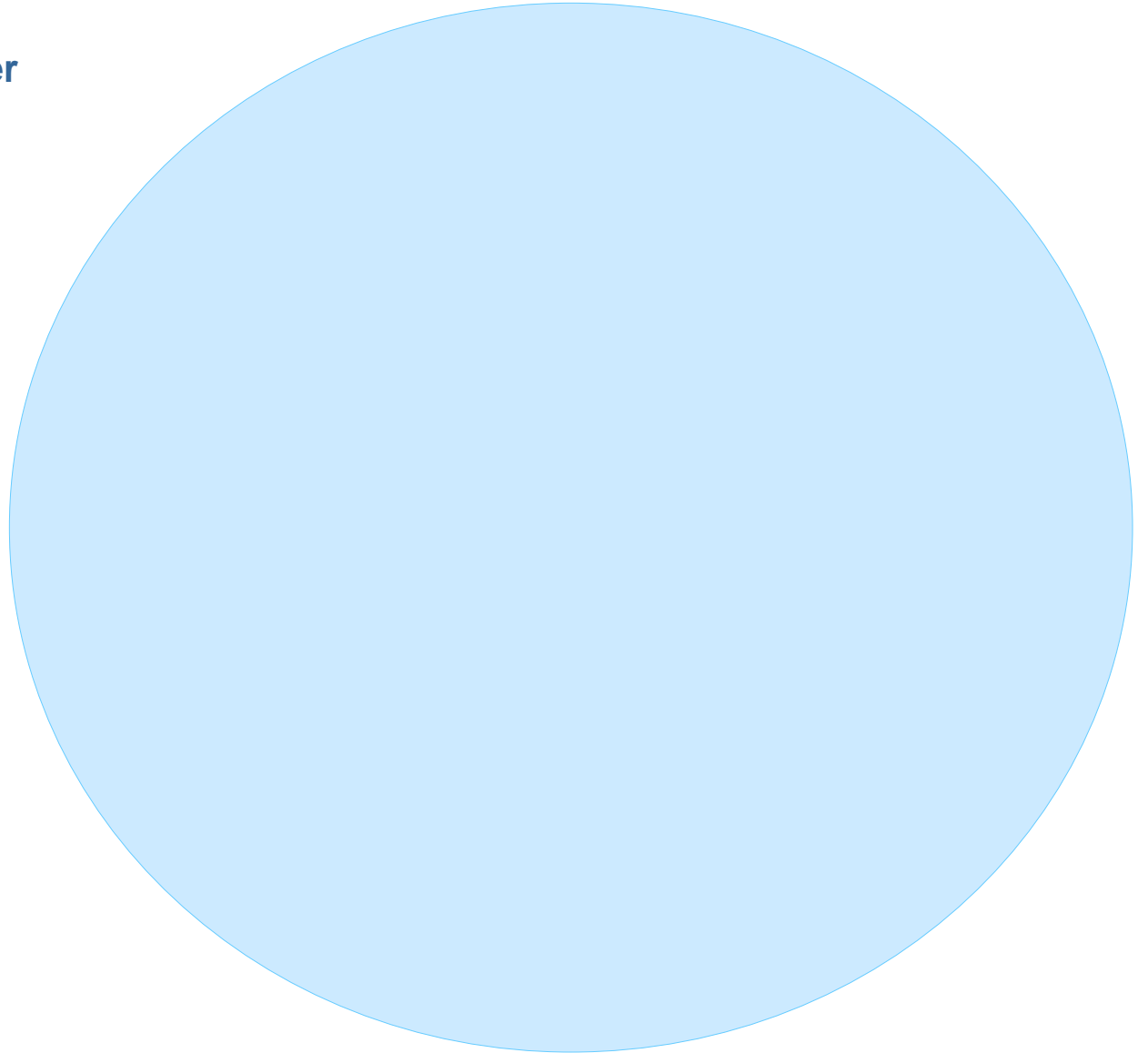


# What we thought when we started....

- Our cities have active BMR homebuyer pipelines with buyers ready to pounce.
- Our local homebuyer counseling agencies have active BMR homebuyer pipelines with buyers ready to pounce.
- The NSP product will speak for itself (!) because renovations are far superior to fix-it-flip-it renovations for sale in the same block.
- We can sell these homes at appraised value because we are not requiring the resale restrictions which have historically driven the discounts.
- Realtors may be necessary in some cases (e.g. if the buyer brings representation), but very little work will be required as the seller to find the buyers so not a big need.
- As such, jurisdictions limited the allowable broker fees due to the above assumptions.

# The Resale Challenge

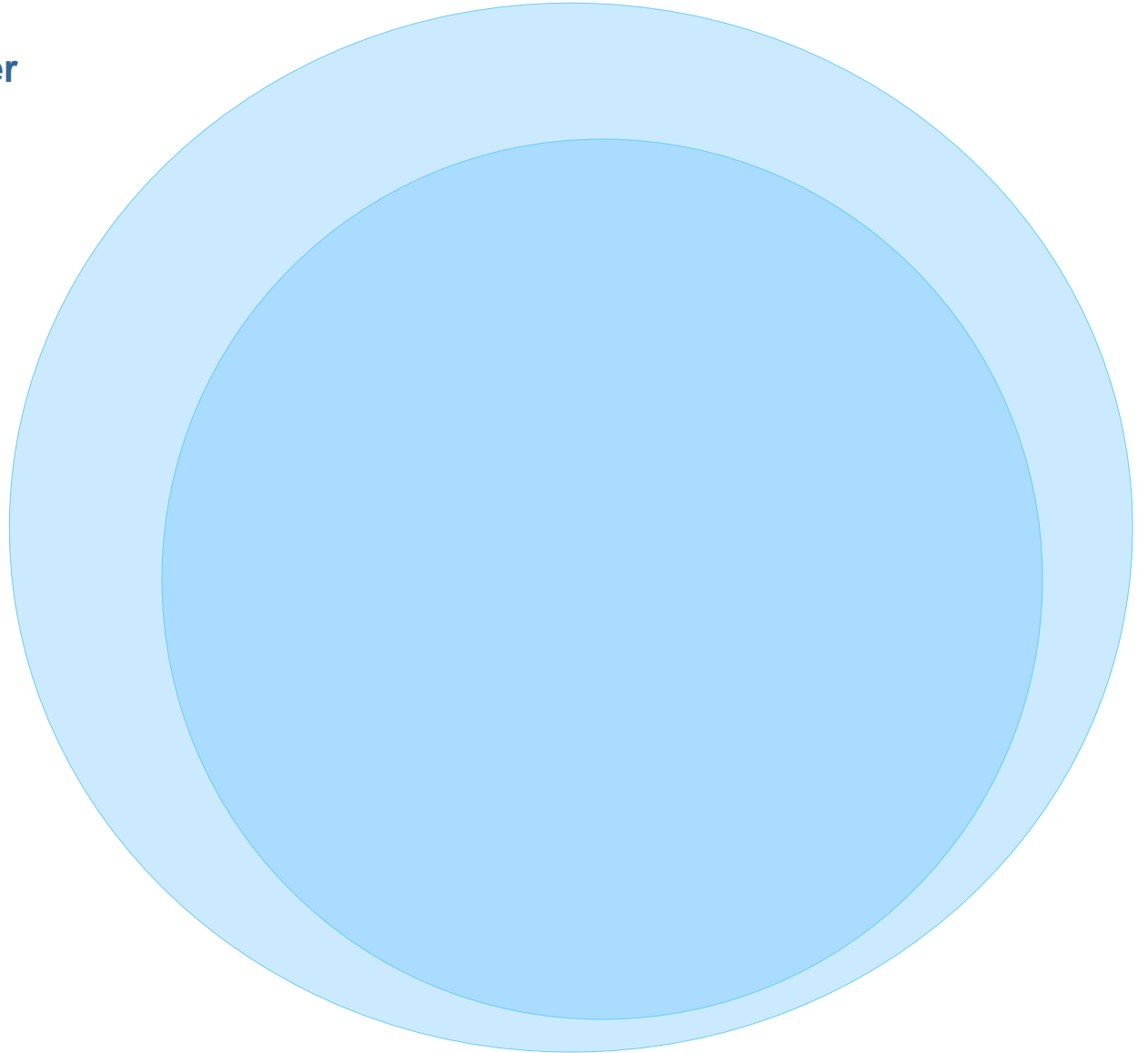
- **An interested homebuyer**





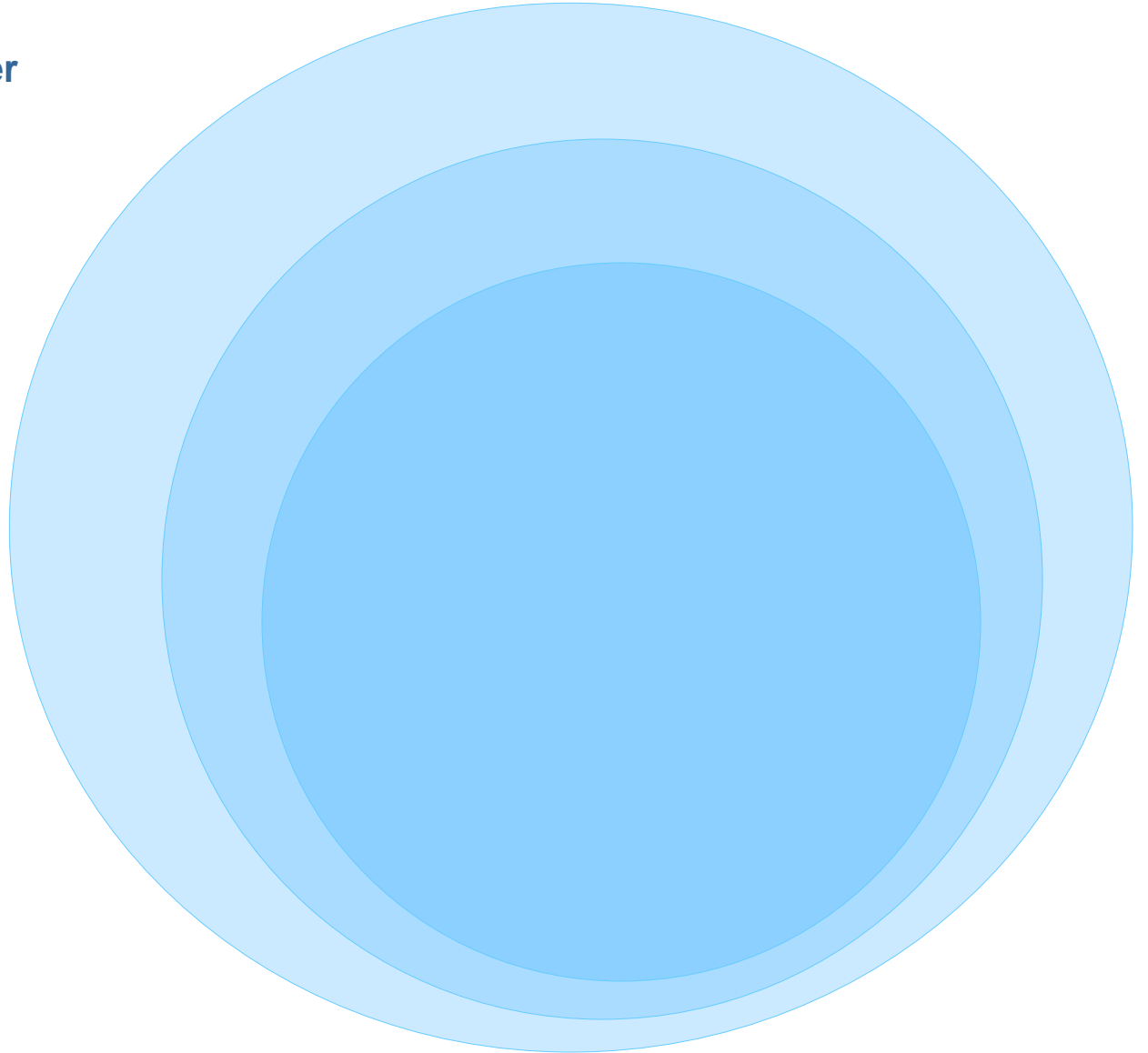
# The Resale Challenge

- An interested homebuyer
- Interested in NSP target areas



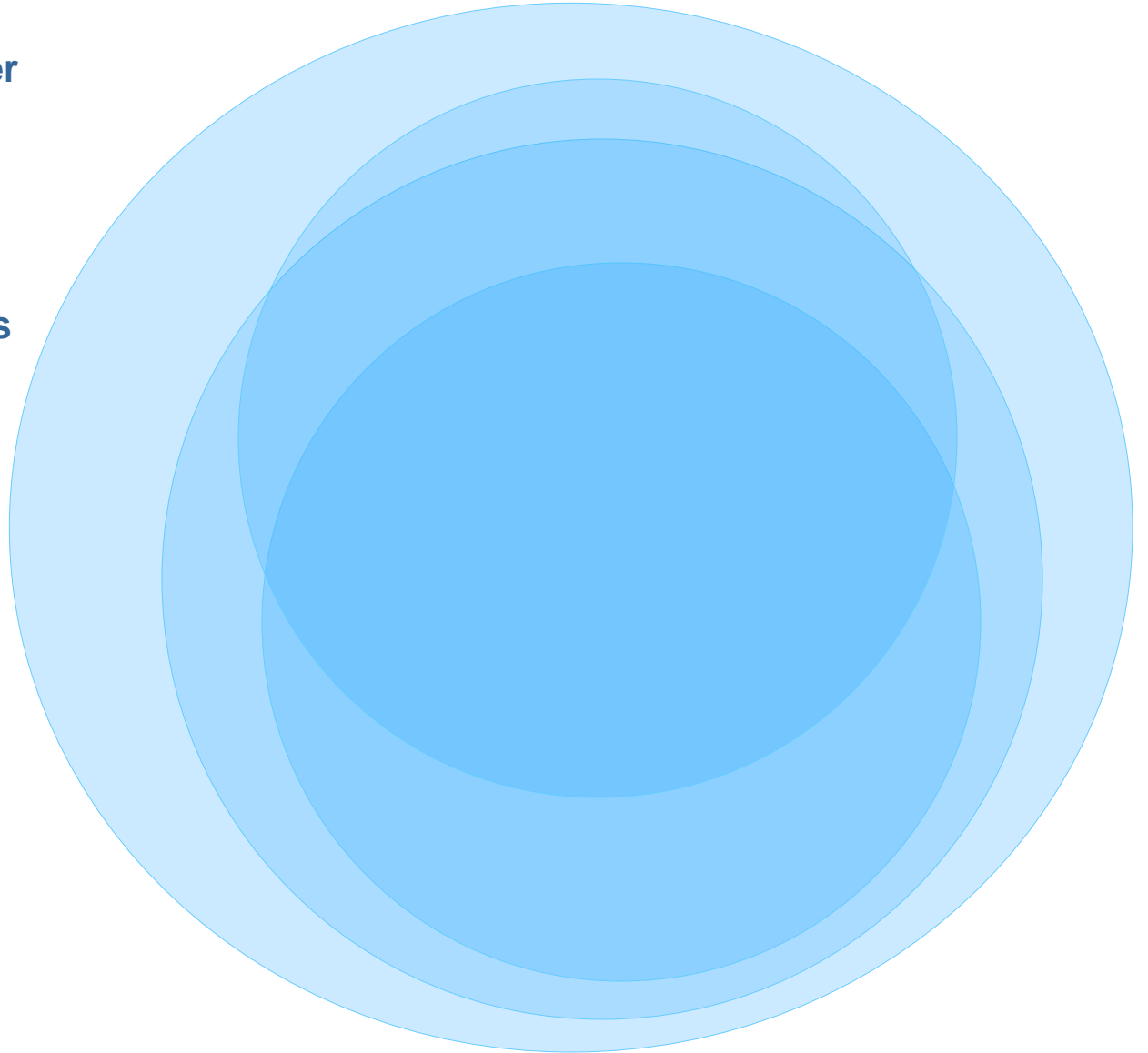
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- An interested homebuyer
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- Earns < 120% AMI



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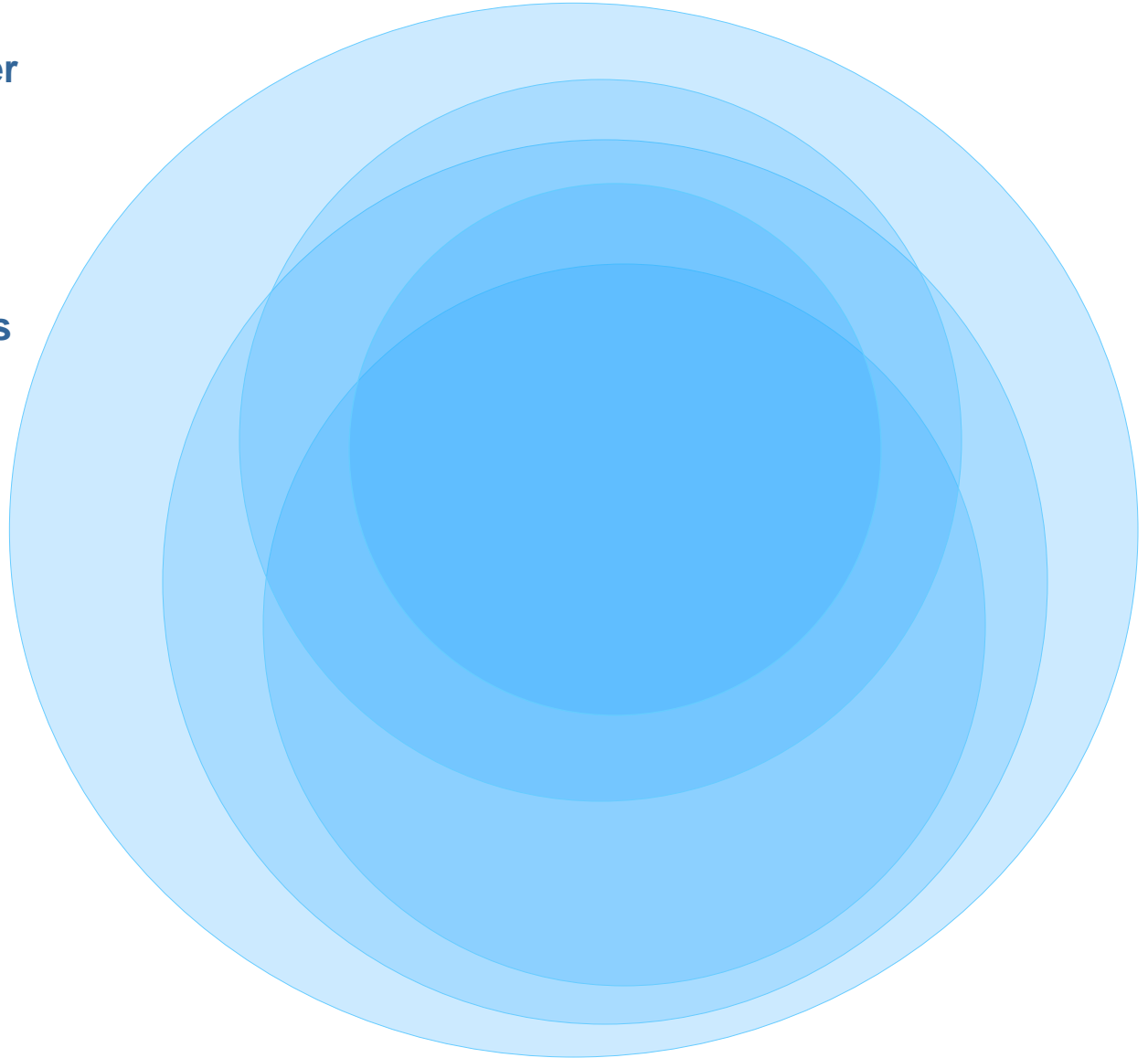
- An interested homebuyer
- Interested in NSP target areas
- Earns < 120% AMI
- House meets their needs





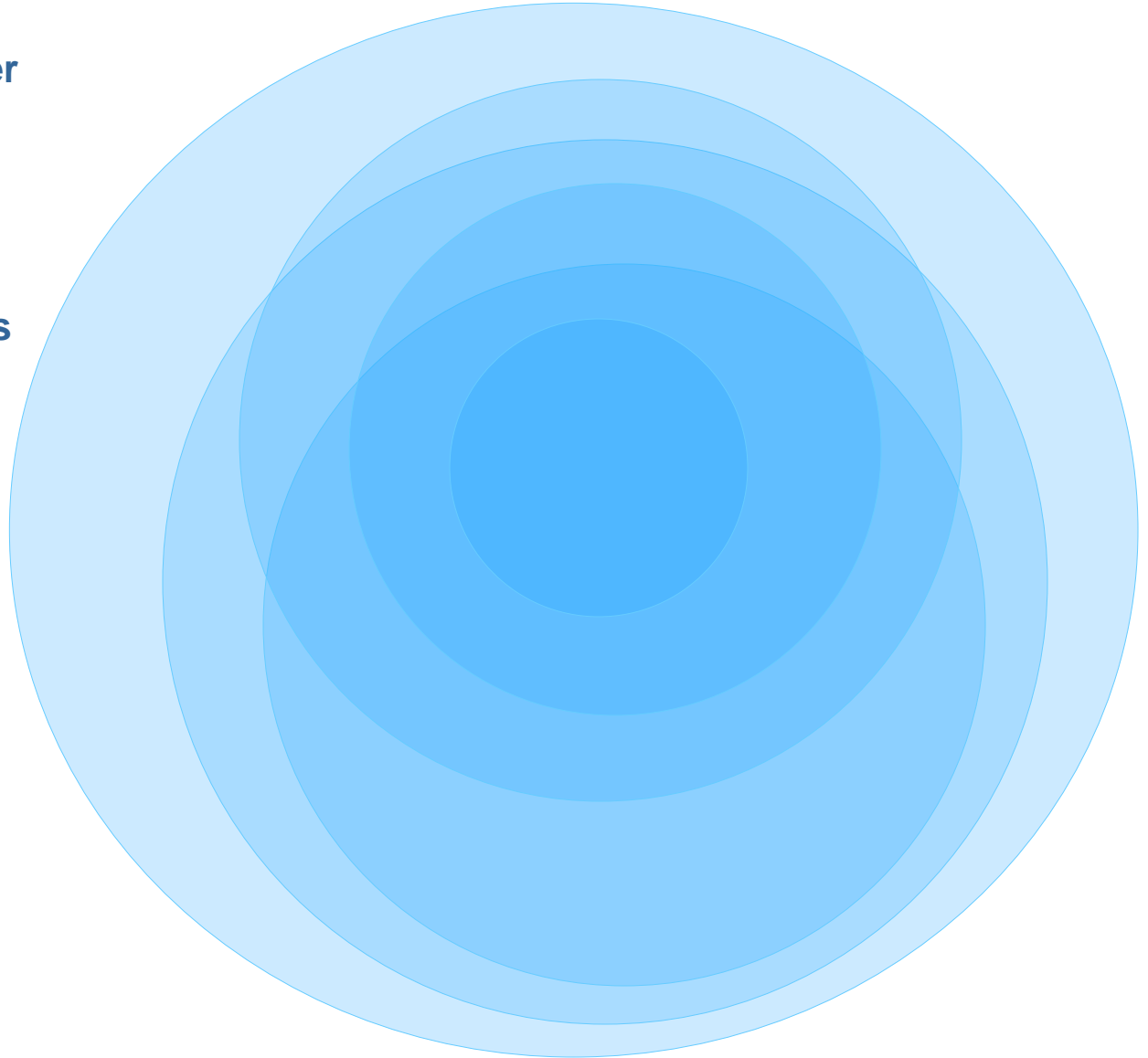
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- **An interested homebuyer**
- **Interested in NSP target areas**
- **Earns < 120% AMI**
- **House meets their needs**
- **Has min. down payment**



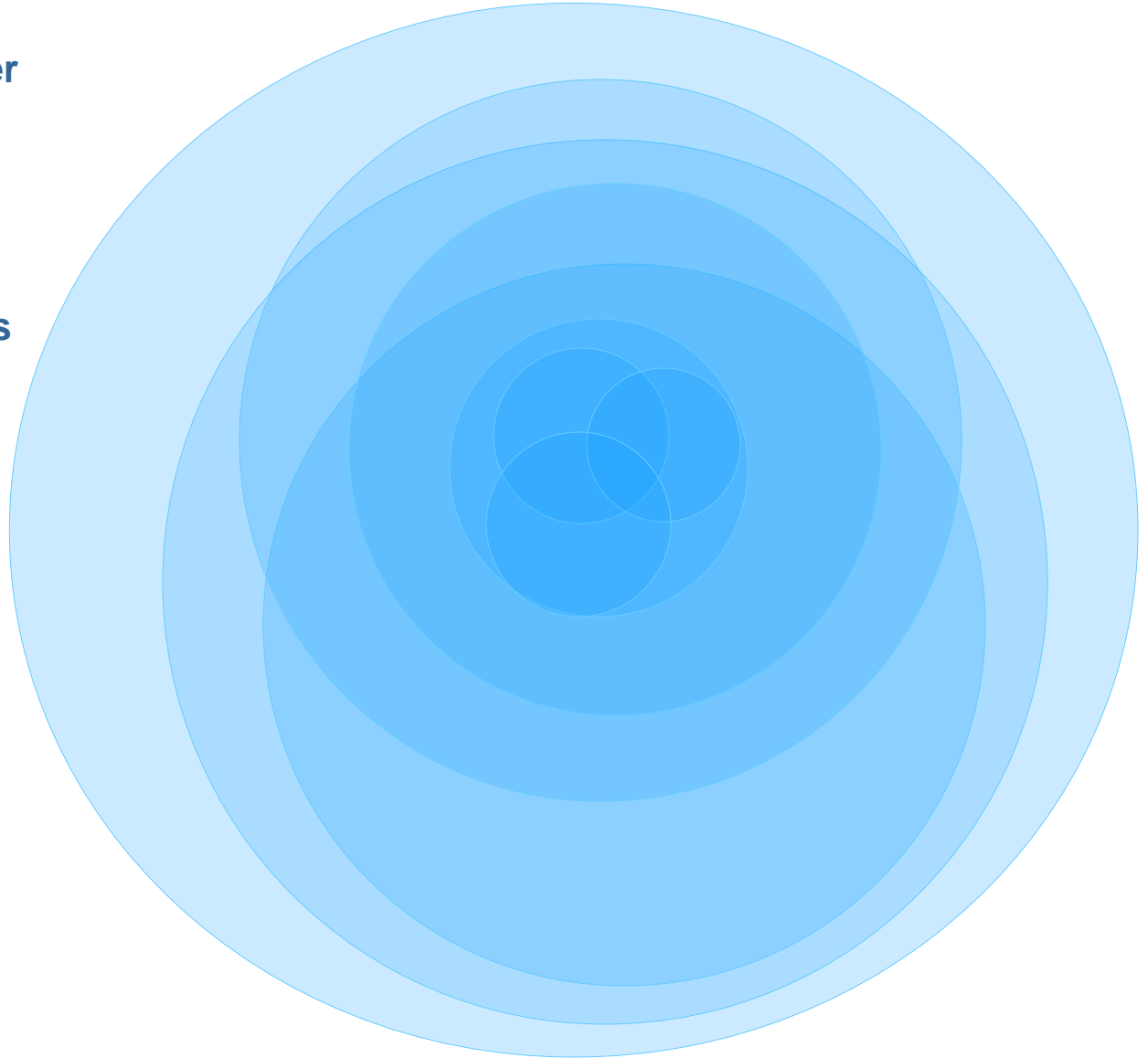
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- **Will accept affordability restrictions or other program requirements**



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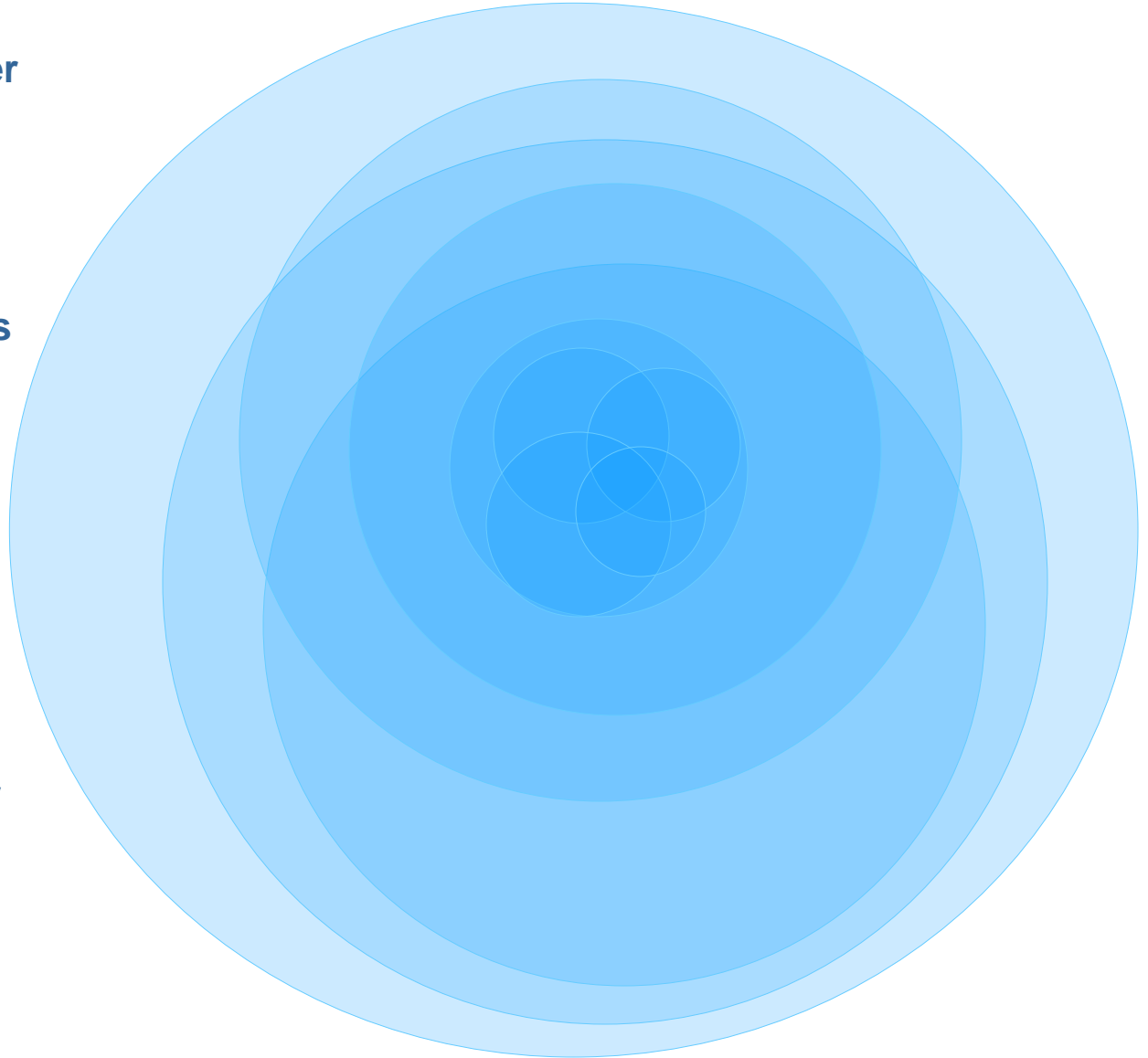
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- **Qualifies for other down payment assistance programs**





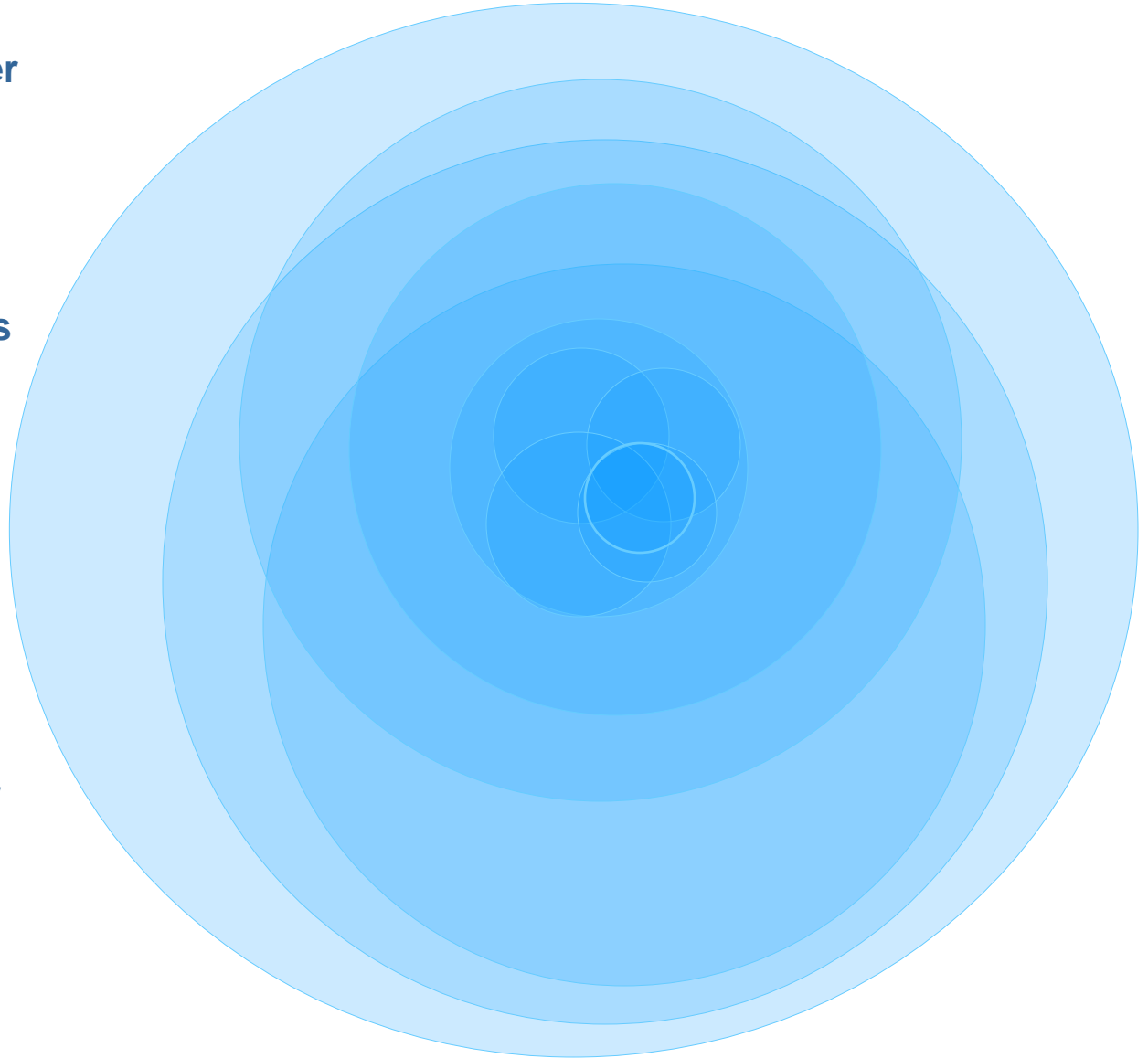
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- Qualifies for other down payment assistance programs
- Can qualify for a 30-year fixed rate mortgage



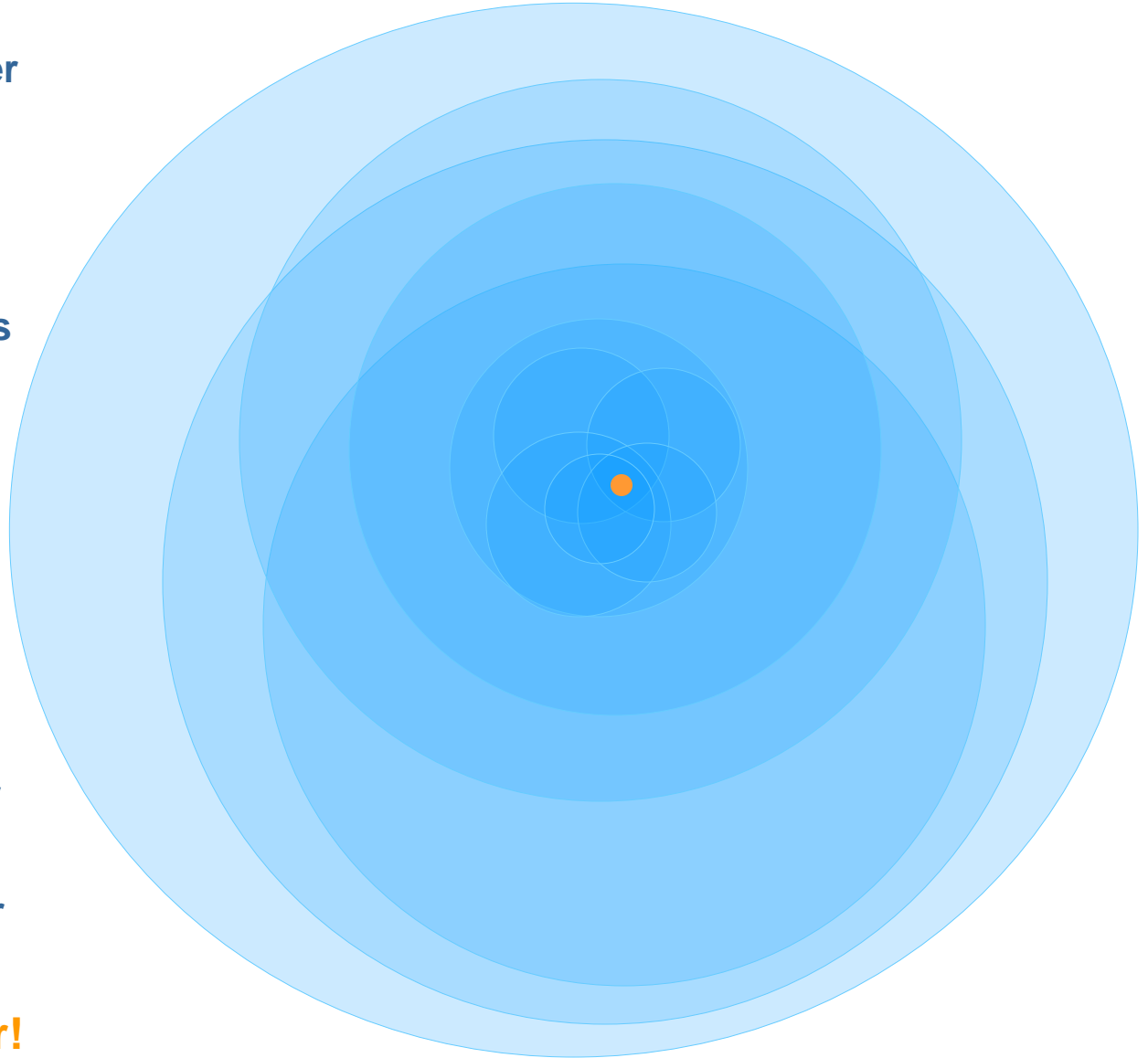
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- Can qualify for a 30-year fixed rate mortgage
- Can close on a 30-year fixed rate mortgage



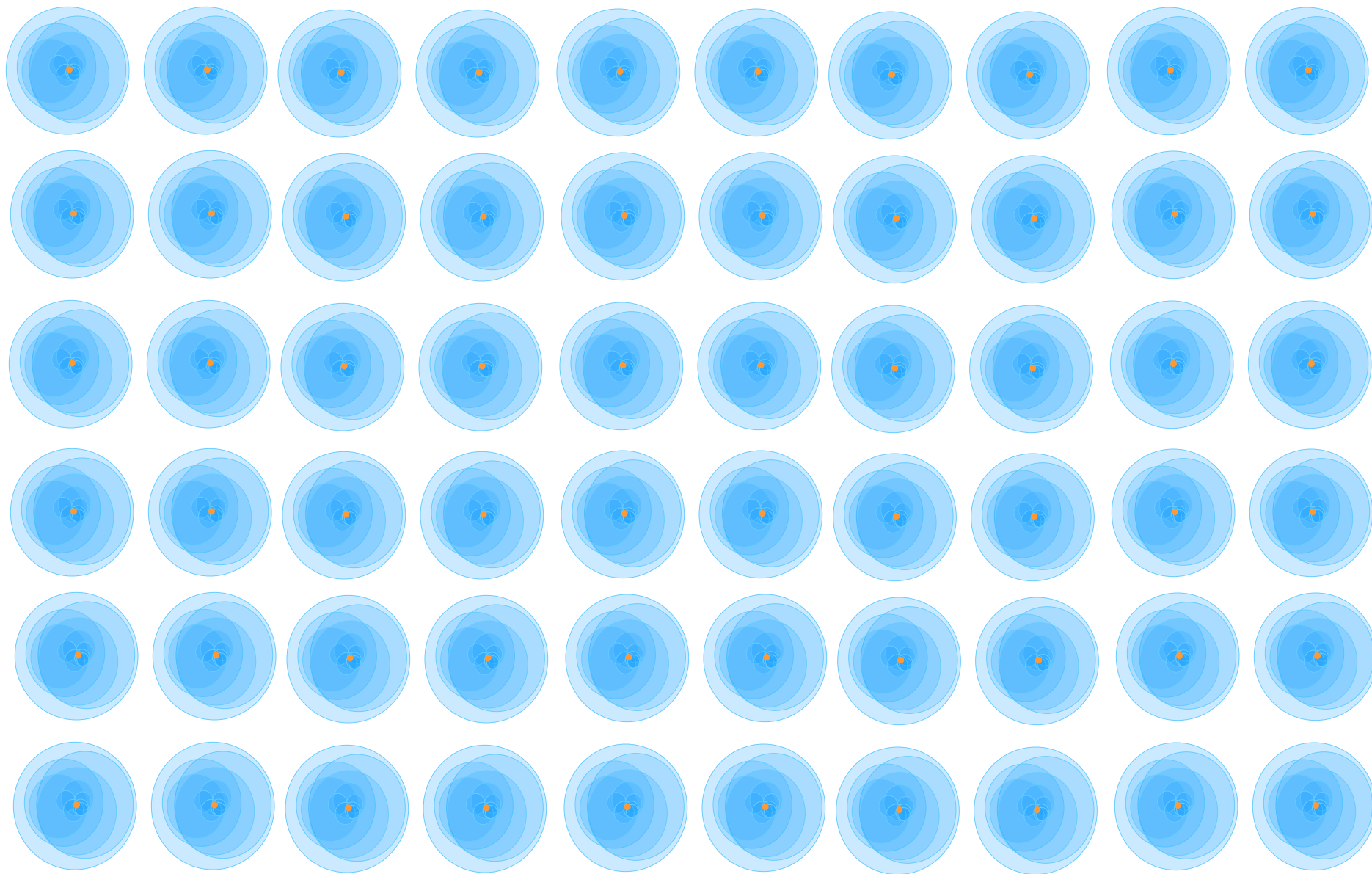
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- Can qualify for a 30-year fixed rate mortgage
- Can CLOSE on a 30-year fixed rate mortgage
- **And we have a winner!**





# The Resale Challenge x 60 Units



# What we know now....

- An active email address does not equal a ready homebuyer.
- The majority of people on these BMR lists earn <80% AMI while our homes need to sell to households at 100% - 120% AMI.
- Households at 100% - 120% AMI do not typically self-identify as eligible for government programs so marketing, education and outreach is key.
- Once someone makes it into an NSP home, they understand the differences from the house down the street. But, it is very hard to get them into the home.
- While we may not have resale restrictions, there are still hoops to jump through, so a discounted sales price is necessary to attract buyers.
- Pain is a great motivator. Our first homes sat on the market 90+ days, leading HCS and our jurisdictions to release constraints on broker fees.
- **It takes a village to sell these homes.**
- **The real estate professional community is a major partner in educating the benefits of NSP to prospective buyers and bringing transactions to a close.**
- **It is more work and less money for a realtor to sell an NSP home.**

## Conclusion → Regional Collaboration

We believe that our collaboration will drive **greater awareness, access and understanding** to a larger number of low and moderate income individuals and families **about the homeownership opportunities made possible by the Neighborhood Stabilization Program**. Working together, the Consortium partners are committed to 1) sharing effective implementation strategies 2) leveraging knowledge and resources, and 3) utilizing a common brand communications platform to help streamline and simplify the purchase process, bringing greater success to our partners, homebuyers and communities.

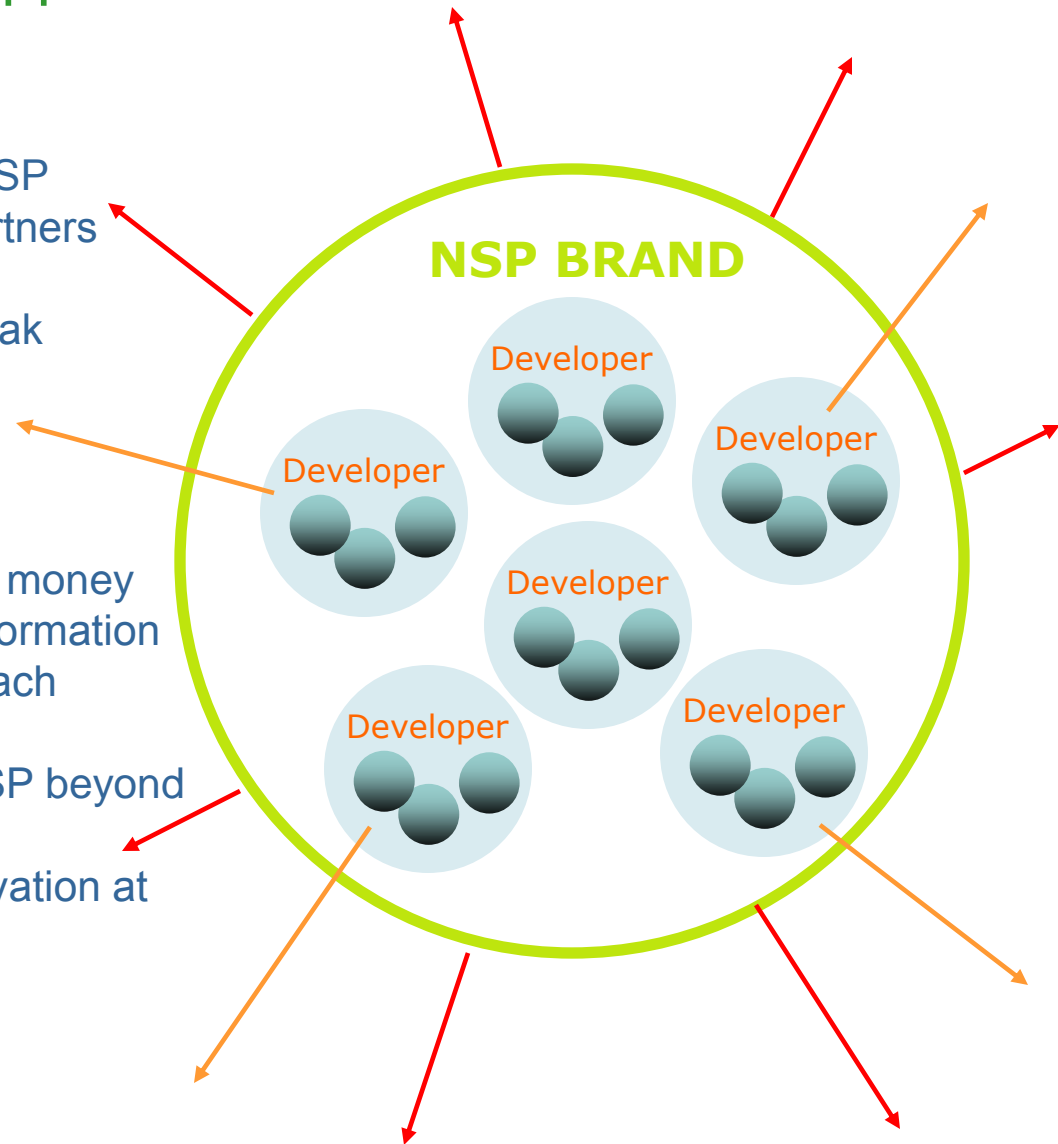
# NSP Regional Marketing Approach

## To be effective, you must have:

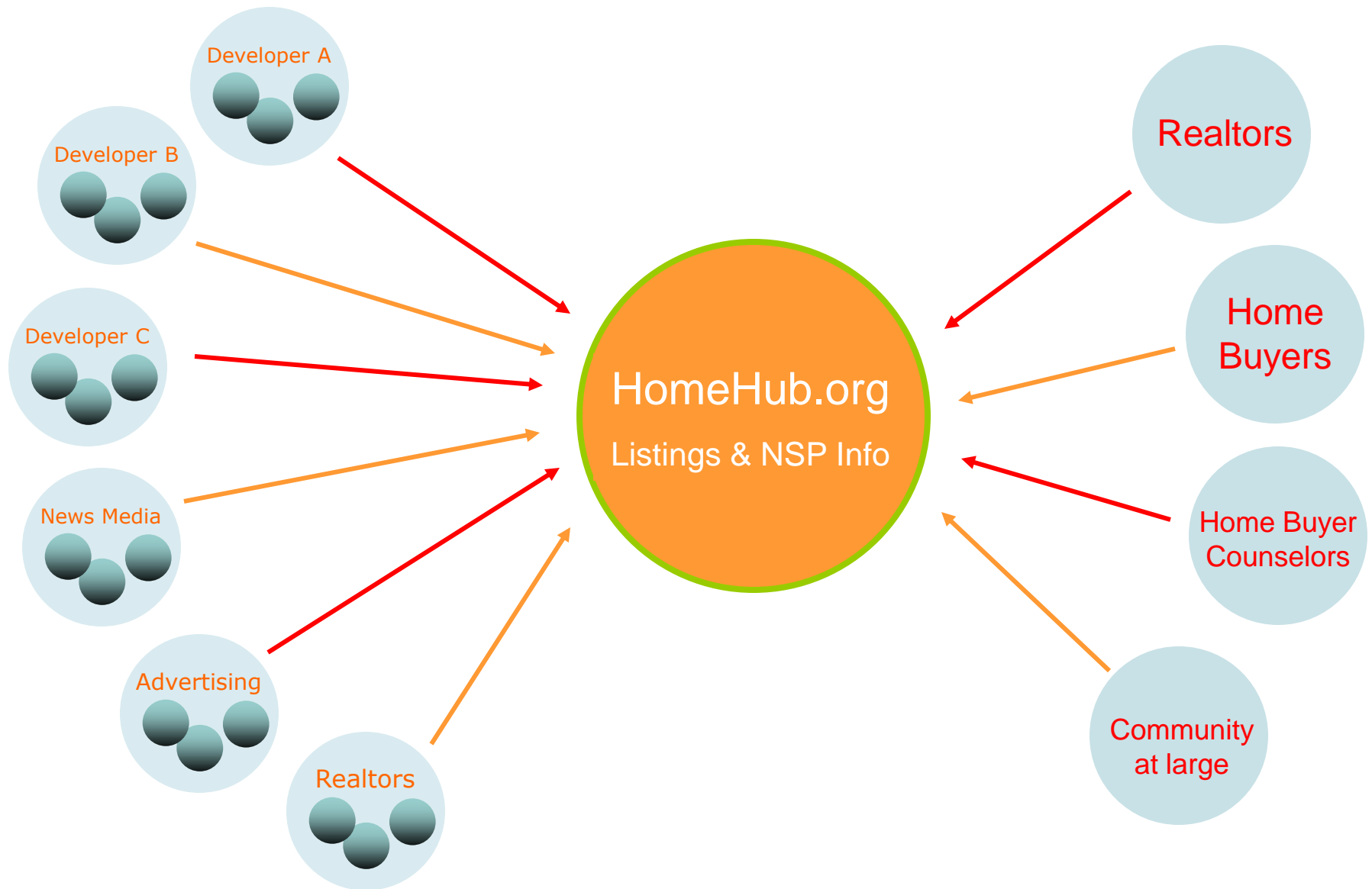
- One objective brand that unites all: NSP
- Plug and Play system enabling all partners to easily utilize materials and content
- Ability for each partner's brand to speak alongside the NSP brand

## Strengths

- Co-marketing approach saves time & money
- Drive interest to a single source of information
- Leverage strength of each brands' reach
- Targeted messages more effective
- Audience realizes greater value of NSP beyond the one home they purchase
- Demonstrates collaboration and innovation at government and developer level



# A Customer-Focused Resource for NSP Listings and Information





## Participants to Date: Legitimacy is Key

- Alameda County
- Bridge Housing
- Contra Costa County
- Enterprise Community Foundation
- Habitat for Humanity East Bay
- Hallmark Community Solutions
- HomeBricks
- Housing Trust Santa Clara County
- NHS Silicon Valley
- Oakland Community Land Trust
- The Unity Council
- Realtors

# The NSP Home Brand Values

These values reflect the qualities a homebuyer can count on when purchasing an NSP home, irrespective of developer, location or funding jurisdiction.

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4. **Accessible** (reserved for owner-occupied buyers versus investors)

# Standardized Expectations

Each NSP developer working with a listing agent will **require** the following of their agent:

- List the home on the centralized [www.HomeHub.org](http://www.HomeHub.org) website (in addition to MLS, Zillow, Craigslist etc.)
- Reference the HomeHub.org website in all communications
- Use Plug and Play NSP flyer and postcard templates (with opportunity to co-brand alongside the agent)
- Include a detailed list of improvements and the cost of these improvements in a consistent, visible display at each NSP home
- Standardized NSP signage in the yard of each home
- Utilize developer-approved photos in all marketing materials





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