



Foreclosure Status Update & **City Responses**

City of San Jose Housing Department

CEDC : April 26, 2010

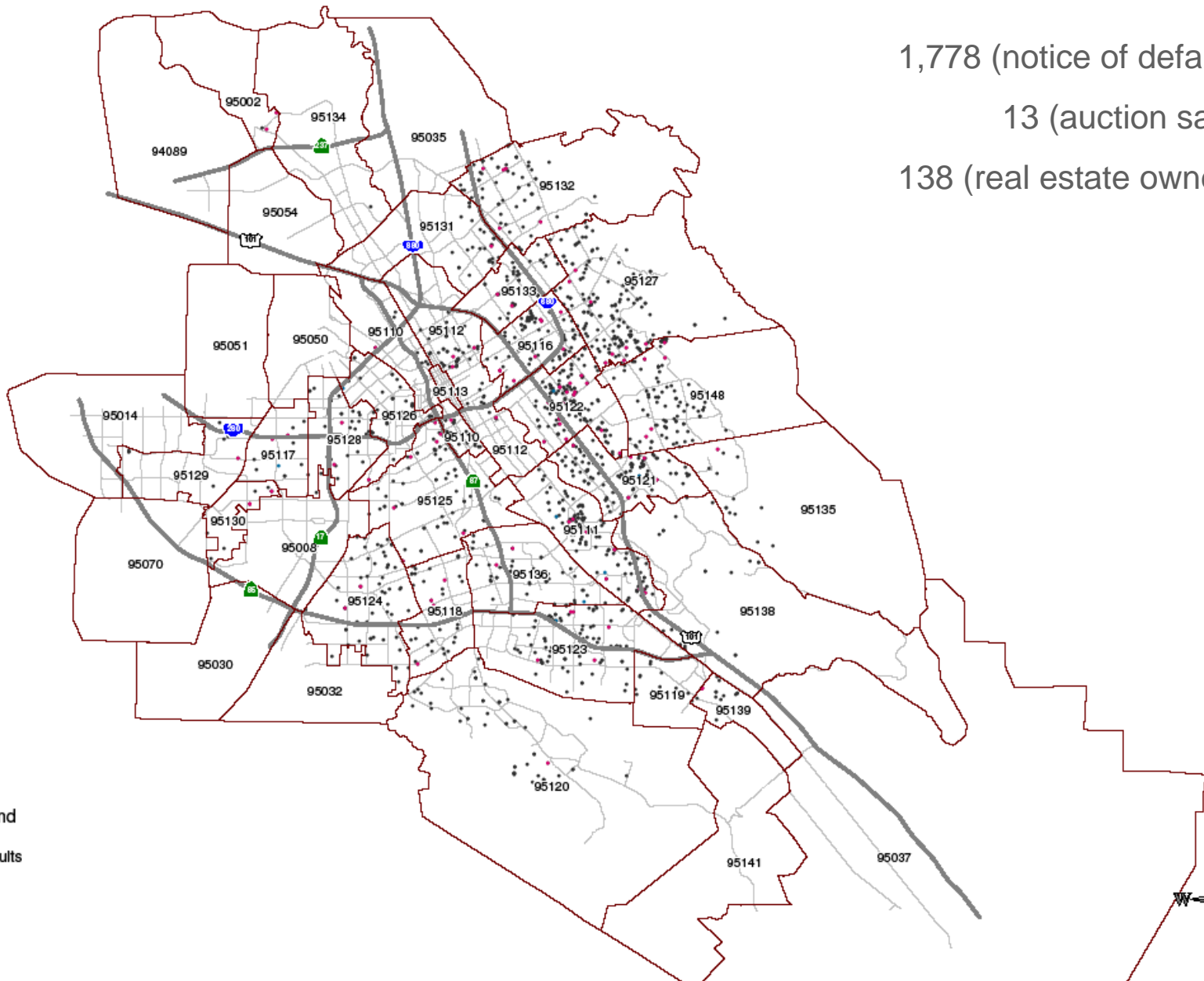
San Jose 2006

2,000 foreclosure filings

1,778 (notice of default)

13 (auction sale)

138 (real estate owned)



Map Legend

- Notice of Defaults
- Auction Sale
- Bank Owned



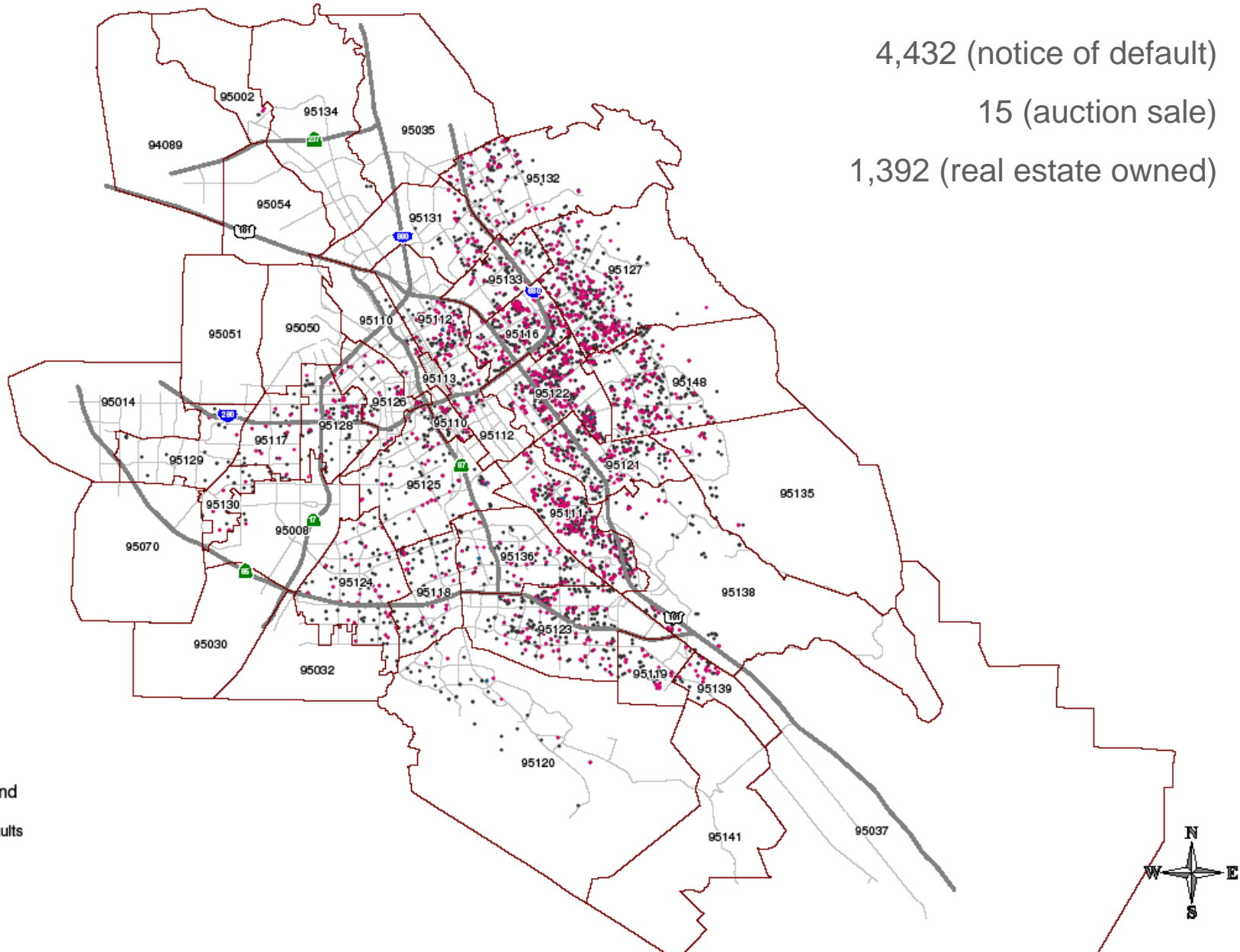
San Jose 2007

5,800 foreclosure filings

4,432 (notice of default)

15 (auction sale)

1,392 (real estate owned)



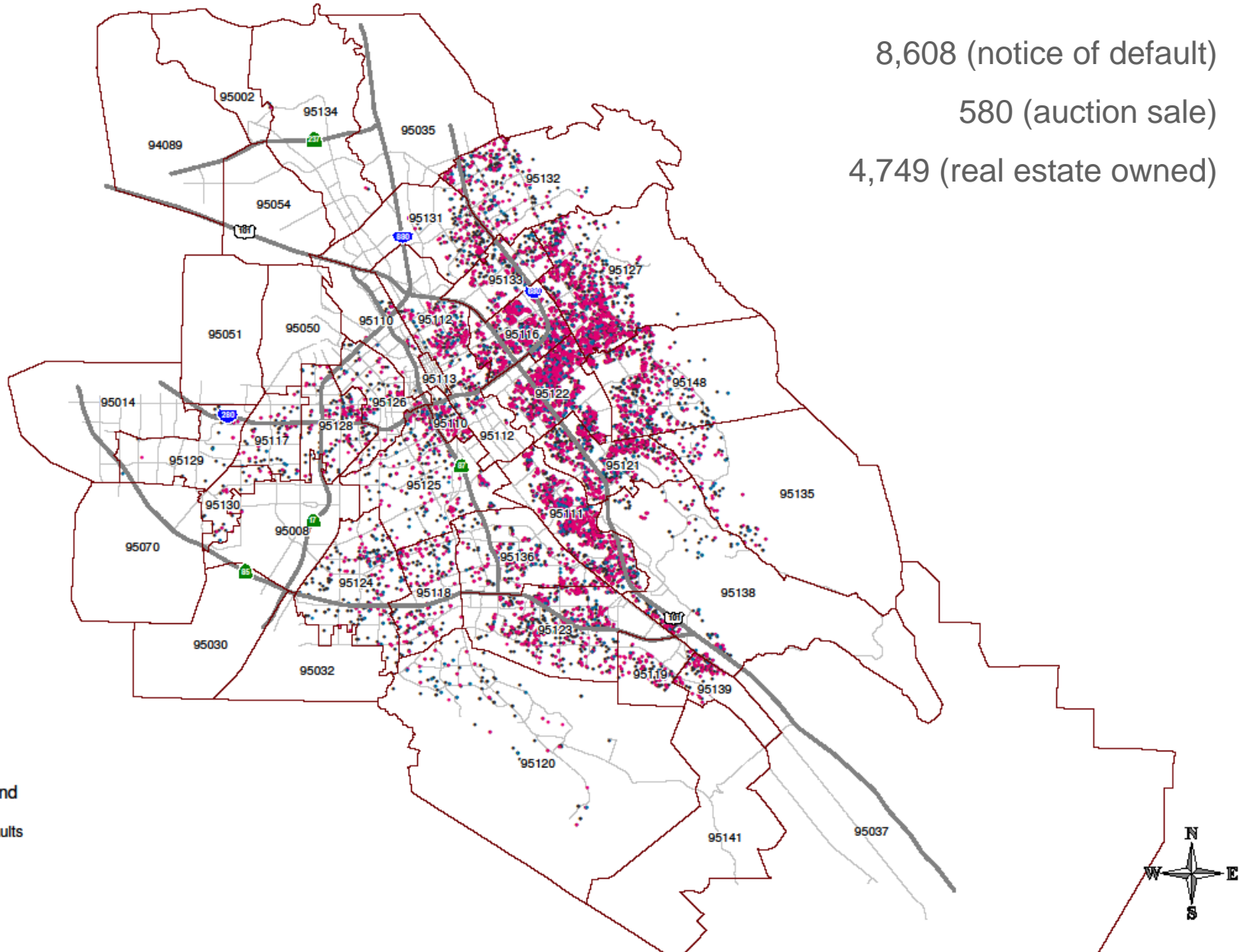
San Jose 2008

14,000 foreclosure filings

8,608 (notice of default)

580 (auction sale)

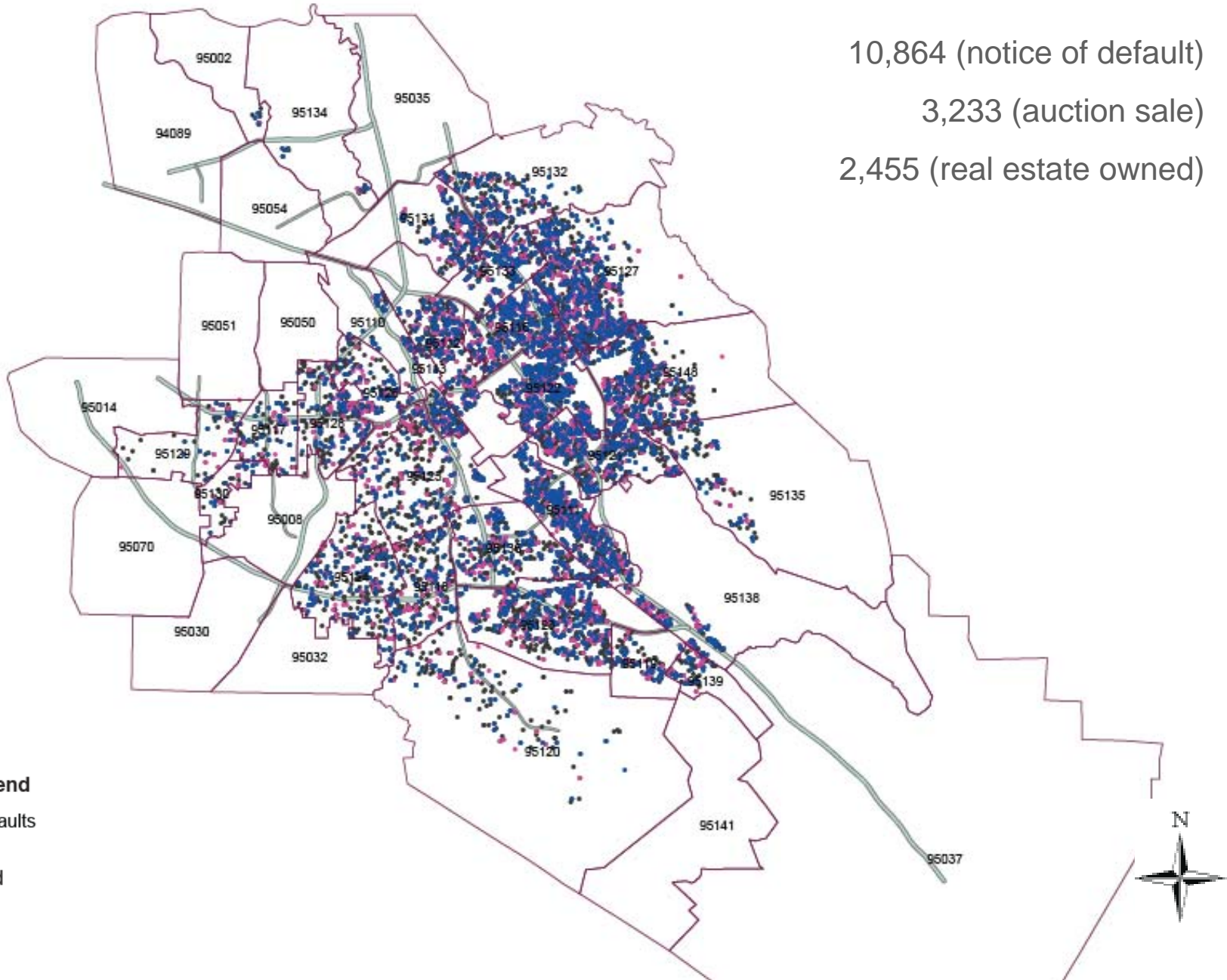
4,749 (real estate owned)



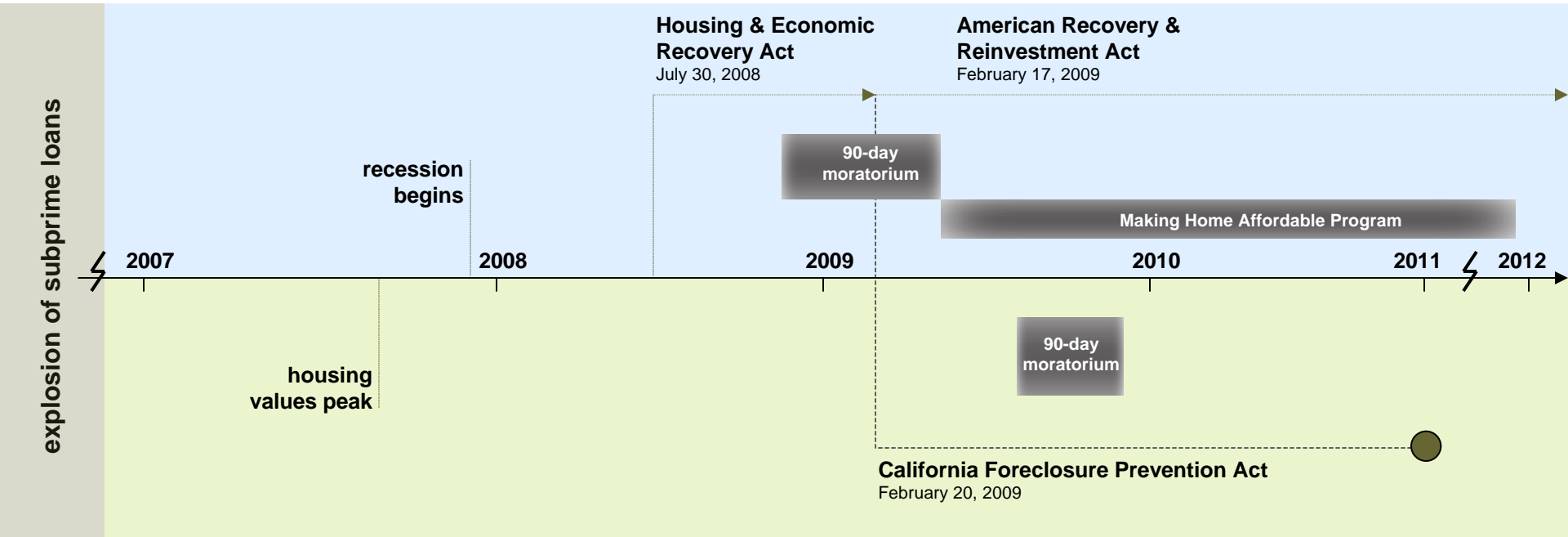
San Jose 2009

16,600 foreclosure filings

10,864 (notice of default)
3,233 (auction sale)
2,455 (real estate owned)



Timeline how we got here





City of San Jose **foreclosure one-stop help center**

- 1,040 clients have been served
- 50+ volunteers

Successes

- 30 approved loan modifications
- 219 packages forwarded to HUD Housing agencies for intervention counseling
- 48 families sent to One Stop for financial and rental assistance
- 127 legal referrals to non-profit agencies

Successful Legal Recoveries & Assistance

- 1 Rescue scam recovery for \$5500
- 3 Rental assistance deposits (One Stop)
- 1 Legal Service (Fair Housing Law)

City of San Jose **foreclosure one-stop help center**

Challenges

- Foreclosures continue due to job loss or interest-rate reset
- Many unable to refinance because they are upside down on loan
- Federal foreclosure prevention program has provided limited help
- Many loan modifiers still charging upfront fees
- Some realtors falsely informing troubled homeowner's that they must short sell to avoid foreclosure
- Difficult for post-foreclosure clients to find rental housing due to credit issues or insufficient income to qualify for rental housing

City of San Jose **foreclosure one-stop help center**

Bank Performances

- Some lenders easier to work with
 - More effective procedures for loan modifications and short sales
 - Wachovia provides cash incentives, sometimes up to \$5,000 to the mortgage holder if they complete a short sale within 60 days
- Challenges with some lenders
 - Lose borrowers' documents and give run around
 - Give unclear verbal loan modifications over the phones or switching terms of the modifications without notifying clients

City of San Jose **neighborhood stabilization programs**

	NSP 1	NSP 2
Legislation	Housing and Economic Recovery Act of 2008	American Recovery and Reinvestment Act of 2009
Award Method	Formula Grant	Competitive Grant
Grant Recipient	San José	Partnership between Housing Trust of Santa Clara County, City of San José, and Neighborhood Housing Services of Silicon Valley
Award Received	\$5.6 million	\$25 million
Impacted Areas	4 SJ zip codes	35 San José Census Tracts
Timeline	Funds committed before September 10, 2010 and fully expended by March 10, 2013	50% of Funds expended by February 11, 2012. 100% of Funds expended by February 11, 2013



City of San Jose **neighborhood stabilization program**

NSP 1 & 2 Basic Requirements

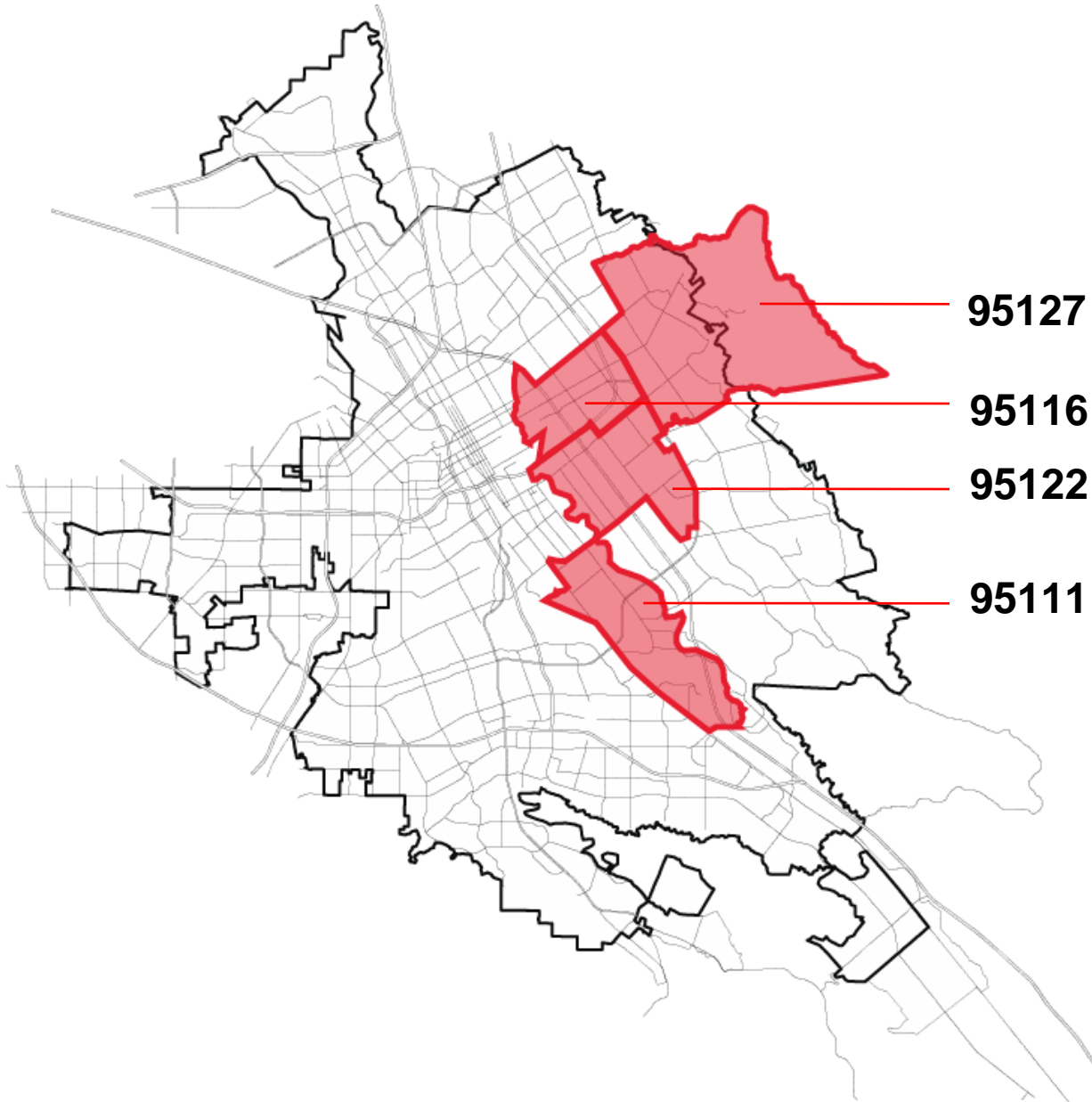
- Grant must be used in respective impacted areas
- 25% set aside for households earning 50% or less of the Area Median Income (\$53,050 for a family of four)
- Properties must be purchased 1% below the current market value

Programs

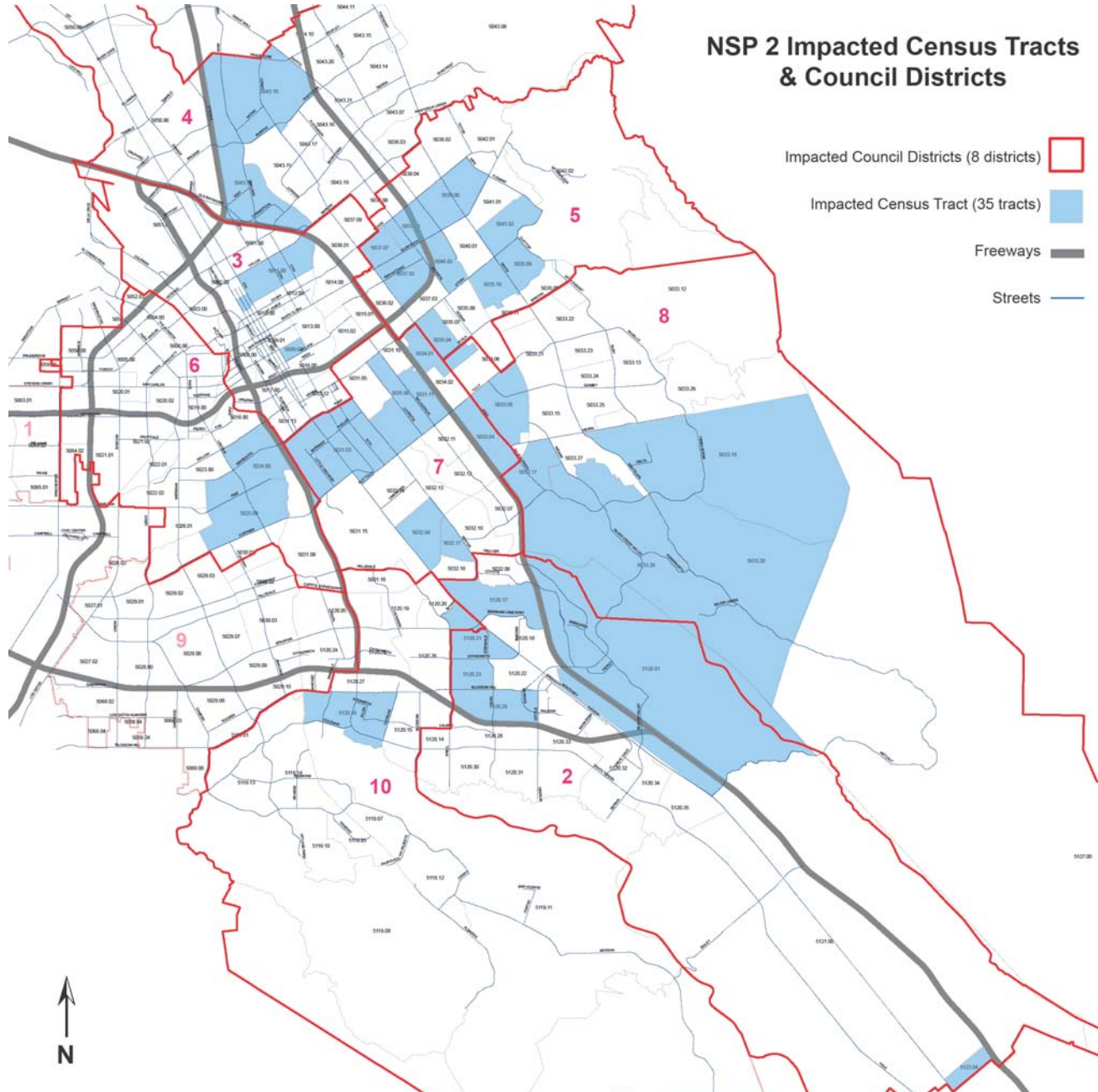
- Multi-family Program
- Single-Family Program
- Program Administration
- Downpayment Assistance Program (NSP 2 only)



NSP1 qualifying zip codes



NSP2 qualifying census tracts & districts





City of San Jose **neighborhood stabilization program**

Where Are We Today?

NSP 1

- Contracted with Developer to assist in administering NSP 1
- Twelve homes have been purchased through NSP 1
- Two four unit apartment buildings have been purchased
- \$3.2M in NSP 1 funds have been expended
- Commitment deadline has been met
- Challenge Properties must be purchased 1% below the current market value

NSP 2

- Consortium agreement approved by City Council and submitted to HUD
- Coordination efforts underway
- Targeted program Implementation is June 1, 2010
- Challenge Properties must be purchased 1% below the current market value

City of San Jose **neighborhood stabilization program**

NSP 1: Gerard Way

Before

After



City of San Jose **neighborhood stabilization program**

NSP 1: Gerard Way

Before

After



City of San Jose **neighborhood stabilization program**

NSP 1: Louis Court

Before

After



City of San Jose **neighborhood stabilization program**

NSP 1: Louis Court

Before

After



City of San Jose **collaboration with code enforcement**

- Housing Department continues to collaborate with Code Enforcement
- Code Enforcement proactively abates blight conditions in abandoned & vacant homes due to foreclosure
- Since August 2009, Code Enforcement has:
 - Completed 254 inspections
 - Issued 51 citations
 - Abated 29 properties
 - Taken 6 properties to Appeals Court



Next steps

- Reconvene Foreclosure Prevention Task Force
- Explore proactive neighborhood outreach
- Review anti-foreclosure best practices at the local level

