



Coming Home

Neighborhood Success In Rochester





Three-term Rochester Mayor William A. Johnson Jr. is preparing to leave office. During his tenure, Johnson championed HOME Rochester and his administration diligently sought to make it an effective affordable homeownership program for hard-working low-income individuals and families across the city.

“The city of Rochester has revitalized entire neighborhoods and increased homeownership – one home at a time and one family at a time. The results demonstrate what a host of organizations can achieve when they focus their resources and talents on a common purpose.”

– Mayor William A. Johnson Jr.

A decent affordable home for every citizen is a top priority in the city of Rochester. For almost a decade, the city has worked with the U.S. Department of Housing and Urban Development (HUD) to turn hundreds of vacant, deteriorated properties into homeownership opportunities for first-time homebuyers.

HUD first introduced the revitalization program in 2000. Rochester was one of the first cities to sign up and has addressed more than 900 vacant properties through rehabilitation or demolition. The result is stronger and more attractive neighborhoods.

In 2004, HUD and the city of Rochester signed a new, more strategic agreement that aims to acquire all single-family homes within select revitalization areas. The plan requires greater private investment and an expanded role for the Rochester Housing and Development Fund Corporation (RHDFC), a public-private collaboration. Through partnership and persistence, Rochester is reclaiming its status as a healthy, vital American city.



Transforming Communities Through Homeownership

Bringing New Life to Rochester Neighborhoods

The city of Rochester is getting a makeover. Community organizations are fixing up abandoned houses and making them affordable to first-time homeowners. Fresh paint, new flower beds and kids playing in tidy backyards capture the city's new vibrancy.

The transformation is largely thanks to HOME Rochester, a public-private collaboration. Managed by the city-sponsored and Enterprise-supported Rochester Housing Development Fund Corporation (RHDFC), HOME Rochester aims to more than double Rochester's ability to acquire, rehab and resell once-vacant homes. It has purchased 241 properties and to date helped create 170 first-time homeowners. By the end of 2006, 100 additional families will be able to purchase homes through HOME Rochester.

Behind this revitalization is the U.S. Department of Housing and Urban Development's Asset Control Area Program (ACAP). ACAP is replacing blight with opportunity in cities like Rochester, where economic downturns have caused many FHA mortgage foreclosures. When Rochester suffered the economic pains typical of Rust Belt cities, neighborhoods began to decline. Several large corporations downsized and the manufacturing sector struggled, causing job losses and declining real estate values. Obsolete wiring and plumbing and dangerous lead-based paint made many older houses uninhabitable.

Each rehabilitation costs approximately \$84,000, but first-time homebuyers who qualify can purchase homes for less than \$60,000 with subsidies that help cover renovation and closing costs. The economic impact, however, goes beyond individual families. One nonprofit estimates that every 20 rehabbed and sold properties generate more than \$1.8 million in economic benefits from home equity, increased property values and lending and business activity. With 275 homes slated for completion and sale by 2006, the city will be nearly \$23 million stronger.

The ACAP Solution

Congress created the Asset Control Area Program (ACAP) initiative in 1998 in response to the growing number of housing foreclosures and resulting neighborhood deterioration in cities around the country. Through ACAP, local governments can purchase FHA-owned homes at a discount in designated revitalization areas, called Asset Control Areas. Homes are assigned to local governments or nonprofits for rehabilitation and resale to income-qualified buyers. The program promotes several important objectives, including increased homeownership for low-income people and minorities, neighborhood stabilization and prevention of real estate speculation.



Getting Ready for Homeownership

The goal of HOME Rochester is not merely selling houses, but helping families and individuals keep their homes. Prospective homeowners connect with a variety of professionals who work with them throughout the homebuying process.

The nonprofit developer rehabbing the property typically markets to prospective homebuyers. Buyers are referred to the city-sponsored system for pre-purchase classes and homebuyer education. Pre-purchase classes provide guidance on credit repair, budgeting, mortgages and loans. Program participants also learn about working with realtors, home inspections, insurance requirements and the closing process. Post-purchase classes teach interior and exterior maintenance, fire safety and security, energy conservation and – perhaps most important of all – foreclosure prevention.

Greener Grass

As a bank supervisor, Johnny Burnice was no stranger to mortgages and interest rates. “But I never thought I could afford to buy my own house,” he says.

Johnny’s perspective took a positive turn when he learned about the help available through Rochester’s homebuyer support system. Before long, Johnny understood the homebuying process, and obstacles dissolved to make way for the chance to build a brighter future. “The support made it possible for me to grab my own piece of the dream,” Johnny says.

He was able to find the right house, choose the best mortgage and come up with the closing costs. As a condition of that support, Johnny took several classes on personal finance and home maintenance, learning important, cost-effective tips about insulation and energy efficiency.

Johnny says he loves the safe, quiet neighborhood and his house, big enough for a home office and a full basement that will become a family room. There’s plenty of room for his extended family and many friends – and a large backyard for hosting holiday barbecues. For Johnny, the best part is that the house belongs to him. He can paint and decorate just as he likes, without having to ask permission from the landlord.

“The only downside,” he jokes, “is that I have to mow the lawn!”



Mission Accomplished

Susan Ross had a goal: to own her own home by the time she turned 30. Her dream came true, but getting there took some preparation.

First, Susan, a medical receptionist, and her dog Max moved back home with her parents to avoid rising rents and to save more of her salary toward a down payment. Meanwhile, she did some research. Through the NCS Community Development Corporation, she learned about newly renovated homes for sale through HOME Rochester. With the nonprofit's guidance, Susan repaired her credit and assembled her financing – closing on her first home just three months after starting her search.

Her mother wasn't keen on her moving into the city until she saw the tree-lined streets and the pristine house with its brand-new kitchen, carpets and roof. Susan married after purchasing her home, and she and husband, Darryl, have enhanced the house with new light fixtures and lovely landscaping. "Before I didn't have a say about anything," Susan says. "Now, everything we do is for us – it's ours!"

The privileges of homeownership also carry a sense of community that Susan's family cherishes, often from the vantage of their front porch. Her personable husband is the unofficial "Mayor of Electric Avenue" and her 6-year-old stepson, Devon, has plenty of nearby playmates. "It's a nice neighborhood," she says. "Everyone really looks out for each other."



From Dream House to First Home

For Marthenia Goodson, buying a first home required a leap of faith. When the mother of two young boys first saw the house that would become theirs, it was boarded up and abandoned. But she put her trust in HOME Rochester and today she's a proud new homeowner.

"I've been on my own and paying rent since I was 18," says Marthenia, who works in the birthing unit at Rochester's Strong Memorial Hospital. "My only regret is that I didn't do this sooner, because I truly feel like I've achieved the American dream."



Marthenia knew that homeownership would set a positive example for her sons, Tahmir, 8, and 2-year-old Jaelin. But her quest almost ended after a bad experience with an unscrupulous real estate agency. Expecting to close on a house, she and her children moved out of their apartment. But one obstacle after another kept the deal from moving forward, forcing Marthenia and her sons to stay with friends and family while she looked for another house.

When she found her way to the Urban League of Rochester Economic Development Corporation, the staff walked her through the homebuying process, one careful step at a time. After looking at several houses, she chose a still-dilapidated structure in a neighborhood close to Tahmir's grade school. Day by day, Marthenia and her sons eagerly watched construction workers transform the house.

"I really had to use my imagination," she says. "But they did a great job turning my house and several others in the area into beautiful new homes."

Home at Last

Buying a first home isn't something people typically link with retirement. But for long-time renters Doris and Clotilde Gonzalez, owning a home has brought joy to their golden years.

Clotilde came to Rochester from Puerto Rico as a young man 45 years ago, after working on the island's sugar cane fields and serving in its army. He spent many years as a machine operator with Rochester's Kodak plant before retiring. Also a native of Puerto Rico, Doris was a school crossing guard before diabetes forced her to stop working. With their two children grown, they looked forward to a comfortable retirement. But their fixed income could not keep pace with the escalating rent on the city apartment they lived in for 27 years.

After the Ibero American Development Corporation introduced them to HOME Rochester, they found the chance to stabilize their monthly housing payment. The couple embraced the opportunity to buy a home and the nonprofit helped them come up with the down-payment and closing costs.

Clotilde smiles as he recalls looking at more than 50 houses. But when he drove up in front of the one he now owns, he declared: "That's

my home!" Today, Clotilde beams with delight as he shows visitors around his home, pointing out the washing machine in his basement, the spacious backyard with a small garden and the front porch, where he and Doris like to spend mornings drinking coffee and reading the paper. "I am very happy – very, very happy," he says.



Creating a Legacy

For Catina Moore, owning a home has been an exciting journey – not without a few bumps on the way. But despite an early ordeal with a faulty furnace, Catina is confident that she “made a very wise decision” three years ago when she set out to buy her first home.



Catina's daughters are clearly enthralled with their very own periwinkle blue house and its inviting front porch. Mijoi, 9, is a consistent honor-roll student and 4-year-old N'yah started kindergarten this fall. Both girls eagerly invite visitors to see their brightly decorated rooms.

A surgical technician at Strong Memorial Hospital, Catina began studying to become a dental technician after she purchased her home. Her ambition is a tribute to her mother, who worked hard to give her children the best she could provide. Homeownership wasn't an option until Catina and her siblings were grown, but it was her mom who led Catina to information about HOME Rochester while applying for a home-repair grant from NCS Development Corporation. The nonprofit helped guide Catina through what would have been an overwhelming process to fulfill her homeownership goal – and she has no regrets, whatsoever.

“Having an apartment is just an apartment. But this,” Catina says, “is my children's home.”

Working Better Together: The RHDFC

The Rochester Housing Development Fund Corporation (RHDFC) is a key partner in the city-sponsored HOME Rochester program and efforts to acquire, renovate and sell vacant FHA-foreclosed homes.

Formed in 2001, RHDFC provides services that streamline and standardize the construction, financing and administrative functions of HOME Rochester to ensure its efficiency and effectiveness. RHDFC utilizes loans from nonprofit, public and private lenders. It provides this financing to nonprofit developers who then rehabilitate and sell the homes at prices affordable to families earning less than 80 percent of the area median income (\$62,100 in Rochester).

RHDFC's partners are essential to its success:

The Greater Rochester Housing Partnership administers the RHDFC. It provides staff, obtains and manages subsidies, oversees sales, provides financial oversight, and manages the construction loan pool.

The city of Rochester's Department of Community Development spearheaded efforts to create HOME Rochester. The city coordinates the financial resources required to attract private funding and ultimately assumes the financial risk for acquiring properties. The city also oversees the program's operations, ensures that all federal requirements are fulfilled and covers most of the program's operating expenses.

Enterprise helped design the fund's financial model. It boosts the capacity of nonprofit developers by providing training and technical assistance on housing production and rehabilitation. These nonprofits have rehabbed nearly 200 houses through the RHDFC and plan to create more affordable housing in the future. Enterprise has taught developers to use Housing Developer Pro®, software designed specifically for housing rehab specialists. To protect and expand HOME Rochester, Enterprise also conducts extensive outreach to educate elected officials about affordable homeownership and Asset Control Area Programs (ACAPs) in other cities.

JPMorgan Chase is the RHDFC's lead lender, coordinating a \$25 million pool of financing to date. Also supporting HOME Rochester's success are: Citizens Bank, Citibank, HSBC Bank, M&T Bank, Bank of America and Key Bank.

United Way of Greater Rochester is a participating lender and serves on the RHDFC Board.

Nine community partners help carry out RHDFC's homeownership and revitalization goals. They are: Group 14621, Housing Opportunities Inc., Ibero American Development Corp., Isla Housing and Development, NCS Development Corp., North East Area Development Inc., South East Area Coalition, South West Area Development Corp., and the Urban League of Rochester Economic Development Corp. These organizations are construction managers and the primary sales agents for HOME Rochester.

"Working in partnership has made HOME Rochester a powerful tool for stabilizing neighborhoods and helping families improve their lives. Community-based organizations, government leaders and private lenders bring their unique experience and perspective to the task of restoring vacant properties."

Jean A. Lowe
President, Rochester Housing
Development Fund Corporation
President, Greater Rochester
Housing Partnership

"The Rochester Housing Development Fund Corporation has created a situation where everyone wins. HUD disposes of foreclosed homes and the city increases homeownership. JPMorgan Chase is proud to be part of an effort that has had such a positive impact on individuals and neighborhoods."

R. Scott Schmid
Vice President
JPMorgan Chase Bank, N.A.
Community Development Group

"Blighted properties ravage communities. That's why Enterprise is committed to providing our public, private and community partners in Rochester with the technical and financial resources they need to turn vacant houses into affordable homes for low-income families. The HOME Rochester model works, and Enterprise is devoted to protecting and expanding this innovative strategy to revitalize our nation's cities."

Alma Balonon-Rosen
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