

Below Market Rate Homeownership

Alternative Models

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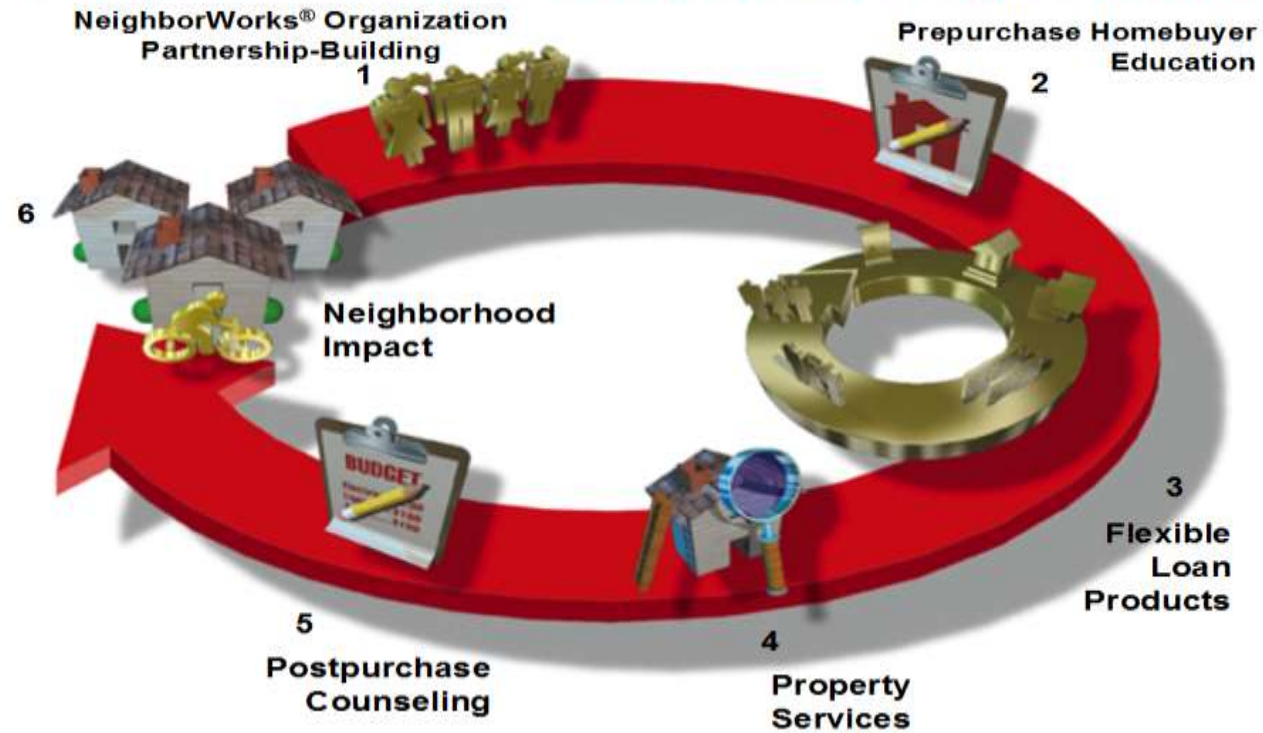
Our Credentials



- **Since 1995 Member of the NeighborWorks America network**, a national affiliation of 240 independent, community-based non-profit organizations committed to community revitalization.
- **HUD** approved counseling agency
- **US Department of Treasury** Certified as a Community Development Financial Institution (CDFI).
- **Fannie Mae** approved direct seller and servicer

National NeighborWorks Model

NeighborWorks® Full-Cycle Lending Process



Primary Target Area: Santa Clara County RHNA

- Median Rent 2 Bedroom: \$2,364
- Median Home Value: \$846,200
- ABAG's Regional Housing Needs Assessment ('14 – '22)
 - Low Income Housing Goal: 9,542
 - Moderate Income Housing Goal: 10,636



Primary Target Area: Santa Clara County RHNA

NHSSV Engagement

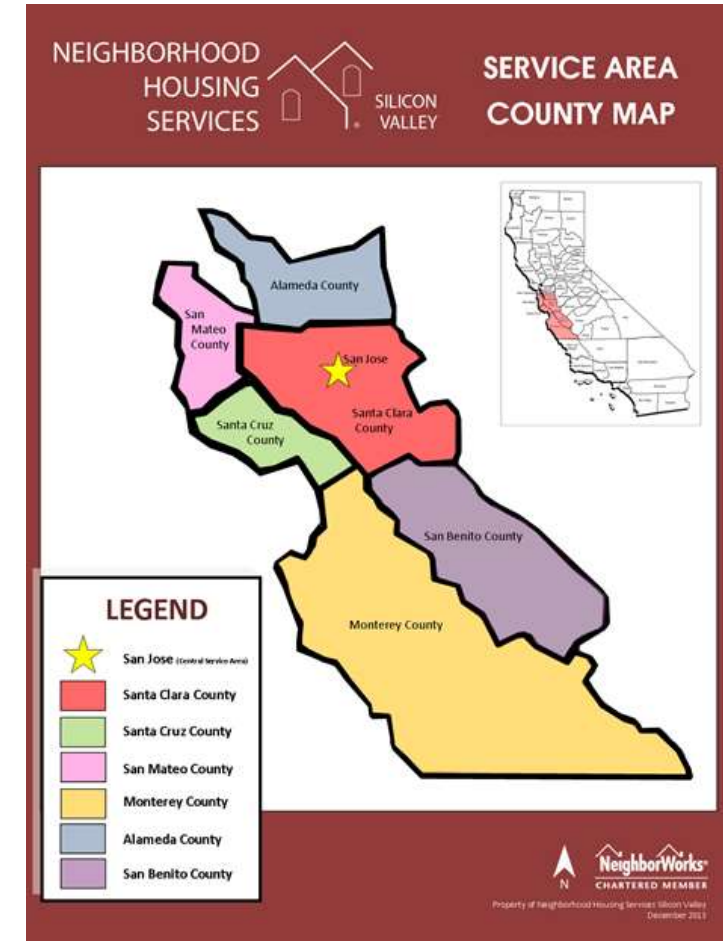
- NHSSV Contracts: SJ, Santa Clara, Morgan Hill, LG, LA
- Project Sales for KB Homes in Gilroy, Morgan Hill
- Resales and Refinances



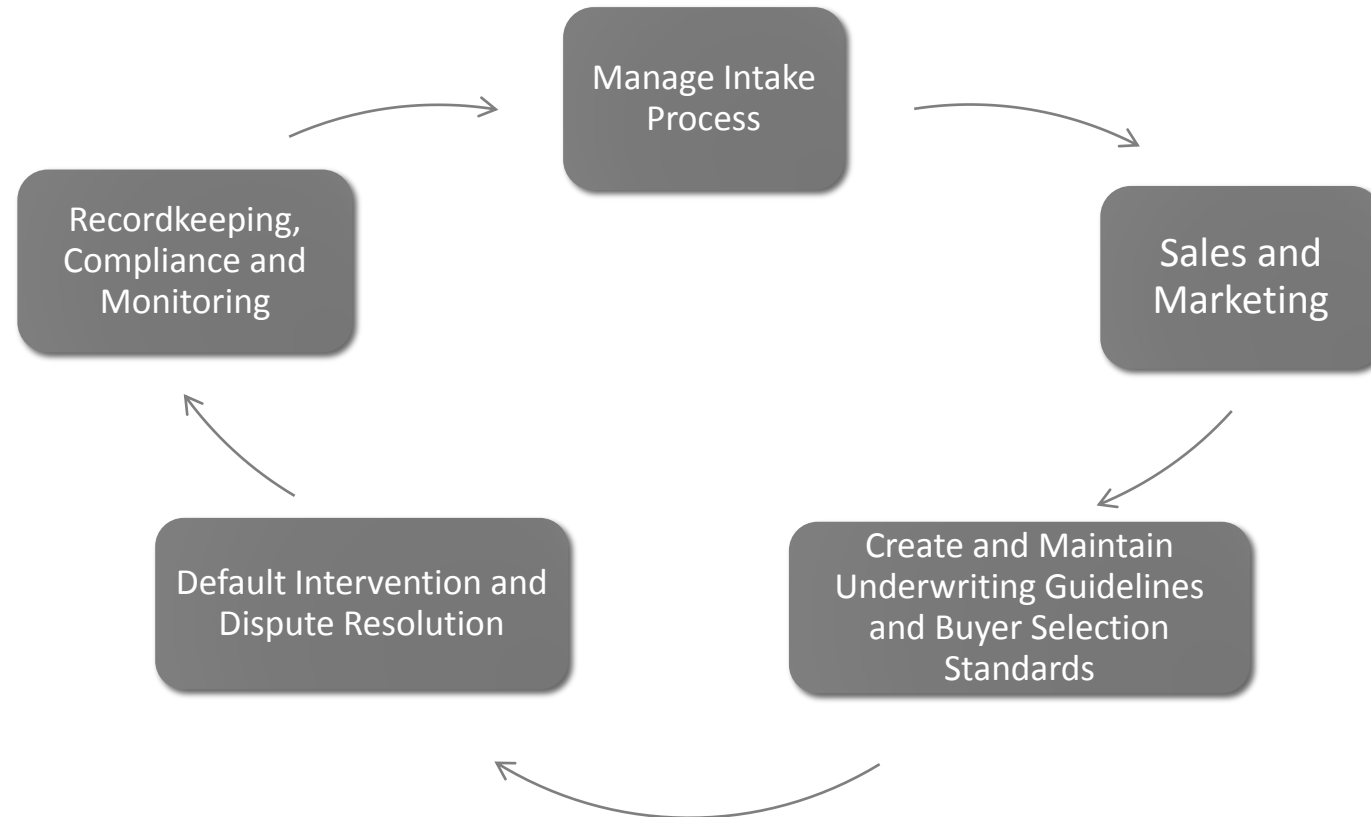
Programmatic Market

Determined by Strategic Reach of Homeownership Center

- South County Housing Portfolio outside of Santa Clara County (San Benito, Santa Cruz Co, Monterey Co.)
- Project Sales for KB Homes in Alameda Co, San Mateo, SF
- CRA lending (104 loans last 18 months)
 - Community Land Trusts
 - Neighborhood Community Stabilization Trust
 - Short sales



Model Process for BMR Selling, Financing Monitoring



Fee Generation on BMR Home Sales

- Real Estate Commissions
- Administrative Fees for BMR Program Management
- First Mortgage Loan Origination Fees and Sale to FNMA
- Second Mortgage Loan Processing



Community Lending

- Non-Traditional Lending is Critical for CA's High Costs market
- CDFIs Are An Important Vehicle To Addressing the Shrinking Credit Box
- CDFIs Are Trained and Dedicated to LMI Lending
- Federal Regulators Should Align CRA Examinations to Incentivize More CDFI Investments
- State Should Support Second Loan Programs and Other Tools That Enable LMI Lending (CalHome, BEGIN, FTHB Tax Credits)



Stewardship is Critical



- After RDAs eliminated many jurisdictions lack capacity to monitor and enforce requirements in the Homeownership Programs
- Cornerstone Partnership's study in 2013 of 43 jurisdictions and Successor Agencies revealed:
 - 1/3 lost homes to the market due to foreclosure
 - 2/3 expect to lose homes due to foreclosure
 - 2/3 only have general fund resources to respond
- NHSSV Intervention Strategies include monitoring, counseling, and acquisition.
- State Support to Local Governments for Stewardship