

Spike in Home Sales Could be the Spark Frayser Needs

By Patrick Lantrip

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Steve Lockwood and Michelle Lucas with the Frayser Community Development Corp. stand in the yard of one of the properties they recently rehabbed in the Frayser community.(Daily News/Houston Cofield)

By almost all accounts the Memphis housing market is firing on all cylinders almost everywhere, but for some neighborhoods hit hardest during the housing crisis like Frayser, the rebuilding process has been slow.

But a sharp year-over-year increase in homes sales and average prices may be the spark the downtrodden community has been waiting for.

“Because it was so hard-hit by foreclosures a few years back, the average sales price went down to \$17,000,” [Steve Lockwood](#), executive director of the [Frayser Community Development Corp.](#), said. “If you look at other neighborhoods that people think of as somewhat similar, like Whitehaven or Hickory Hill, the average sales price in Whitehaven is just about exactly twice that of Frayser, and Hickory Hill is more than that.”

According to the most recent data compiled by Chandler Reports, the average home sales price in Frayser was \$36,000 in May, which was a

29 percent increase from May 2016. Additionally, the number of homes sales for the month rose by 13 percent to 85, the seventh highest amount among Shelby County's 33 ZIP codes.

While the sample size is limited, Lockwood said he believes the increase is partly the result of an ad campaign his organization recently rolled out that was funded by a \$70,000 grant from the Hyde Family Foundations to market home sales in Frayser.

"We told the Hyde Foundation that if they give us the grant, we will change that ratio of owner-occupants versus investors," Lockwood said. "The data is really early, but it seems to be working."

According to research conducted by the staff at the Frayser CDC, Lockwood estimates that nearly 90 percent of all buyers in Frayser's 38127 ZIP code last year were investors.

While some of the investors are helping reducing the number of blighted properties in the area, he said this figure is ultimately not sustainable.

One of the ways the Frayser CDC works to increase the owner-occupancy rate is to use the subsidies it receives as a nonprofit to buy, rehab and sell houses in the area to individuals.

"We will often put \$65,000 into a house that is worth \$58,000 when it's finished," Lockwood said. "By common economic standards, that's pretty stupid, but we've done some analysis on the effect of the surrounding neighborhoods on the tax base of the city and county and it is very impressive."

Based on research that has been done in other cities, he said his staff analyzed a small, 18-home area that they invested \$1 million in and

estimated that they have changed the values of surrounding houses by \$6 million.

“That’s a six-to-one payback, and if we’re correct in that, it would pay the city and county back \$119,000, which is a 12 percent return on our \$1 million investment,” Lockwood said.

Since it’s often hard for some low- to moderate-income individuals and families to obtain what most banks consider a small loan, Lockwood created the website, www.frayserhomes.com, that has detailed information on banks and real estate agents who work in the area.

One such loan officer, Brody Wamble, for example, specifically works to provide loan financing for people in low- to moderate-income or distressed areas.

“Some of the clients that I see from Frayser tend to have credit issues or just don’t make a lot of money,” said Wamble, who works for [IberiaBank](#). “My job is to guide them through the process that deals with the credit approval.”

Wamble said individuals have to have a 620 credit score or higher to qualify for home loan financing, and if they don’t meet that criteria, he refers them to a nonprofit organization like the Frayser CDC to help them out.

Additionally, his company offers two programs for low- to moderate-income areas.

“If an individual makes 80 percent of the average income in Shelby County or less, then we have a grant program that will give them \$2,000 and they can get another \$2,000 if the home that there are

buying is in a low- to moderate-income area,” he said. “In that Raleigh-Frayser area, most of the homes are under \$100,000, so that’s enough money to cover the down payment.”

He said homeowners are not only investing in themselves when they choose to buy instead of rent, they are also helping the city as a whole build wealth.

“There are other investors around the country that want to buy in the Memphis market because it is so cheap, and when the renters pay those landlords, the money is going out of state,” Wamble said.