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**\$25M PROGRAM:** Executive Director Kevin Zwick said a program to help buy foreclosed and abandoned properties in San Jose is a major win for his nonprofit.

## Housing Trust grant opens doors

BY DAVID GOLL

**SAN JOSE** – Federal stimulus funds that will help ease the housing foreclosure crisis in Silicon Valley are proving a boon for The Housing Trust of Santa Clara County.

The nonprofit organization has secured \$25 million through the federal Department of Housing and Urban Development, part of which will be used to make deferred second loans of up to \$50,000 available to 100 individuals or families for the purchase of a house that has been foreclosed or abandoned.

The federal funds will also be used to purchase and rehabilitate up to 105 bank-owned homes for eventual resale to low- and moderate-income buyers.

Kevin Zwick, The Housing Trust's executive director, said the Bay Area's largest city has been overlooked in the foreclosure crisis, with attention focused mainly on such hard-hit areas as Stockton

and other parts of the Central Valley. He said during 2009 alone, more than 16,000 properties in San Jose were in various stages of the foreclosure process, compared with 2,000 during 2006.

Zwick said the infusion of federal funds is a major step forward for his organization, the city of San Jose and another nonprofit group assisting with the program, Neighborhood Housing Services Silicon Valley.

"This grant is extremely important to our organization," Zwick said. "It significantly expands our programs and investments in San Jose."

He said he believes The Housing Trust's partnership with the city's housing department helped secure the federal funds, but also reflects the federal government's belief that his organization and city officials are effective partners in bringing affordable housing to one of the nation's most-expensive housing markets.

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# TRUST: Housing nonprofit ramps up with programs to help cut effects of wave of foreclosures

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The Housing Trust has a 2010-11 operating budget of \$1.2 million and it makes more than \$5 million annually in loans and grants, Zwick said. Financial assistance comes from cities throughout Santa Clara County, the state of California and private sources such as Bank of America Corp., Citigroup Inc., Applied Materials Inc. and Hewlett-Packard Co. Zwick said contributions to his organization have increased for the past three years.

Because The Housing Trust's Purchase Assistance Loan program — funded through the federal Neighborhood Stabilization Program — is targeted to those in low- and moderate-income categories, it's limited to 35 San Jose census tracts hardest hit by foreclosures.

Officials of The Housing Trust say the program will provide major assistance to local homebuyers of modest means and reduce blight in neighborhoods around the city where every second or third house on some streets is sitting empty due to foreclosure and abandonment.

Zwick said San Jose was one of 56 cities or counties nationwide and among only four in California chosen to share \$1.9 billion in funds from the American Recovery and Reinvestment Act of 2009 out of 400 jurisdictions that submitted applications. It's the first renewal of the Neighborhood

## Housing Trust

The Housing Trust of Santa Clara County is one of the largest trusts in the country that finances affordable housing. It started distributing funds in 2001 and has invested more than \$33 million total.

### First time homebuyers:

Total invested: Over \$14.7 million  
Total leveraged: Over \$693 million  
New homeowners created: 2,089

### Developer loan program:

Total invested: \$7.8 million  
Total leveraged: \$467 million  
Families helped: 1,643



Stabilization Program, a smaller version of an initial \$5 billion program approved by Congress in 2008. San Jose received \$5.6 million in the first round of funding, which city officials used to purchase and rehabilitate 12 foreclosed or abandoned single-family homes around the city for resale to low- and moderate-income buyers.

"We're trying to find a silver lining in the foreclosure crisis, to help mitigate the effects of foreclosure on neighborhoods," Zwick said.

He said The Housing Trust should get word next month if it will be eligible to receive \$250,000 from the Wells Fargo Housing Foundation for a companion program that will help

fix up neighboring occupied homes in blighted areas. Zwick said census tracts eligible for the public and private assistance are scattered around the city, including various East San Jose neighborhoods, Alum Rock, Evergreen Valley, Willow Glen, downtown, and Edenvale in South San Jose.

To be eligible for the program, prospective homeowners do not need to be first-time buyers but cannot earn more than \$86,950 if single or \$124,200 for a family of four. The criteria is based on those earning up to 120 percent of the county's median income level. The purchase price of homes must be 1 percent below fair market value.

Zwick said the program is viewed as a good opportunity by some local lenders and real estate agents amid a sluggish market. The financial assistance permits prospective homebuyers of modest means to qualify for conventional home loans of 30-year duration at 3 percent interest, instead of FHA,



Michelle Belmonte

or Federal Housing Administration, loans geared to low-income buyers.

Michelle Belmonte, now a senior mortgage loan officer in the Campbell office of Prospect Mortgage LLC, helped a homebuyer in the Neighborhood Stabilization Program get into a

formerly vacant home. At the time, she worked for Bank of America.

"This allows us as lenders to help a lot of people," Belmonte said. "And the need out there for this kind of assistance is huge."

Belmonte said the loans can help low- and moderate-income homebuyers in another way — helping them avoid having to pay for private mortgage insurance, which is required when the down payment on a home is below 20 percent of its appraised value or sale price. The loans' low interest rates and avoidance of insurance costs can save homebuyers more than \$500 in monthly costs.

Brenda Avilla-Kintz, an agent with Alterra Real Estate who specializes in programs for first-time buyers, said she's a big fan of The Housing Trust's assistance programs.

"I love it," Avilla-Kintz said. "Some (brokers) view it as a program only for those who can barely squeak into buying a home, but I view it differently. I advocate my clients develop good credit and save for a healthy down payment. This is an equity-building opportunity."

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