

## **PANEL 2 | The Opportunities and Limits of Private Capital Flows in Communities**

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Moderator: Jim Park, New Vista Asset Management  
Panelists: Sean Dobson, Amherst Holdings  
Marie Mascherin, New Jersey Community Capital

The second panel explored the role of private capital in the ongoing housing market recovery and its impact on communities and neighborhood stabilization. Echoing points made earlier, presenters on this panel stressed that housing markets vary dramatically across the country and private capital flows to markets are uneven.

Jim Park, founder and co-CEO of New Vista Asset Management (NVAM), opened the session by providing an overview of housing market dynamics and outlining different motivators for various investors. Noting that the investor appetite for properties has increased substantially in recent years in many markets, Park also emphasized that REOs are beginning to represent a smaller portion of the distressed assets in key markets. “When we think about influencing the ultimate dynamics of the market, we have to think about the whole picture, not just the REO in the years ahead,” he advised.

Marie Mascherin, chief lending officer at New Jersey Community Capital (NJCC), focused on the critical role that the nonprofit sector plays in neighborhood stability. NJCC, a statewide community development financial institution, made a bulk purchase of 47 distressed properties in New Jersey in 2008 and then participated in the 2012 FHA distressed asset stabilization program, purchasing 245 notes to date in New Jersey and Florida using a combination of private debt and equity.

While nonprofits like NJCC are mission-driven and employ a “high-touch, boots-on-the-ground” approach to enabling homeowners to stay in their homes and ultimately stabilizing the surrounding neighborhoods, private for-profit companies are focused on yielding above-market returns for their investors. The panel transitioned from considering the role of nonprofits and opportunities for public-private partnerships to exploring the motivations of large, private for-profit companies and the effects that capital from these sources is having on different housing markets.

Housing market shifts have been substantial and, from the private investor perspective, “you can't paint housing with a broad brush,” noted Sean Dobson, chief executive officer and chairman of the board of Amherst Holdings. Dobson discussed Amherst’s business strategy as a large for-profit investment services company, detailing the company’s national, single-family acquisition program. Amherst is acquiring between 5,000 and 8,000 single-family homes in eight markets nationwide and converting these homes into rental properties with the intention of holding the properties as assets for a multiyear period. Amherst’s strategy to create a single-family equity fund using an “acquire-to-rent” model was based on business opportunities it observed in strong multifamily rental markets around the country.

The panel also explored exit strategies for investors in the coming years as markets start to stabilize and rebound. Markets are moving towards recovery at different paces, Dobson noted, so the exit strategies in states like Arizona will vary from those in Florida and New Jersey.

The session concluded with a discussion among presenters and audience members about the challenges that potential homeowners are facing, including access to credit and the competitive advantage private investors now enjoy in many markets, such as being able to offer cash-only sales.

A central question is what will happen to neighborhoods when investors begin to withdraw from markets in the coming years. All panelists agreed their hope is that markets will stabilize as investors begin to exit and that prospective owner-occupants will be able to secure financing to purchase homes.