

Tenant Transition to Home Ownership Program

July 16, 2013

In rem tenants

- One of three foreclosed properties is occupied by tenants when investors lose property to tax-foreclosure
- When City assumes ownership of property:
 - License used as initial agreement between city and tenants
 - Lease established with tenant after inspection and interview
 - Same rent as tenant paid to former landlord
 - Tenants subject to eviction for non-payment of rent or lease violations

Marketing foreclosed houses

- Upon City acquisition, properties classified as:
 - Market for sale
 - Demolish
 - Improve with Housing Infrastructure Preservation Fund for future sale
- Occupied properties marketed like any other City-owned property
 - 30-day initial listing: available only to owner-occupants
 - Extended listing: available to o/o and investor buyers, with aldermanic OK

Marketing to tenants

- Goal of marketing efforts: reduce in rem property inventory
- Tenants expand the buyer pool for City-owned property
- Current strategy:
 - Identify tenants who have financial capability to own and are interested in buying
 - Refer tenants to home buyer counseling agency for assistance

Tenant Transition to Home Ownership Program (T3OP)

- Goal: sell 30 properties to tenants annually
- Strategy:
 - Identify qualified and interested tenants living in qualified properties
 - Approximately 50 current tenants identified
 - All tenants surveyed when city acquires more property
 - Provide active assistance to qualified tenants during 24-month home ownership preparation period
 - Make essential improvements to property

T₃OP definitions

- Qualified tenants
 - Can pay at least \$500/month rent and \$100/month lease-option fee
 - Pass screening re: criminal record, misdemeanors, property violations
- Qualified property
 - Cost of essential repairs <\$20,000
- Essential repairs
 - Immediate needs for code compliance
 - Aging systems that require replacement within next couple of years

T₃OP definitions

- Active assistance to tenants
 - DCD staff or agencies under contract to DCD prepare tenants for homeownership
 - Create individual home ownership plan
 - Credit clean-up, home ownership preparation, home repair classes
 - Supervise tenant's sweat equity work
 - Monthly contact with tenant to ensure continuing progress

T3OP step-by-step

