



Foreclosure Acquisition / Rehabilitation Program

Overview: Federal HUD funding is used to acquire and redevelop vacant, foreclosed properties that may otherwise become sources of abandonment and blight within the Billings community. Following rehabilitation or reconstruction, the homes are sold to income-qualified households through the First Time Home Buyer program. Mortgage payments are based on 30% of the household's income. A silent second lien is placed on the home for the difference between the purchase price and an affordable mortgage payment.

History: In 2010, the Montana Department of Commerce awarded the City \$569,314 in Neighborhood Stabilization Program funding to purchase and rehabilitate three homes. The City continued the program with Community Development Block Grant funding and 12 homes have been purchased as of September 2020.

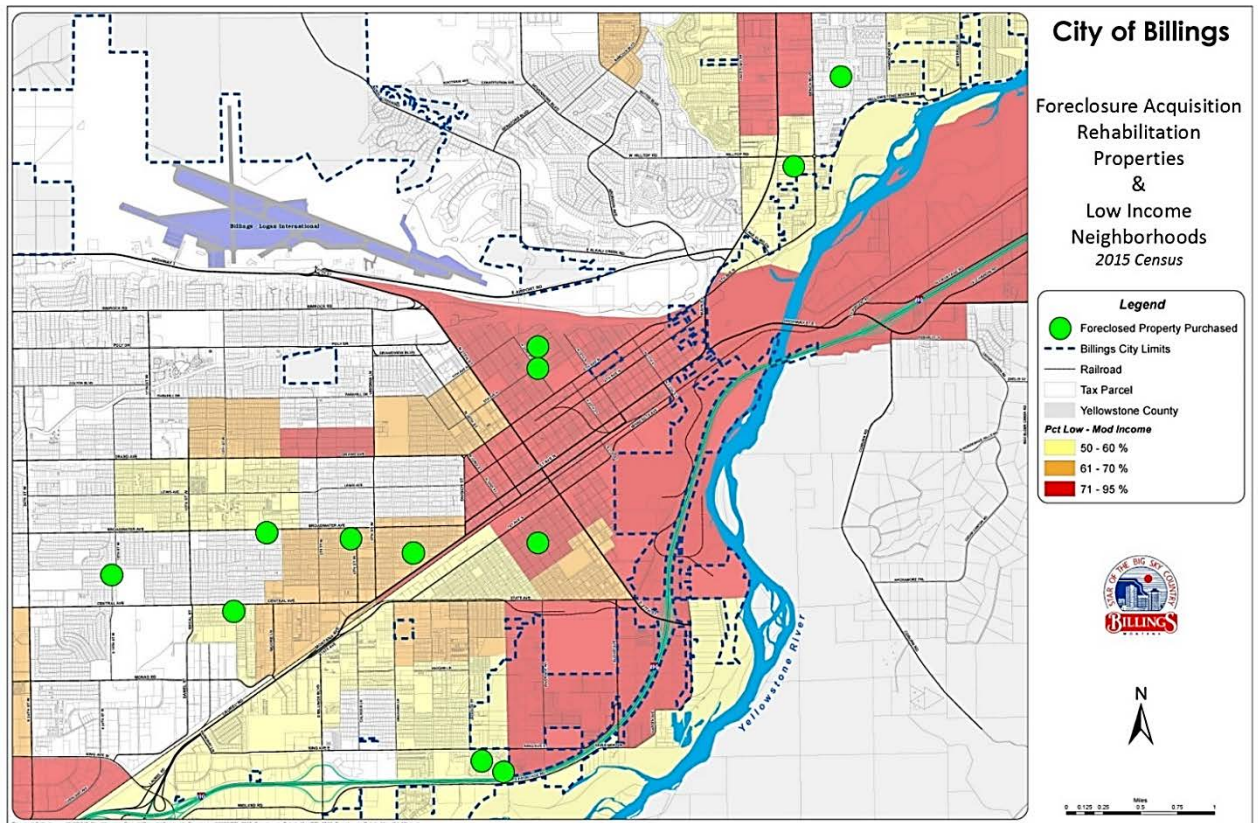
The great majority of the homes purchased need extensive repairs. If the City did not purchase and rehabilitate these homes, it is very likely they would become rentals with very unsafe conditions for tenants and would continue contributing to neighborhood decline.

Here are some interesting program averages:

Acquisition price	\$122,052
City rehabilitation investment	\$74,938
Total City investment	\$190,745
Purchase appraisal	\$126,475
Acquisition discount (<i>at least 1% required</i>)	4%
After-rehab appraisal	\$172,450
Increase in home value after rehab	34%
Homeowner first mortgage	\$98,403
City's second mortgage lien	\$77,139
Revenue per home following initial resale	\$84,504
Total City Liens / Future Revenues	\$771,391

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Before



After







