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November 18, 2008

Sparks gets foreclosure aid

BY DAVID JACOBS
djacobs@rgj.com

An infusion of \$1.4 million in federal money is moving toward Sparks as part of a fast-moving program to begin putting new owners into foreclosed homes.

With an estimated 800 homes in foreclosure or approaching foreclosure in the Sparks area, city leaders are hoping to begin cutting that number.

The federal program would not bail out foreclosed homeowners affected by the worldwide financial crisis. Instead, the effort is aimed at families with modest incomes who would move into foreclosed homes as new owners in Sparks.

"We do have households out there in which families have good credit, excellent credit if you will, but they haven't been able to come up with their down payment to purchase the home," said Tracy Wheeler, grants administrator for Sparks.

"What this program would do is alleviate some of the concerns and issues that come up with foreclosed properties by removing those properties (from) the vacancy list, if you will, and put ownership potential with that property," Wheeler said.

She provided the details in a recent briefing with Mayor Geno Martini and Sparks City Council, which agreed to apply for the federal funds.

Martini, who spent 34 years in the banking business, stressed that no city money is at stake.

"This is going to affect maybe four, five, six homes, and it's not a lot of money," he said.

"Whatever happens to this later on is not going to cost the citizens of Sparks any money because this is money that is funded through the federal government..." Martini added. "It is not coming out of anything we are doing as far as our revenues in the city of Sparks."

Remaining unknown is which homes would be targeted for help.

Sparks accounts for 31 percent of area foreclosures, estimates provided to the city show.

How it would work

The homes would be purchased at a discounted rate, rehabilitated and possibly upgraded with new windows and energy-efficient appliances. The homes eventually would be resold to qualifying buyers.

The program is aimed toward those with modest incomes. An example would be a family of four making about \$84,000 a year.

"Hopefully, because it's affordable, individuals will not lose that home, and they will stay there," Wheeler said.

Some of the homes might end up being rented out.

Quick turnaround

The program is moving so fast that Sparks had only days to act on taking part in the federal initiative.

"My concern is that if there's not some very tight controls and transparency to this, there's a possibility for a lot of abuse in this program," Councilman Ron Schmitt said.

Wheeler said the program's intent is that the homes will not be continually turned over and resold.

"The intent is that the homebuyer will stay in that home, and that in perhaps five to 10 years, the market has recovered and that they have actually obtained some equity in that property," she said.

Regular updates on how the funds are spent will be shared with Sparks' leaders as the foreclosure-fighting program takes shape.

"We are at a place right now where we have some pretty broad-ranged umbrella components to this," Wheeler said. "Primarily it's because of the quick turnaround we had to do on this."

Additional Facts

DETAILS

- To help get new owners in foreclosed homes, the federal government is offering help to states and local governments.
- Nevada is receiving about \$71 million with nearly \$4.7 million to be divided among Sparks, Reno and Washoe County.
- A funding formula takes into account the percentage of foreclosed properties, foreclosure risk and subprime mortgages.
- Estimates show that since October 2007, about 800 homes in Sparks have been hit by foreclosures or are in some part of the foreclosure process.
- Sparks will not be buying or selling foreclosed homes. Instead, program services are expected to be contracted out.

SOURCE: City of Sparks
