

# Neighborhood Stabilization:

## Learning Lessons Real Time

Karen Leone de Nie

December 17, 2009 : Real Estate Solutions: Best Practice's for Today's Housing Market

The comments in this presentation are those of the presenter alone and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.



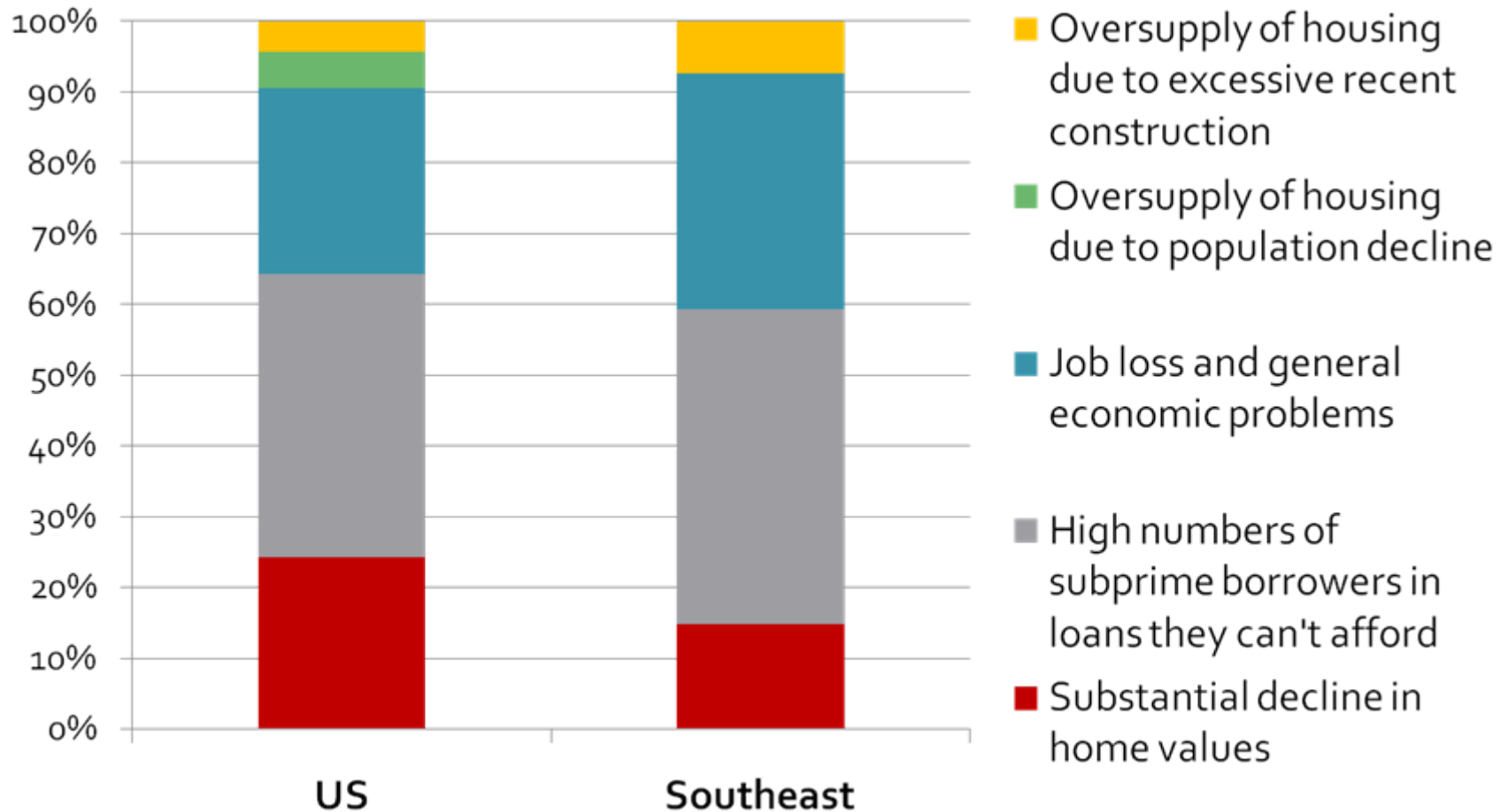
# NSP STUDY:

The national study is intended to help cities and counties better utilize their NSP dollars and provide state and federal policy-makers with strategic information on how to make neighborhood stabilization efforts more effective and efficient.

# Progress to date...

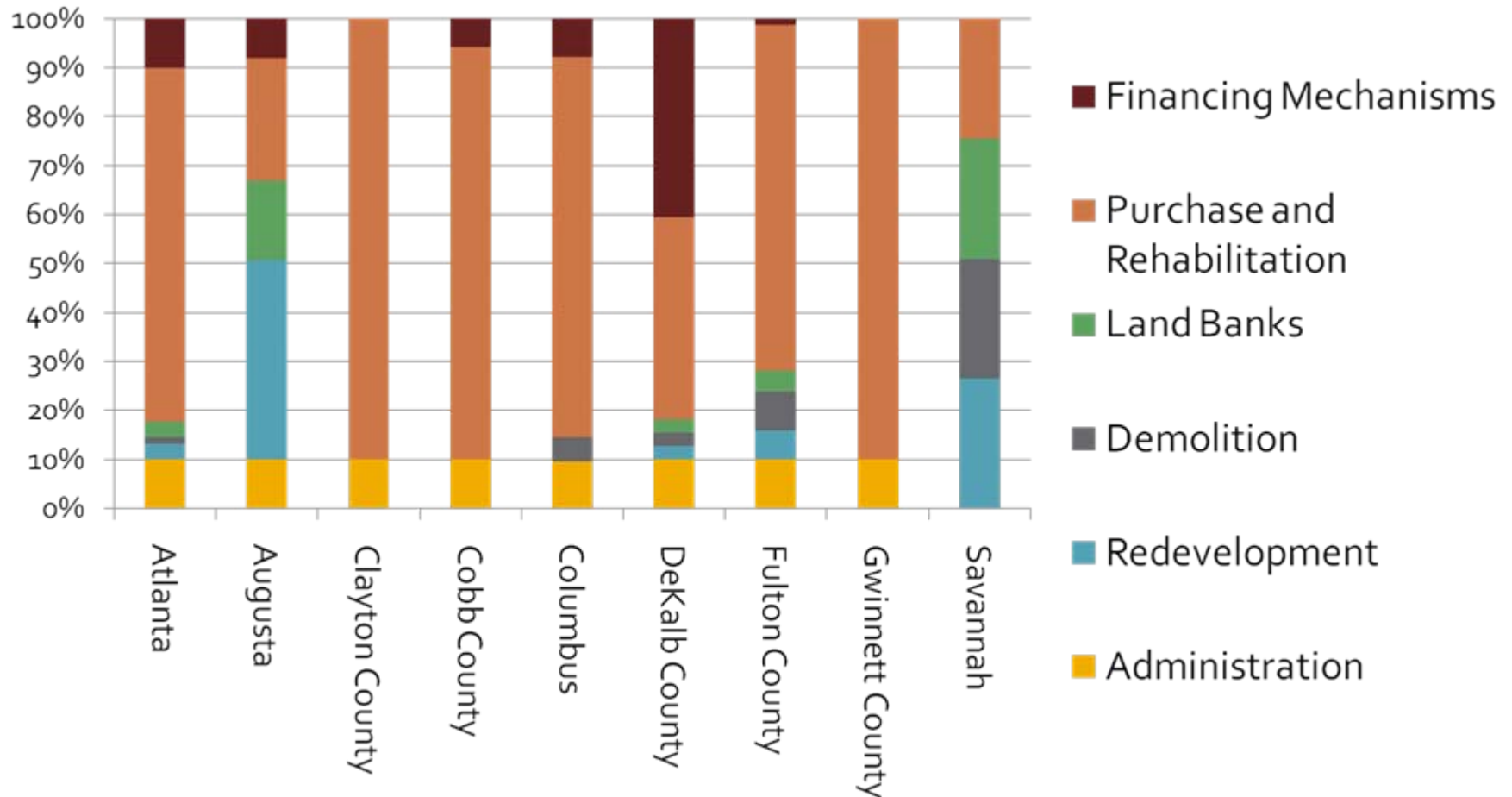
- Southeast – AL, FL, GA, parts of LA, MS, TN
- 67 city and county direct NSP grantees in the southeast receiving almost \$562 million
- Another \$331 million to the states, which made additional allocations to many more cities and counties
- To date, we surveyed or interviewed 21 grantees

# Stated cause of the housing problem



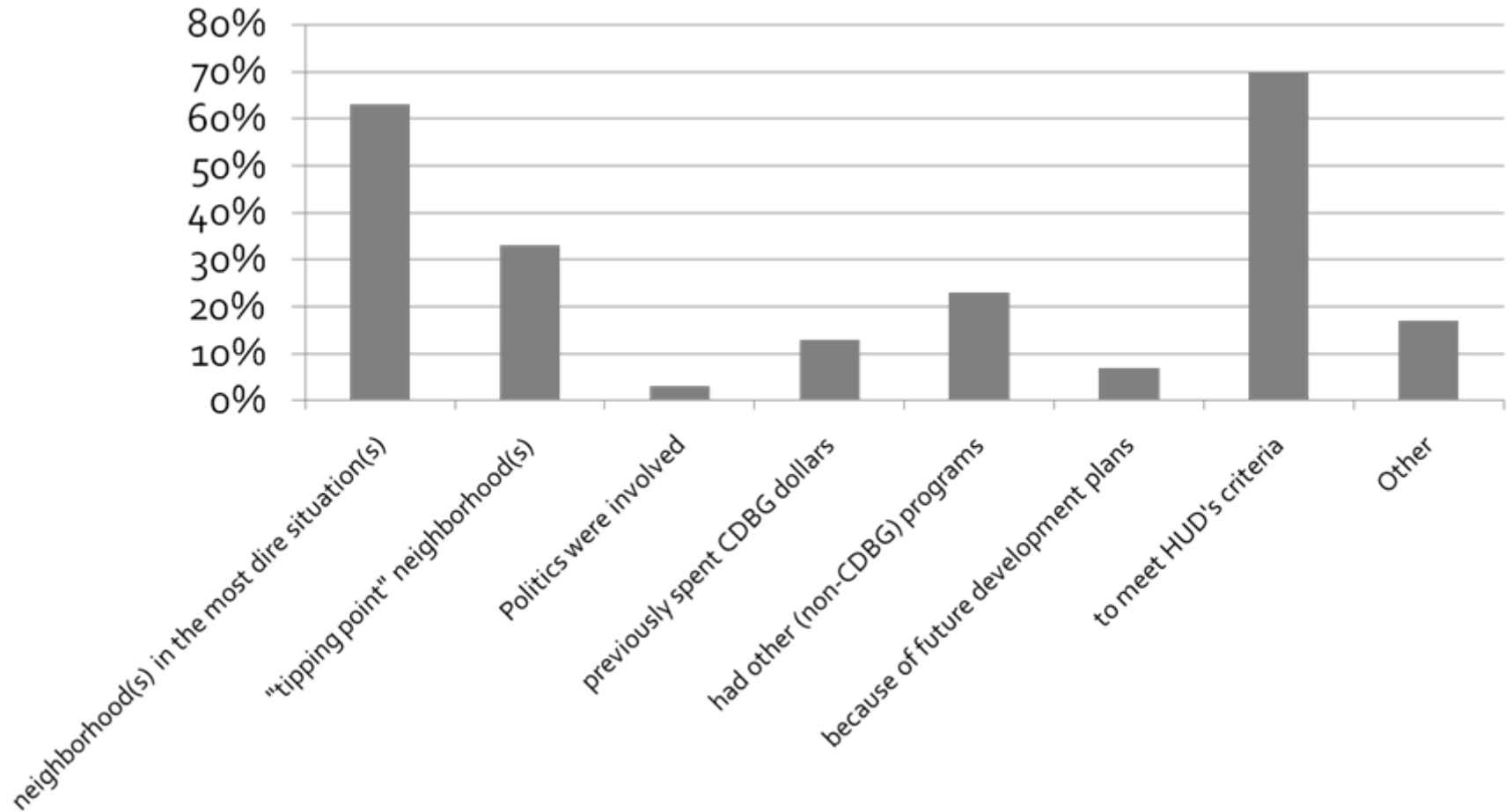
Source: U.S. Department of Housing and Urban Development, NSP, 2009

# Comparing Georgia Plans



Source: FRB Atlanta review of NSP Plans

# Selecting Target Neighborhoods



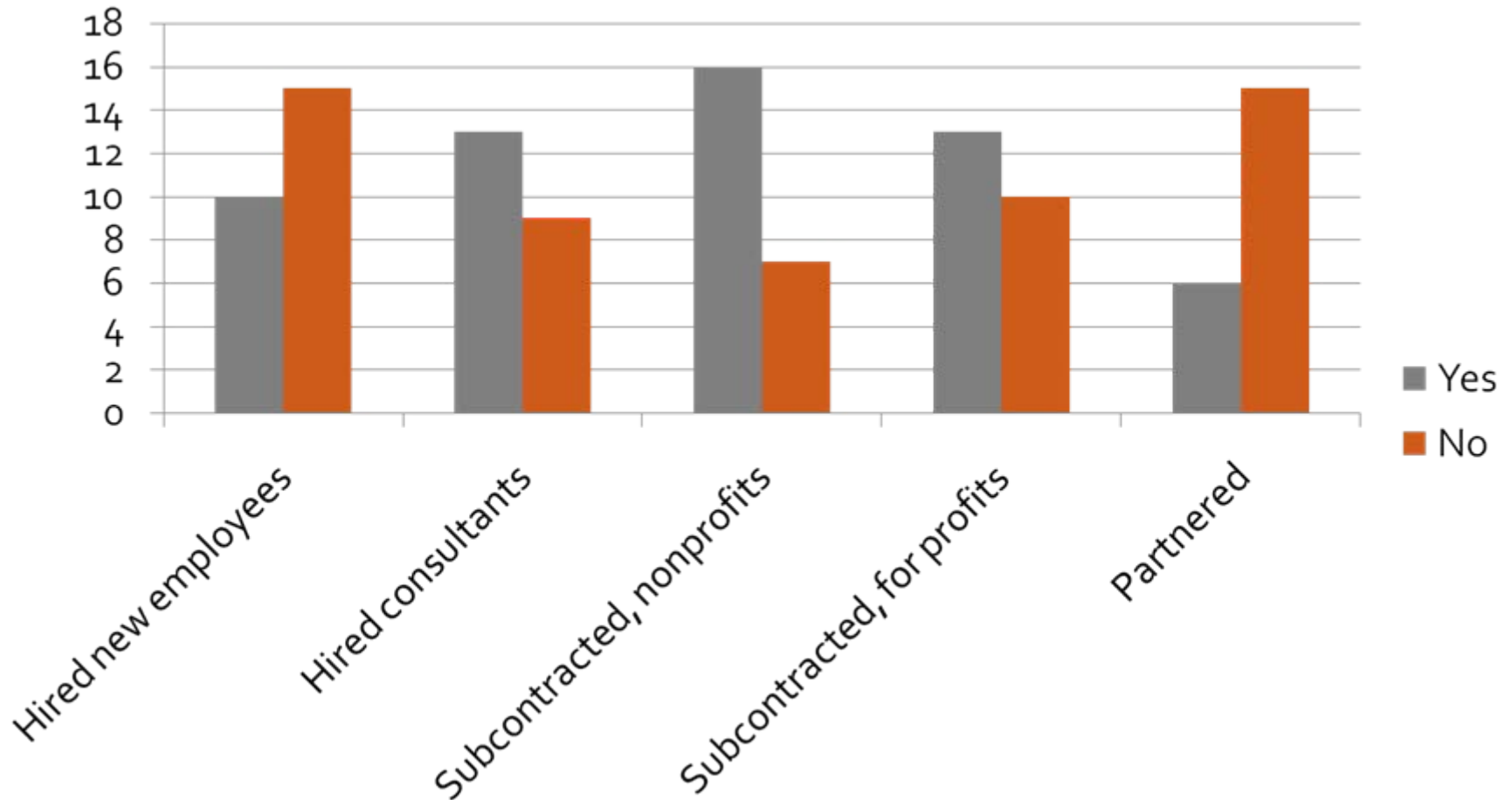
# Issue: **timeframe**

- Planning timeframe
- Getting to implementation
- Completing transaction
- Program deadline

# Significant Funding Increase

	State of Georgia	DeKalb County	City of Atlanta	Gwinnett County	Fulton County
NSP Allocation	\$77,085,125	\$18,545,013	\$12,316,082	\$10,507,827	\$10,333,410
2008 CDBG	\$65,831,456	\$8,674,141	\$18,343,554	\$5,751,923	\$3,784,000
Compare CDBG to NSP	1.17	2.14	0.67	1.83	2.73

# Enhancing Local Capacity



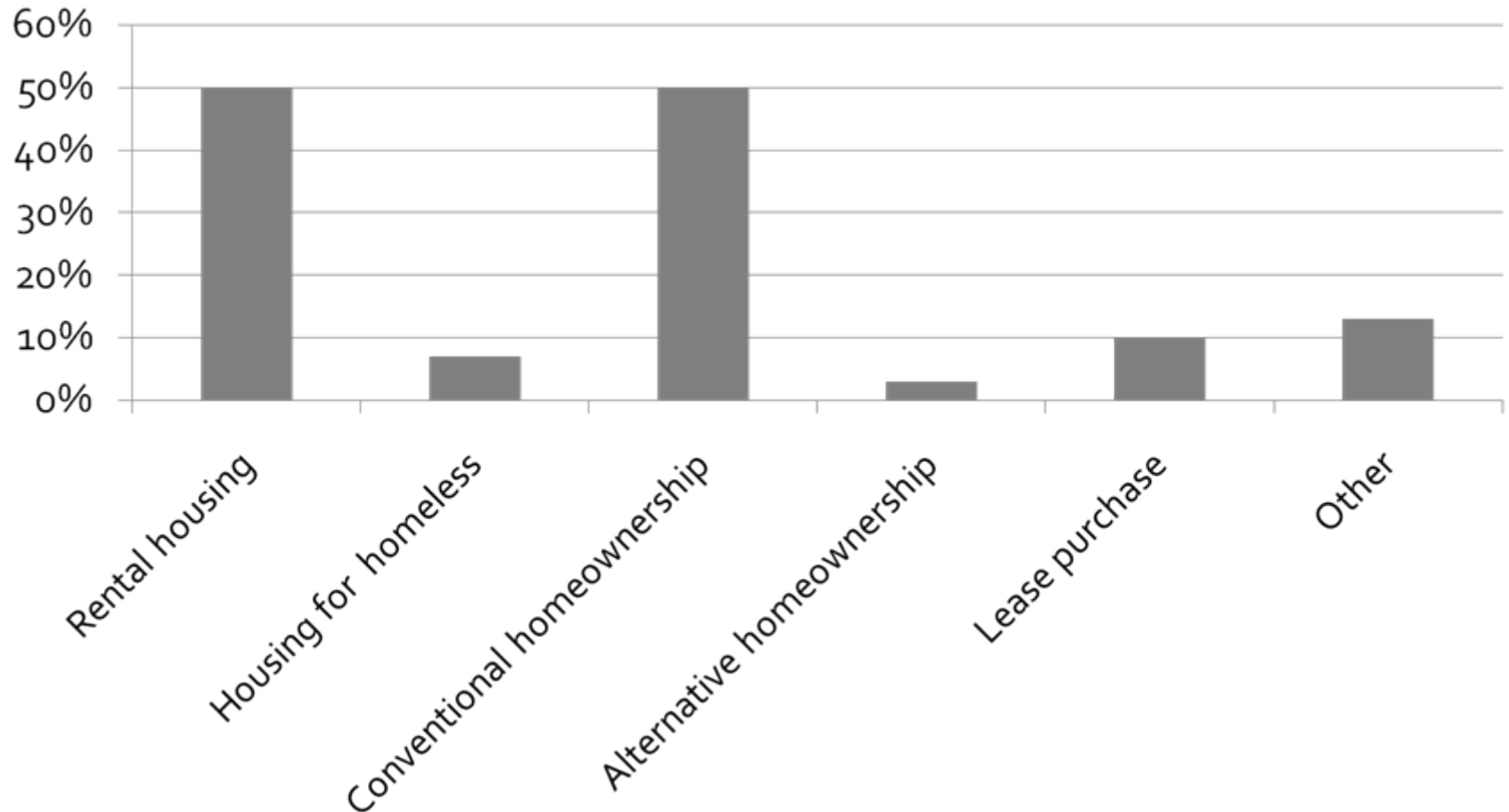
# Issue: **capacity**

- nonprofit
- For profit
- New partnerships

# Issue: **acquisition**

- Investor competition
- Negotiating discounts
- Foreclosure Limbo
- Review period
- Areas of greatest need have changed
- Some target areas don't need more affordable housing

# Meeting 50% AMI Requirement



# Issue: 25% very low income set aside

- Few rental/multifamily housing options
- Lack of political will to focus on anything outside of conventional homeownership
- Complicated title issues with multifamily units

# Issue: **marketability/disposition**

- Assess demand/preferences of eligible buyers
- Outreach through large and public employers
- Working closely with local real estate professionals
- Securing homeowner financing

# Issue: programmatic challenges

- Reporting burden (different than CDBG)
- Rules don't work well with HOME
- Expending program income before NSP \$\$\$
- Combining HUD and state allocations
- Using vacant properties to meet 25% very low income set aside

# Issue: definitions of success

- Compliance and plan

versus

- Stabilization and a sustainable strategy

# Key Questions...

- How are grantees effectively meeting the low-income requirements?
- How are land banking practices developing in the southeast?
- How are grantees building long-term community development capacity?
- Are there effective strategies to do energy efficient rehabs on a tight budget?
- What can financial institutions do to improve NSP outcomes?

# PARTICIPATE IN THE STUDY:

We are continuing to gather information about NSP activities in the southeast to share with grantees and policy makers. If you would like to participate, go to:

[http://frb.qualtrics.com/SE?SID=SV\\_eu3pwFdRjj31sxK&SVID=Prod](http://frb.qualtrics.com/SE?SID=SV_eu3pwFdRjj31sxK&SVID=Prod)

# DISCUSSION PAPERS:

Addressing emerging and critical issues in community development to provide information on topics that will be useful to the many actors involved in community.

# FRB Atlanta Discussion Papers

Discussion Paper  
Community Affairs, October 10, 2008; No. 01-08

## Community Response to the Foreclosure Crisis: Thoughts on Local Interventions

Dan Immergluck

Community Affairs Discussion Paper  
No. 02-08 • December 15, 2008

## The Accumulation of Foreclosed Properties: Trajectories of Metropolitan REO Inventories during the 2007–2008 Mortgage Crisis

Dan Immergluck

Community Affairs Discussion Paper  
No. 01-09 • April 21, 2009

## Intrametropolitan Patterns of Foreclosed Homes: ZIP-Code-Level Distributions of Real-Estate-Owned (REO) Properties during the U.S. Mortgage Crisis

Dan Immergluck

[www.frbatlanta.org/pubs/discussionpapers/](http://www.frbatlanta.org/pubs/discussionpapers/)

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# FORECLOSURE PODCASTS:

Interviews with experts on various facets of foreclosure enable listeners to learn more about the issues and advance solutions. Through a partnership with the Center for Housing Policy, listeners can ask questions of these experts on an online Forum.

# Foreclosure podcasts

- **Land Banking** - Frank Alexander, Emory Law School
- **Loan Modifications** - Kris Gerardi, Atlanta Fed
- **Sustainable Planning** - Dan Immergluck, Georgia Tech
- **Foreclosures & Tax Valuation** - Susan Adams of ANDP
- **Lessons from Community Stabilization Partnerships** – Craig Nickerson, NCST
- and more...

[www.frbatlanta.org/podcasts](http://www.frbatlanta.org/podcasts)  
<http://forum.housingpolicy.org>

# TRENDS REPORTS:

The quarterly reports provide an overview of trends in mortgage payment delinquency and foreclosure by state and county.

# Delinquency & Foreclosure Trends

## Quarterly State Reports

### Delinquency and Foreclosure Trends – State of Georgia Third Quarter, 2009

This report provides an overview of trends in mortgage payment delinquency and foreclosure for the State of Georgia. It is part of the *Delinquency and Foreclosure Trends* series, released quarterly, which provides information on mortgage market conditions in the six states that compose the Federal Reserve Bank of Atlanta district, including Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee.

The report provides four indicators to track delinquencies and foreclosure.

1. The first series of charts examine delinquency and foreclosure trends beginning in September 2007 and continuing through the most recent quarter for the entire state.
2. The second is a comparison across states looking at all past due accounts, beginning in September 2007 through the most recent quarter.
3. The third series provides a snapshot of delinquency and foreclosure rates by county at one point in time (e.g. the most recent quarter).
4. And the final indicator maps year-over-year change in delinquencies and foreclosures by county.

**About the data:** The information in this report is based on an analysis of the Lender Processing Services Inc. (LPS) Applied Analytics dataset (formerly referred to as the "McDash Analytics" dataset). It covers approximately 60 percent of active residential mortgages in the United States, including agency, non-agency and portfolio products. As a whole, participating LPS servicers service both prime/near-prime (including "Alt-A") and subprime loans, but the dataset under represents subprime loans.

The LPS dataset is compiled from mortgage servicing firms that collect mortgage payments for investors and lenders and that handle the associated REO. By late 2008, nine of the top ten servicers, including Bank of America/Countrywide and Wells Fargo, and a total of eighteen firms provided data to LPS. The dataset does not include loans from the smaller servicers, which service a larger share of the prime market. Therefore, it is suggested that the credit quality of the average loan in the LPS dataset is probably lower than that of a randomly sampled U.S. mortgage.\*

\* Cordell, L. M. Watson, and J. Thomson (2008). McDash Data Warehouse Seminar.

The views expressed in this report are those of the authors and not those of the Federal Reserve Bank of Atlanta, the Federal Reserve Board, or the chairman of the Federal Reserve System. For more information, contact Karen Leone de Nie, Community Affairs research manager at the Federal Reserve Bank of Atlanta, at 404.498.7337 or [karen.leonedenie@atl.frb.org](mailto:karen.leonedenie@atl.frb.org).

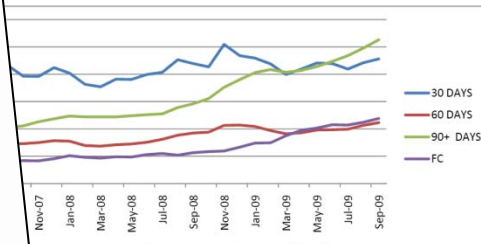


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### Delinquency and Foreclosure Trends in the State

Figure 1.a shows the percentage of all first liens (which include prime, near-prime and subprime mortgages) that were delinquent (30 days, 60 days or 90+ days) or in foreclosure beginning in September 2007 through September 2009. More than 14 percent of all first liens in the data set were in some degree of distress.

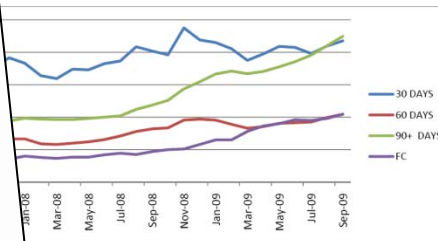
Georgia, All First Liens



Source: LPS (Lender Processing Services Inc.) Applied Analytics

Figure 1.b shows the percentage of only prime first liens that were delinquent (30 days, 60 days or 90+ days) or in foreclosure beginning in September 2007 through September 2009. More than 13 percent of prime mortgages in the data set were in some degree of distress.

Georgia, First Liens, Prime ONLY



Source: LPS (Lender Processing Services Inc.) Applied Analytics

### Delinquency and Foreclosure Rates by County, September 2009

Figure 3.a shows the percentage of all first liens (which include prime, near-prime and subprime mortgages) that were 30 days delinquent as of September 2009.

Figure 3.b shows the percentage of all first liens (which include prime, near-prime and subprime mortgages) that were 60 days delinquent as of September 2009.

State of Georgia, All First Liens, 30 days delinquent, September 2009

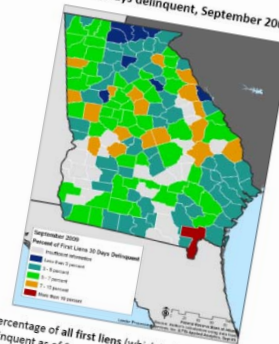
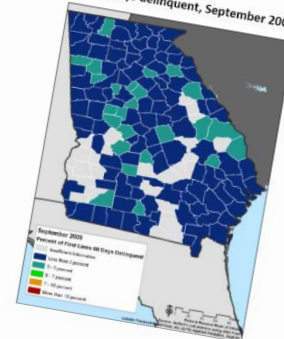


Figure 3.b shows the percentage of all first liens (which include prime, near-prime and subprime mortgages) that were 60 days delinquent as of September 2009.

State of Georgia, All First Liens, 60 days delinquent, September 2009



Thank you.

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