

# Agency to buy foreclosed homes

BY SUSAN VOYLES  
svoyles@rgj.com

The Reno Housing Authority is hanging out a "foreclosures wanted" sign in an attempt to cash in on the federal dollars from a record number of distressed home sales in Washoe County.

"I really feel sorry for so many in this situation," David Morton, Reno Housing Authority executive director, said of people who have lost their homes. "But we can possibly help the community, and we certainly want to do that."

Working with the Reno City Council and possibly other local governments, the housing authority has three programs to buy and repair foreclosed or other distressed homes. They will then be sold, offered under lease/purchase arrangements or rented.

The \$5 million-plus in federal money coming to Washoe County to buy foreclosed homes could be stretched by mortgaging those homes and using the money to buy even more distressed properties, Morton said. With the approval of the housing authority board and other entities, he said that's his intention.

Without doing that, Morton said only about 60 homes are likely to be purchased using the federal dollars. And that won't make a big dent in stabilizing neighborhoods, he said.

About a quarter of the homes sold in Washoe County this year were resold by a bank after being foreclosed, lowering home values across the county.

The housing authority and the city of Reno are preparing an agreement for the authority to manage its share

of \$4.7 million in neighborhood stabilization funds. Other agreements might be made with Washoe County and Sparks to oversee their share of the money.

The Reno City Council has given the housing authority \$588,000 in federal money for the Oliver/Montello neighborhood in northeast Reno neighborhood and is negotiating to buy a former drug house beside Pat Baker Park in that neighborhood.

The council also transferred its authority to RHA to buy for \$1 U.S. Department of Housing and Urban Development owned homes that have been the market for more than six months without offers, as allowed under federal law. Sparks also is being approached to turn over this authority to RHA.

Councilwoman Jessica

Sferrazza, an RHA board member, recommended the programs be turned over to the housing authority.

"We have one of the best housing authorities in the country," she said. "They are the experts at doing this, and we want to move quickly."

The neighborhood stabilization program is bringing the most dollars to the area and they must be spent within 18 months. The program is expected to start Feb. 1.

The housing authority or other local entities will have up to \$4.7 million in federal dollars to buy foreclosed homes, fix them up and sell them. A few would be leased to low-income people.

Of the \$4.7 million, \$2 million is targeted for buying foreclosed homes in Sky Vista, a middle-class, newer neighborhood in Stead.

"If we can buy 20 to 30 homes here, we can have an impact," Morton said. "These are nice homes."

Taking foreclosed homes off the market helps raise home values for existing homeowners and gives them a more security and equity in their homes.

People might be forced to walk away from homes if they are mortgaged for more than they can be sold. And they might walk when they can no longer make payments because of a lost job and/or they are facing ballooning payment.

Morton said he expects the upper limit for buying the homes will be 120 percent of median income. For a family of four, that upper household income limit would be \$83,306. First-time home buyers will be encouraged, he said.

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STAFF REPORT

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