

Sadowski Trust Funds Aid Acquisition-Rehab of Foreclosed Homes



by Gladys Schneider

Lehigh Oaks III was the final phase of what had been a successful home development project in Lee County. The development team consisted of the nonprofit organization Lee County Housing Development Corporation (HDC), headed by Treva Gilligan, and

National Development America, Inc., headed by Rick Miller. More than 40 new homes had been constructed in Lehigh Acres, a massive subdivision of thousands of platted lots. The area was affordable for working families because lots could be purchased for less than \$10,000 and the booming real estate economy brimmed with hopeful homebuyers who had access to easy financing.

Lee County SHIP funds brought the purchase price within reach for working families and after Lehigh Oaks I and II were completed, the developers applied for funding through the Predevelopment Loan Program (PLP) from Florida Housing Finance Corporation (FHFC). The project started as a new construction, 16-unit duplex complex that seemed, at the time, to meet the high demand for new homes in a market experiencing escalating real estate and construction prices.

As we all know, the market began to change dramatically in 2007 and at the same time the land was found to be a wetland that could not be reasonably mitigated. With

environmental concerns coupled with the tightening housing market, the project was redrawn to meet the changing market. The project switched from new construction to the acquisition and rehabilitation of foreclosed homes that were sprouting like dandelions in the vast subdivision. Homes were selling for only \$80,000 and with \$110,000 in PLP funds drawn, the choice was made to revise the project and acquire 11 foreclosed homes using the predevelopment costs, such as survey, appraisals and other soft costs. There were no federal NSP funds available yet Lee County SHIP funds and school impact fee credits were provided for Lehigh Oaks III.

Lee County HDC, a venerable partner with Lee County, had a waiting list of interested buyers but financing became a challenge. With patient and resolute counseling, Erica Cooke, the HDC's homebuyer counselor, worked one home and one family at a time to mend credit and qualify the buyers for mortgages. The developer learned the ropes of buying foreclosures from banks and the homes were rehabilitated with attractive features that competed well in the new market.

The PLP loan has been paid off and all of the homes were sold. This is a good example of the benefits of flexibility in affordable housing programs and having access to Sadowski housing trust funds for reducing the inventory of foreclosed homes in Florida. The PLP is administered by FHFC and the Florida Housing Coalition provides technical assistance to borrowers. **HNN**



In Lee County, like some other areas of the state, newly built homes were unable to be sold due to the drastic market changes. These homes, although never lived in, fell victim to vandals and were in need of rehabilitation in order to be sold. The flexibility of Florida's affordable housing programs to acquire and rehab vacant and foreclosed homes was key in successfully moving this existing housing stock.