

Land Bank- San Diego

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City/County Reinvestment Task Force



Assumptions

- There is a need for affordable housing not being met by available funding.
- High foreclosures in low-mod neighborhoods inhibits stability and revitalization.
- Foreclosures increase relative to equity decrease.
- Purchases at the bottom of the market stabilizes the market.
- Higher foreclosures equal lower prices in low mod neighborhoods and strip equity from current homeowners.
- Hedge funds purchases at reduced rates do not fully contribute to neighborhood economic stability and may prolong market instability.



Process

- Statistical assessment of scale, volume, geography and return
- Identification of structural options/linkages and capabilities
- Clarification of acquisition strategies/task/functions
- Calculation of capital sources, regulatory terms, timing
- Preparation of business plan



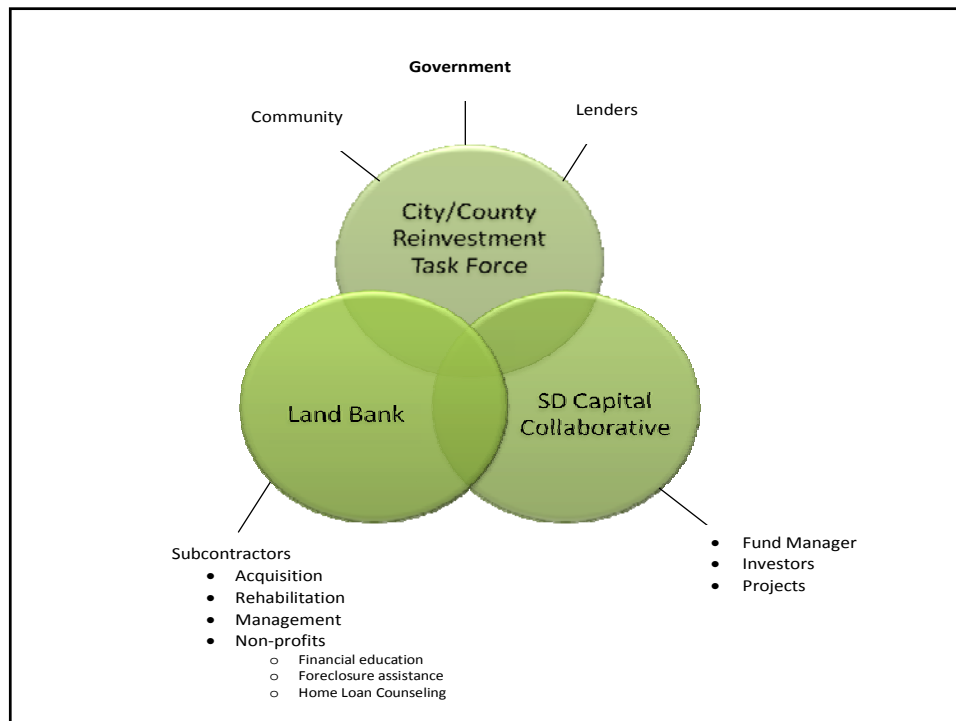
Lender Incentives/Benefits

- Assist in maintaining value of non foreclosed properties in high concentration markets;
- Potential tax benefits from property transfer to non-profit organization;
- Multiple CRA related credits;
- 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;



Structural Characteristics

- 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;



Evaluation

- Tracking sales prices, property values, and sales volume
- Diversification of exit outcomes related to return
- Assessment of process (acquisition, preparation and distribution)

