



FREQUENTLY ASKED QUESTIONS

What is the Neighborhood Revitalization Program?

Habitat for Humanity Greater San Francisco will acquire bank-owned homes in communities hard-hit by the foreclosure crisis to help stabilize and revitalize neighborhoods at risk of serious decline.

Which communities are you targeting?

Habitat is initially focusing on East Palo Alto and the Belle Haven neighborhood of Menlo Park, where the foreclosure rate is estimated to be at nearly 8% and 6% respectively (foreclosures as a percent of total homes). It is possible that Habitat will extend the program to other communities in the future, depending on the success of this program.

Will you be eligible to receive any of the stimulus dollars from the Federal Neighborhood Stabilization Plan (NSP)?

Unfortunately, San Francisco, Marin and San Mateo Counties are not eligible to receive those funds. Federal dollars assigned to address the foreclosure crisis through the US Housing and Urban Development's NSP effort are not available to our local cities because they are located in counties that have low overall foreclosure rates. This calculation masks the pockets of concentrated foreclosure in cities such as East Palo Alto and Menlo Park (and others) that are being devastated by the foreclosure crisis.

How are you paying for the foreclosed homes?

Habitat for Humanity Greater San Francisco has committed \$500,000 from its own reserves for the program. Additional funding is being sought from local municipalities, government grants and private donors.

Will cities contribute funding to the program; if so, how much?

In Habitat's traditional model of new home construction, local cities/redevelopment agencies typically donate land and substantial subsidy funding. This contribution generally covers 35 - 40% of the cost per unit. In Habitat's NRP program, Habitat hopes cities will allocate between \$120,000 and \$140,000.

Have the cities of East Palo Alto and Menlo Park committed to support the program?

Habitat Greater San Francisco is in discussions with both cities and are very hopeful of their support. A plan to provide an initial \$500,000, with the potential to go up to \$1,000,000 from the below market rate (BMR) set-aside housing fund has already been approved by the Menlo Park Housing Commission and we hope the City Council will review this proposal by the end of May. This plan, if passed, would enable the purchase and rehabilitation of up to 10 homes.

What are some of the other funding sources that you are looking at?

Habitat Greater San Francisco is looking at all possibilities, including foundations, grants, individual donors, corporate sponsors, community reinvestment credits and others. Additionally, Habitat is working with banks and lenders to reduce the sales price of homes for new homeownership opportunities for households with low incomes.

How does this program vary from your traditional model?

Habitat's primary business has traditionally been the construction of new homes. The acquisition of real estate owned (REO) properties will serve as an adjunct to our new-home construction, rather than a substitute for it. The NRP program will enable Habitat Greater San Francisco to continue delivering on its mission to provide affordable homeownership opportunities for local working families, but in a way that will accelerate the time from start to finish when families receive the keys to their new homes.

[How does the program work?](#)

Habitat Greater San Francisco acts as the developer and general contractor for each development, and provides all additional project funding through donor support, government grants, and its Fund for Humanity (Habitat's 0% interest mortgage income). Habitat and its volunteers will refurbish the homes in partnership with the future homeowners, those who live and/or work in the community, who contribute 500 hours of "sweat equity." Habitat also provides or works with a bank partner to secure a 0% interest mortgage to the families.

[Are other Habitat affiliates doing this as well?](#)

Habitat Greater San Francisco knows of affiliates in Maryland, Florida and Michigan who have launched similar efforts.

[Is there a standard process by which Habitat will refurbish each home that it acquires?](#)

No, Habitat will approach each home on a case-by-case basis. Depending on their condition, some properties will require more work than others. This program is not one-size-fits-all. An approach will be customized to the specific needs of each property. Where possible, Habitat will incorporate salvage or recycled materials, as well as a variety of

green features such as energy efficient fixtures and appliances, low V.O.C. paints, green landscaping, and more.

[How quickly will the foreclosed homes be habitable?](#)

Approximately six months, but each house will be different depending on its condition.. The homeowner families will still be required to perform their "sweat equity" just as they do in our new home program.

[Who are the families you will target for this program - is it possible that any would be from foreclosed homes?](#)

Typically, Habitat families are first-time homeowners. Habitat Greater San Francisco will conduct extensive local outreach during the selection process and also look at any families that might be on the city's waiting list or other eligible residents. All partner families earn between 40 - 60% of the area median income. Additionally, each family must demonstrate a need for housing, a willingness to partner, a stable employment history, an average credit score of 650 or higher, and a debt-to-income ration of less than 45% once the monthly expenses of homeownership are considered.

[Has Habitat had any foreclosures?](#)

No. Habitat Greater San Francisco has a stringent selection process and invests a lot into the education of homeowners in areas of personal finance, credit training, and legal document review. By proactively providing essential information and training, Habitat Greater San Francisco gives homebuyers the tools they need to maintain and even enhance their investments in their homes, to understand and prioritize their expenses, and to be actively involved with local resources and their neighborhood. Providing educational opportunities and mandating

attendance are key to empowering Habitat Greater San Francisco's current and future families with the knowledge they need to be successful homeowners, neighbors, and citizens.

[Why don't you just let the market fix this?](#)

[Aren't there private investors who could do this faster?](#)

Habitat's model is a responsible long-term solution that goes to the root of the problem. Because of Habitat's family selection process and homeowner education program, neighborhoods will get a stable addition to the community. Habitat homeowners are invested in their new neighborhoods, participate in local community and school associations, and vote more. Plus, with the volunteerism model, Habitat is strengthening the bonds in the community, further creating stability. You won't get that with an absent investor.

[Will this distract you from building new homes?](#)

Habitat has always been about responding to community needs. While prevention is ideal, intervention after foreclosure is necessary. While the NRP program is not creating new homes, it is creating new homeownership opportunities, so it is absolutely consistent with our mission. Additionally, Habitat has experience doing this over the years. Habitat has bought back 11 homes from partner families who have moved on to market-rate homes, renovated the homes with volunteers, and sold them to new partner families. All while still developing new homes.