

## Cities, county could receive funds to buy foreclosed homes

Contributed by Elizabeth Larson  
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LAKE COUNTY &ndash; Local communities could receive funds from the government to buy foreclosed homes and, in doing so, rejuvenate neighborhoods hit by tough financial times.

The funding, to be distributed by the California Housing and Community Development Department (HCD), is part of a \$3.9 billion allocation by the federal Department of Housing and Urban Development (HUD), which was announced in September as part of the newly formed Neighborhood Stabilization Program.

Congress authorized the funds in the Housing and Economic Recovery Act of 2008, passed in July.

California has received \$529 million from HUD to renovate and rehabilitate foreclosed homes, eliminate blight and help stabilize neighborhoods impacted by the rising tide of foreclosures. The funds will be distributed over the next year and a half.

Clearlake City Administrator Dale Neiman told the Clearlake City Council at its meeting Nov. 13 that the city could be receiving some of that money as part of a noncompetitive application process.

Neiman said the city would be able to sell the properties to qualified buyers, with the money ultimately being returned to the state. He added that the funds would help cover city staff time to work on the program.

Lakeport Redevelopment Manager Richard Knoll told Lake County News that the city is waiting to see if it will be eligible for the program. If it is, they'll then need to evaluate if they should apply.

&ldquo;It could be beneficial to the community,&rdquo; he said.

Counties also are available for the funding, according to HCD.

HCD spokesperson Jennifer Sweeney said that numerous communities &ndash; among them major metropolitan areas hit hard by foreclosures &ndash; received direct allocations from HUD.

On Friday, HCD finalized its action plan for how the money will be spent.

&ldquo;The process is pretty rigid,&rdquo; said Sweeney.

HCD will administer \$145 million to local jurisdictions who do not get money directly from HUD. The state on Friday issued breakdowns of which communities are available for joint or cumulative allocations totaling of \$77.8 million or direct allocations of \$28 million.

That totals just over \$105 million, with another \$40 million yet undetermined for local jurisdictions such as Clearlake, Lakeport or even the county.

Eligibility for the funding will be based on the greatest percentage of home foreclosures, the greatest percentage of homes financed by a subprime mortgage-related loan, and the likelihood of facing a significant rise in the rate of home foreclosure, according to HCD.

With Lake County currently ranked No. 12 among California's 58 counties for foreclosure activity &ndash; it also recorded a 3,500-percent increase in foreclosures from September 2007 to September 2008 &ndash; it's likely local jurisdictions will receive consideration.

Of all areas in the county, the city of Clearlake appears to lead in foreclosure activity currently.

Foreclosure Listings Nationwide, an online service, currently lists 47 properties in Clearlake going through some kind of foreclosure activity, with another 50 in preforeclosure status.

In Lakeport, the numbers are lower &ndash; with 18 homes in active foreclosure status and 25 in preforeclosure.

In the Hidden Valley Lake community, 32 homes are in foreclosure with 49 in preforeclosure, while in Kelseyville, there are 32 homes in foreclosure and 25 in preforeclosure, according to Foreclosure Listings Nationwide.

Sweeney said there will be a 15-day public comment period on the state's action plan, which must then be submitted to HUD by Dec. 1.

At that point, HCD will release its notice of available funding with an application. It will be well into December before local jurisdictions will know how much money they're eligible for, Sweeney added.

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