

Recovery Corp. gets \$10 million investment

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Two years after it was created to buy and salvage large numbers of foreclosed homes and protect communities from blight, the Inland Empire Economic Recovery Corp. is ramping up activity after a very slow start beset by unexpected obstacles.

Robert Hooker, the Recovery Corp.'s executive director, acknowledged that the process has been slower than he expected but he said the corporation is on the verge of ramping up its activity.

To date it has recycled 38 homes that were purchased from financial institutions, fixed up and resold specifically to buyers who would live in them rather than to investors who would convert them to rentals. Hooker said this year the corporation is on track to buy, renovate and sell 75 more homes.

In recent weeks the corporation has increased its available funds from private investors from \$3 million to \$10 million, and was approved to start buying homes in pools from Fannie Mae, Hooker said.

Early in its existence the corporation discovered that banks were not willing to sell foreclosed homes in bulk at prices discounted deeply enough so the houses could be fixed up and resold at a price that would provide an acceptable return to investors and also finance more foreclosure purchases, Hooker said.

In late July 2009, the corporation reported that it had obtained a \$50 million commitment from Sierra Capital, a private investment firm in San Diego. According to Keffer Norris, Sierra Capital's president and chief executive officer, it was enough money to buy and fix 200 to 300 Inland houses every four months.

But so far the committed money hasn't been tapped, Hooker said, because Sierra Capital wants to invest in about \$30 million worth of property at a time, which is a far bigger acquisition than Recovery Corp. has been capable of arranging.