

How To Revitalize Inner City Residential Communities

- Design programs which productively and efficiently transfer public inventoried residential properties to “eligible families” seeking a primary residence, in a manner that protects and stabilizes residential property values.
- Minimize the public inventory steward’s liability
- Maximize the public inventory steward’s asset
- Reduce the incremental public capital and resources required to secure and maintain inventoried properties.
- Collaborate with mortgage lenders on the efficient security, and productive disposal of foreclosed inventories using strategies which demonstrate cost effective asset management and evidenced based “transference strategies”; good for the note holders and the property values of neighboring residents.

Template For Managing Resale of Vacant Home Inventory

- Establish asset management contracts
- Target geographic program area
- Review current residential values
- Establish area property value target
- With community in-put, establish rehabilitation standards which reinforce property value target
- Identify responsible Program Area Project Managers based on:
 - Level of commitment to meet or exceed rehabilitation standards
 - Extensiveness of “prospective home-buyer” data base
 - Evidence of financial ability to both secure the assets, rehabilitate them to the established standard
 - Evidence of financial ability to secure and maintain assets until transferred to “new home-owner”.
- Establish Purchase Resale Entities (PRE’s) for Rehabilitation & Sell
 - Acquisition Transaction 10% Improved FMV + PRE Equity
 - PRE Equity would be used as soft second to meet HUD Affordability Guidelines
 - All expenses would be funded from PRE financing and the sales transactions
 - Acquisitions would be staggered to assist in management of tax expenses
- Public Inventory Steward Soft Second Program
 - Managed By the Public Inventory Steward
 - Recaptured upon Resale or Refinance
 - Builds Asset Base

Features	Benefits
Retention of Program Area Project Managers via creation of asset management contracts	<p>Provides public inventory stewards with an effective mechanism to lower risk</p> <p>Provides a single point of contact for neighborhood rehabilitation progress by area</p> <p>Requires participation of managers with extensive qualified homebuyer prospects</p> <p>Establishes high quality rehabilitation to community standard and purchaser specifications to foster “quick sales”</p> <p>Creates the resources for the immediate demolition of non-salvageable stock</p>
Complete public inventory assessment, appraisal and establishment of area property value targets	<p>Enhanced knowledge of all existing “equity” in stock</p> <p>Ability to better target community development resources toward achievement of residential value stability</p>
Establishment of online asset Tracking	Internet assessable “ <i>Click to Know</i> ” property Status
Establishment of Purchase Resale Entities (PRE)	<p>Efficient “conditioned” bulk sale of Inventory</p> <p>Permits an accelerated transfer of liability without loss of inventory development control</p>

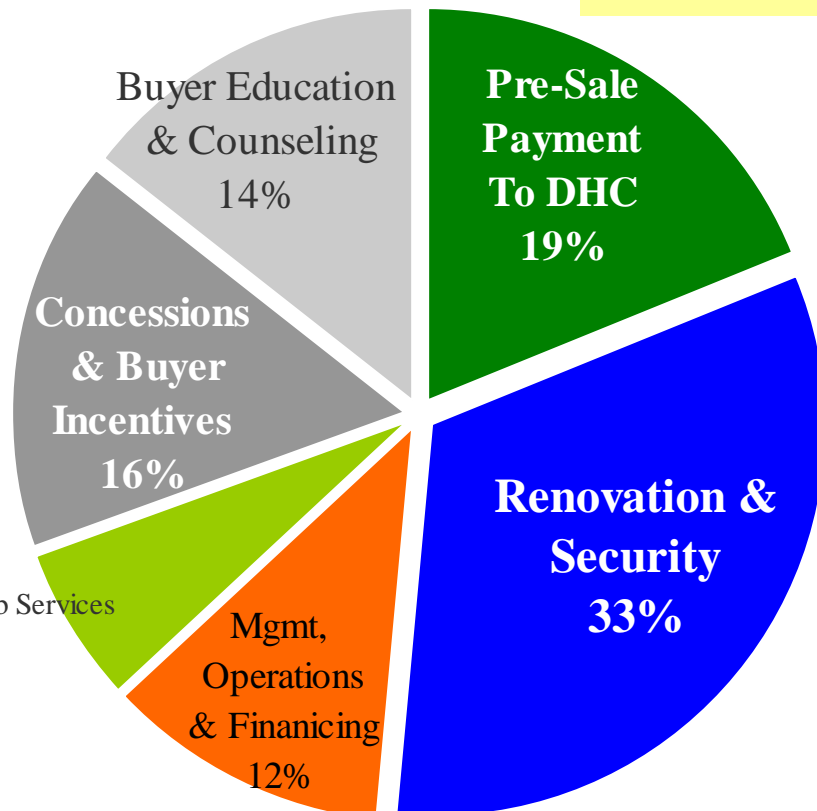
Template for Managing Publicly Inventoried or Foreclosed Property Occupied by Renters

- * Establish Program Area Management Contracts rented inventory which coincides geographically with asset management contract areas
- * Charge managers with conducting outreach interviews at each residence and performance of a property assessment to determine cost requirements to bring in line with established community rehabilitation standards
- * Slot prospects by readiness
 - Fast track most qualified for accelerated home ownership education
 - Enroll less qualified in an extensive home ownership education program
 - Establish long term rental agreements (30 month plus) for “seriously challenged” residents
 - Begin mortgage qualification
- * Identify “finance gap”
- * Fund gap with a soft second from the public inventory equity

Features	Benefits
Retention of Program Area Managers via creation rental Management contracts	<p>More effective reporting and management of asset condition</p> <p>Establishment of a single point of contact</p> <p>Lower security and maintenance cost</p>
Complete inventory assessment, appraisal, and coordination of property management consistent with area property value targets	<p>Better understanding of existing "equity" in latent stock</p> <p>Greater ability to target community development resources at the improvements and repairs consistent with value targets</p>
On-line asset tracking	<p>"Click to Know" property status</p> <p>"Click to Know" Homeowner Education progress</p>
On-going homeowner Education and counseling	Keeps homes in the hands of current occupants
Soft second mortgage	<p>Provides gap funding</p> <p>Establishes a renewable tool for funding future Prospects</p>

Sample Transaction: \$80,000
 Detroit Housing Commission (DHC)

- \$80k Sale (post renovation)
- \$86k Appraisal
- \$72k Buyer Mortgage
- \$14k Buyer Equity (16%)
- \$10k 48-month Soft 2nd

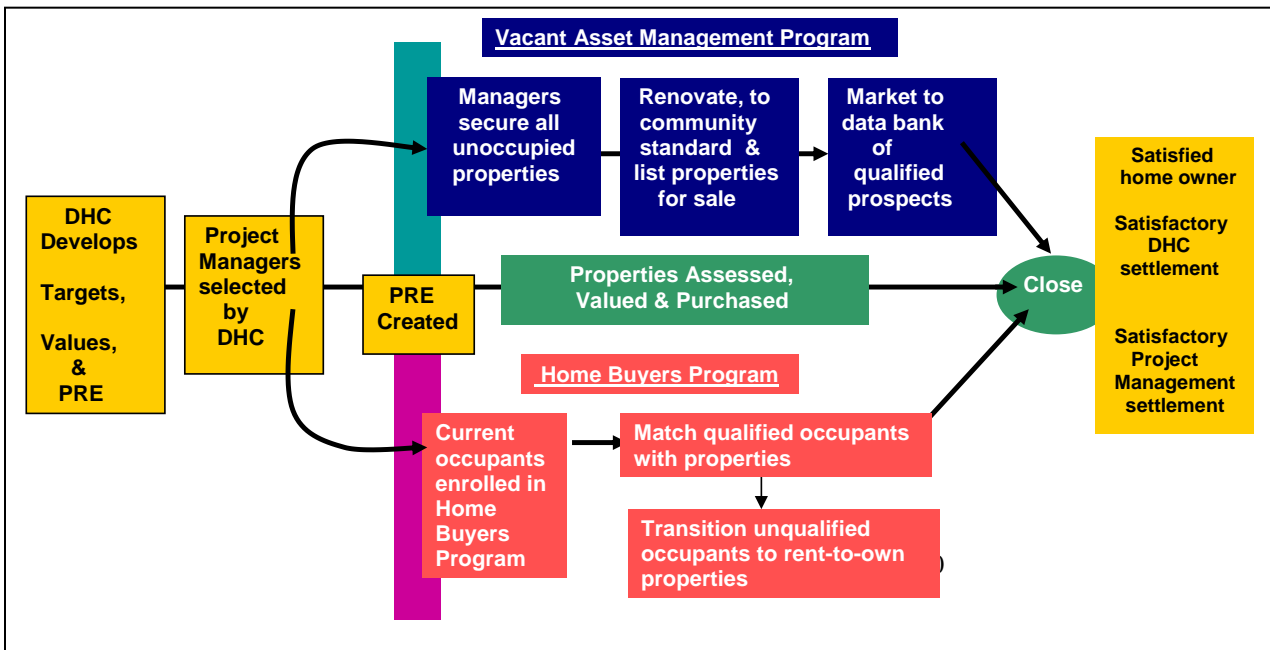


Marketing & Web Services
6%

Example of Economic Value To Community Stakeholders From A 400 Unit Program Comprised of Detroit Housing Commission Properties

- \$6 million to the Detroit Housing Commission within 20 months
- 400 new home owners within targeted area within 28 month
- \$800,000 in “collected” property taxes
- \$6.4 million in home ownership equity within the city of Detroit
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Program Time-line	Month 1	Month 3	Month 6	Month 12	Month 18	Month 28
Property Acquisitions	40	40	80	160	80	---
End Buyer Unit Sales	---	1	40	80	80	199
Sales (post renovation)	---	\$80,000	\$3,600,000	\$7,200,000	\$7,200,000	\$15,920,000
DHC Cash Receipts	\$600,000	\$600,000	\$1,200,000	\$2,400,000	\$1,200,000	---
City of Detroit Tax Role Increase (cum.)	---	\$2,000	\$82,000	\$242,000	\$402,000	\$800,000
Buyer Equity (cum.)	---	\$16,000	\$640,000	\$1,936,000	\$3,216,000	\$6,400,000



To learn more about how you can implement the above program, establish community standards for your neighborhood, or assist the Foundation by becoming an Inner City Revitalization Advocate, please phone us at: The Black Caucus Foundation of Michigan (313) 863-3006.