



# Foreclosure in Community Context

## Understanding How Foreclosure Affects Neighborhoods and Considering Innovative Neighborhood Based Responses

Urban Planning and Policy Development, Rutgers University

34:970:511:02:65651

Tuesdays 1:10-3:50, Civic Square 369

Kathe Newman

33 Livingston Avenue, NB Room 358 [knewman@rutgers.edu](mailto:knewman@rutgers.edu)

### Overview

The Spring 2010 Community Development Studio is working with Episcopal Community Development Corporation (ECD) in Newark, New Jersey to understand the community context of foreclosure and to identify innovative community responses to revitalize the Upper Clinton Hill neighborhood located in Newark's South Ward (<http://ecdonline.org>). ECD is a nineteen year-old community based development organization that builds and rehabilitates housing, provides housing counseling services, and engages in neighborhood planning. ECD describes its work as: "changing lives and strengthening communities" and "not just building houses." In addition to building and renovating homes, ECD engaged in a multi-year neighborhood planning effort in Upper Clinton Hill. More recently, ECD has been a pivotal member of Essex-Newark's Foreclosure Task Force and is participating in the city's Neighborhood Stabilization Program to return foreclosed properties to community use. ECD was the first community development organization in New Jersey to complete the purchase of a real estate owned (REO) property in partnership with the National Community Stabilization Trust which works with financial institutions to get community organizations and local actors a "first look" at REO properties to facilitate neighborhood redevelopment (<http://ecdonline.blogspot.com>; <http://stabilizationtrust.com>).

## **Neighborhood Context of Foreclosure**

The Spring project is divided into two major parts - an analysis of foreclosure in Upper Clinton Hill and the exploration of creative, innovative, and responsive revitalization strategies for the neighborhood. We will conduct both parts simultaneously.

### Part I. Foreclosure and Upper Clinton Hill

The studio will use data the Rutgers Foreclosure Project has gathered along with data that the studio will produce to look intensely at how foreclosure is affecting the Clinton Hill neighborhood. We will produce a series of maps that show neighborhood assets (schools, parks, community institutions), the location of foreclosures, property sales and foreclosure histories, changes in tenure (rent/ownership), REOs, servicers, and properties in foreclosure that are likely not in securitized portfolios vs those that are. We will also conduct interviews with religious leaders, non-profit organization staff, school administrators, and others such as shopkeepers.

### Part 2. Creative, Innovative, Responsive Revitalization Strategies

Taking our cue from ECD, we will consider revitalization strategies that will focus on the neighborhood comprehensively. Based on what we learn in our exploration of foreclosure in Upper Clinton Hill, we will think about what a comprehensive policy solution would look like at the scale of a neighborhood. The federal government is currently providing some resources to purchase some houses in foreclosure. We want to ask what it would take to stabilize a neighborhood. We know that many residents are not food secure, spend a large percentage of their income for housing, lack access to well paying jobs, have been displaced, and lack access to good quality affordable healthcare. If we are thinking about neighborhood level problems and solutions, what issues might we consider that could be tackled at a neighborhood level alone or in partnership with actors in and outside of the neighborhood? We are particularly interested in strategies related to improving food security and renovating buildings to reduce energy consumption and improve resident health.

## Team Structure

Studio participants will be divided into teams. Each team will select a team leader who will serve as the main communication point with other teams and with the instructor and teaching assistant.

## Grading

Participation 40%

Report 40%

Presentation and citizenship 20%

## Studio Resources

Sakai

The course website includes initial readings and background materials. We will use Sakai as our main center for communication. We will post research materials to share, draft documents and team reviews, and communicate through discussion boards. We will of course communicate in person but in terms of digital communication, if we can post the materials and comments to Sakai consistently, it will help keep the teams organized.

511CDS10 on Common

On the Common Drive, there is a folder called 511CDS10 that contains the base mapping files. Please work out a system to maintain the original layers and to keep your work organized. All studio work should be on the common drive so that it's accessible to the class. Please post final maps to the Sakai course website in the .png format (or as enhanced jpegs).

Helpful News Summaries in your email in-box

HousingWire <http://www.housingwire.com/>

Specific Data Sources

USPS (United Postal Service) Vacancy Data

Quarterly from Q4 2005 through Q3 2009 at the Census Tract level

Download from <http://www.huduser.org/DATASETS/usps.html>

NSP (Neighborhood Stabilization Program) Data (HUD Provided Local Level Data)

Download from [http://www.huduser.org/Datasets/nsp\\_foreclosure\\_data.html](http://www.huduser.org/Datasets/nsp_foreclosure_data.html)

RU Property Survey

The RU Foreclosure Project surveyed 377 properties in Upper Clinton Hill in the last two years. The team collected information on property condition, vacancy, and unit number. The data codebook and spreadsheet with results are on the course Sakai website.

## Schedule

### January 19. Project Introduction/Team Building

Introductions

Studio 101

Project Overview

### January 26. Client Meeting in Newark (2-4pm)

*Introduction to Episcopal Community Development, ECD staff and tour of the Upper Clinton Hill Neighborhood*

Newark Consortium. Neighborhood Stabilization Project II project overview [http://www.ci.newark.nj.us/government/city\\_departments/economic\\_\\_housing\\_development/neighborhood\\_stabilization\\_2\\_program.php](http://www.ci.newark.nj.us/government/city_departments/economic__housing_development/neighborhood_stabilization_2_program.php)

Episcopal Community Development. 2004-2005. *Upper Clinton Hill Neighborhood Data Book* (available on Sakai in resources/Upper Clinton Hill)

\_\_\_\_\_. 2006. *Upper Clinton Hill Community Plan*. Prepared for Episcopal Community Development. (June). (available on Sakai in resources/Upper Clinton Hill)

The Reinvestment Fund. 2008. Mortgage Foreclosure Filings in New Jersey [http://www.trfund.com/resource/downloads/policypubs/NJ\\_Foreclosure.pdf](http://www.trfund.com/resource/downloads/policypubs/NJ_Foreclosure.pdf)

The Reinvestment Fund. 2008. Mortgage Foreclosure Filings in Newark, NJ [http://www.trfund.com/resource/downloads/policypubs/Newark\\_Foreclosure.pdf](http://www.trfund.com/resource/downloads/policypubs/Newark_Foreclosure.pdf)

### February 2. Neighborhoods & Foreclosure

Team Organization and Plan

Crandall, Kristin and Purcell, Cara. 2009. "Strategies for the Acquisition and Reuse of Foreclosed Properties". Paper prepared for the Community Development Seminar, Rutgers University (Sakai)

National Community Stabilization Trust. 2009. Facilitating the Transfer of REO Properties to Stabilize Neighborhoods [http://www.cura.umn.edu/Programs/Housing-Forum/2009/Stockmo\\_&\\_Walsh.pdf](http://www.cura.umn.edu/Programs/Housing-Forum/2009/Stockmo_&_Walsh.pdf)

Mallach, Alan. 2008. "How to Spend \$3.92 Billion: Stabilizing Neighborhoods by Addressing Foreclosed and Abandoned Properties." Discussion Papers. Community Affairs Department, Philadelphia Federal Reserve Bank (Sakai)

Comptroller of the Currency & US Department of the Treasury. 2009. Community Development News. The OCC's Community Affairs Newsletter.

Prior, Jon. 2010 "HUD Provides FHA Financing for Foreclosed Properties." HousingWire January 15. <http://www.housingwire.com/2010/01/15/hud-provides-fha-financing-for-foreclosed-properties/>

## **February 9. Neighborhood Planning/ Studio Planning**

Invited Mike Powell, NJ CDC to speak on participatory and neighborhood planning

NeighborWorks America. Stablecommunities.org  
<http://www.stablecommunities.org/stabilization-planning>

## **February 16. Research**

## **February 23. Tour of Housing for Possible Limited Equity Purchase (in Newark)**

Dina Levy, Urban Homesteading Assistance Board (UHAB)

# Community Development Studio 2010

**March 2. Urban Agriculture and Food Security**

TBA (Studio research team will identify panelists to speak with studio)

**March 9. Research**

**March 16. Spring Break**

**March 23. Client Meeting in Newark to Review Progress**

**March 30. Draft Report/Maps**

**April 6. Draft Report and Presentation**

**April 13. Finish Report and Polish Presentation**

**April 20. Draft Presentation at EJB**

**April 27. Final Presentation in Newark at ECD (2pm)**

## Resources

### Identifying Servicers

Mortgage Electronic Registration Service (MERS) <http://www.mersinc.org>

### Identifying REO Properties

(property tax data?)

Bigger Pockets. Bank Owned REO Properties and Listings <http://www.biggerpockets.com/bank-reo.html>

National Community Stabilization Trust <http://stabilizationtrust.com/>

Office of the Comptroller of the Currency. <http://www.occ.treas.gov/cdd/neighborstabilization.htm>

HUD FHA foreclosure sales in NJ <http://www.nhmsi.com/>

Fannie Mae Bulk sales

- [http://www.frbsf.org/community/resources/2009/0303/fannie\\_mae\\_3\\_03.pdf](http://www.frbsf.org/community/resources/2009/0303/fannie_mae_3_03.pdf)
- [http://www.richmondfed.org/conferences\\_and\\_events/community\\_development/2009/pdf/reo\\_nsp\\_20090722\\_mccarthy.pdf](http://www.richmondfed.org/conferences_and_events/community_development/2009/pdf/reo_nsp_20090722_mccarthy.pdf)

Bank of America.

- 2009. "Neighborhood Stabilization Program Real Estate Owned (REO) Disposition Process. [http://www.richmondfed.org/conferences\\_and\\_events/community\\_development/2009/pdf/reo\\_nsp\\_20090722\\_grossinger.pdf](http://www.richmondfed.org/conferences_and_events/community_development/2009/pdf/reo_nsp_20090722_grossinger.pdf)
- <http://www.housingwire.com/2009/05/28/bofa-selling-reo-to-state-local-governments/>



# Community Development Studio 2010

Chase/WAMU [http://www.richmondfed.org/conferences\\_and\\_events/  
community\\_development/2009/pdf/reo\\_nsp\\_20090722\\_mombeleur.pdf](http://www.richmondfed.org/conferences_and_events/community_development/2009/pdf/reo_nsp_20090722_mombeleur.pdf)

Wells Fargo/Wachovia [http://www.richmondfed.org/conferences\\_and\\_events/  
community\\_development/2009/pdf/  
reo\\_nsp\\_20090722\\_wf\\_wachovia\\_nsp\\_process.pdf](http://www.richmondfed.org/conferences_and_events/community_development/2009/pdf/reo_nsp_20090722_wf_wachovia_nsp_process.pdf)

Overview of REO programs in NJ  
<http://www.hcdnj.org/mc/page.do?sitePagelId=85446>

## Bibliography

### Neighborhood Stabilization Program

Goldstein, Ira, and Elizabeth Nash. 2009. Using data and GIS to target neighborhood Stabilization Program Dollars. *The Reinvestment Fund*. Presentation at PA

Mallach, Alan. 2008. How to spend \$3.92 billion: Stabilizing neighborhoods by addressing foreclosed and abandoned properties. *Federal Reserve Bank of Philadelphia* Discussion Papers, October. [http://data.memberclicks.com/site/hcdnnj/DiscussionPapers\\_Mallach\\_10\\_08\\_final%20pdf f%20-%20Adobe%20Acrobat%20Professional.pdf](http://data.memberclicks.com/site/hcdnnj/DiscussionPapers_Mallach_10_08_final%20pdf%20-%20Adobe%20Acrobat%20Professional.pdf).

New Jersey Department of Community Affairs. 2008. Neighborhood Stabilization Program (NSP) FY 2008 action plan, November 25. <http://www.state.nj.us/dca/divisions/dhcr/offices/docs/nsp/nspactionplanfinal.pdf>

National Community Stabilization Trust. The Neighborhood Stabilization Program: Questions and answers for housing developers. *Enterprise, Housing Partnership Network, LISC, and Neighborworks*, November 10. [http://www.stablecommunities.org/sites/www.stablecommunities.org/files/FAQs%20on%20HUD%20Neighborhood%20Stabilization%20Program%20\(NCST\).pdf](http://www.stablecommunities.org/sites/www.stablecommunities.org/files/FAQs%20on%20HUD%20Neighborhood%20Stabilization%20Program%20(NCST).pdf)

United States Office of Housing and Urban Development. NSP II webinar, June 9. [http://ms.istreamplanet.com/hud/200906.asp?vid=1226\\_305\\_NoCat4](http://ms.istreamplanet.com/hud/200906.asp?vid=1226_305_NoCat4).

## REO

Fleischman, Daniel. 2009. Nonprofit strategies for 1- to 4-unit REO properties: An analytical framework. NeighborWorks America and Joint Center for Housing Studies of Harvard University. [http://www.nw.org/network/documentsFleischman\\_Nonprofit\\_Strategies\\_for\\_REO\\_Properties.pdf](http://www.nw.org/network/documentsFleischman_Nonprofit_Strategies_for_REO_Properties.pdf)

Living Cities. n.d. Purchasing properties at scale: Lessons on acquiring REOs during the Foreclosure crisis from pioneering projects in New Jersey, Phoenix and the Twin Cities. <http://www.livingcities.org/innovation/rapid/property-acquisition/>

Madar, Josiah, Vicki Been, and Amy Armstrong. 2008. Transforming foreclosed properties into community assets. NYU Furman Center for Real Estate and Urban Policy White Paper. <http://furmancenter.org/research/publications>

Mallach, Alan. 2008a. How to spend \$3.92 billion: Stabilizing neighborhoods by addressing foreclosed and abandoned properties. Community Affairs Discussion Paper. Federal Reserve Bank of Philadelphia. [http://www.philadelphiafed.org/community-development/publications/discussion-papers/DiscussionPapers\\_Mallach\\_10\\_08\\_final.pdf](http://www.philadelphiafed.org/community-development/publications/discussion-papers/DiscussionPapers_Mallach_10_08_final.pdf)

## Housing Counseling

Carswell, Andrew T. 2008. Does housing counseling change consumer financial behaviors? Evidence from Philadelphia. *Journal of Family and Economic Issues* 30: 339-56. <http://www.springerlink.com/content/92886121m26r7146/fulltext.pdf>.

Ding, Lei, Roberto G. Quercia, and Janneke Ratcliffe. 2008. Post-purchase counseling and default resolutions among low- and moderate-income borrowers. *Journal of Real Estate Research*. 30.3:315-44. <http://ssrn.com/abstract=1086381>.

National Foreclosure Mitigation Counseling Program Congressional Update. 2008. October 30. [http://www.nw.org/network/nfmc/documents/NFMC\\_CR\\_Final.pdf](http://www.nw.org/network/nfmc/documents/NFMC_CR_Final.pdf).

New Jersey Housing and Mortgage Finance Agency. 2009. Foreclosure fast facts: State foreclosure prevention resources. [http://www.state.nj.us/dca/hmfa/foreclosureprevention\\_resources.pdf](http://www.state.nj.us/dca/hmfa/foreclosureprevention_resources.pdf).

Pierce, Stephanie Casey. 2009. Emerging trends: State actions to tackle the foreclosure crisis. *NGA Center for Best Practices* (February). <http://www.nga.org/Files/pdf/0902FORECLOSUREREPORT.PDF>.

Quercia, Roberto G., Spencer M. Cowan, and Ana B. Moreno. 2005. The cost-effectiveness of community-based foreclosure prevention. *Family Housing Fund*, December 8. [http://www.fhfund.org/dnld/reports/MFP\\_Full-Report.pdf](http://www.fhfund.org/dnld/reports/MFP_Full-Report.pdf) (accessed November 6, 2009).

Quercia, Roberto, and Spencer M. Cowan. 2008. The impacts of community-based foreclosure prevention programs. *Housing Studies* 23, no. 3: 461-83.

Smith, David Andrew, Louis Perwien, and Janneke Ratcliffe. 2009. Mortgage servicer response to borrowers in crisis: A report from the front lines. *The University of North Carolina Center for Community Capital Working Paper*, September 9.

U.S. Department of the Treasury. 2007. Foreclosure prevention: Improving contact with borrowers. June. [http://www.occ.treas.gov/cdd/Foreclosure\\_Prevention\\_Insights.pdf](http://www.occ.treas.gov/cdd/Foreclosure_Prevention_Insights.pdf).

## Shared Equity Housing

(With much thanks to Brian Stromberg (EJB doctoral candidate) who shared the list)

Angotti, Tom. (2007). "Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City." Lincoln Institute of Land Policy.

Davis, John E. and Alice Stokes (2009). Land in Trust, Homes That Last: A Performance Evaluation of the Champlain Housing Trust. Champlain Housing Trust, Burlington, VT.

Rohe, William M. (1995). "Converting Public Housing to Cooperatives: The Experience of Three Developments." Housing Policy Debate 6(2): 439-479.

Saegert, Susan and Lymari Benitez (2005). Limited-equity Housing Cooperatives: Defining a Niche in the Low Income Housing Market. Journal of Planning Literature 19(4): 427-439.

Saegert, Susan, Melissa Extein, Efrat Eizenberg, Tsai-shiou Hsieh, Lymari Benitez, and Chung Chang. (2003). "Limited-equity Co-ops as Bulwarks against Gentrification." Urban Affairs Association. Cleveland, OH.

Lawson, Ronald and Reuben E. Johnson III (1986). The Urban Housing Crisis, 1970-1984. In The Tenant Movement in New York City, 1904-1984. Ronald Lawson, editor. Rutgers University Press, New Brunswick, NJ.

## **Renters**

NJ Public Advocate Tenants Rights

<http://www.state.nj.us/publicadvocate/public/pdf/tenantsforeclosurebrochure.pdf>

## **Food Security/ Urban Agriculture**

TBA

## **Green Renovating**

TBA

## Foreclosure Data Resources

### **HUD User DataSets: HUD User Aggregated USPS Administrative Data on Address Vacancies**

<http://www.huduser.org/DATASETS/usps.html>

This national quarterly dataset, provided to HUD by USPS, contains residential vacancy information at the census tract level. USPS identifies properties as vacant (no mail for 90 days or longer) or “no-stat” (rural route addresses vacant for 90 or more days, businesses or homes under construction or not yet occupied, and addresses in urban areas identified by a carrier as not likely to be active for some time). The data is available back to December 2005.

### **HUD User DataSets: Metropolitan Area Quarterly Residential and Business Vacancy Report**

<http://www.huduser.org/DATASETS/metro.html>

The data in this report includes more information than the census tract vacancy data listed above. USPS administrative data is messier than census and survey sample data.

### **Foreclosure-Response: What Market Data Can Help Inform Our Policy Response**

[http://www.foreclosure-response.org/maps\\_and\\_data/market\\_data.html](http://www.foreclosure-response.org/maps_and_data/market_data.html)

This site provides access to summary data at a variety of geographies to help show foreclosure risk.

- LISC’s Foreclosure Needs Scores (The scores are calculated based on information about subprime lending and mortgage delinquency and foreclosures) (available for zip codes and CDBG locations only)
- Foreclosure Risk (shows the concentration of high cost loans using HMDA data from 2004 to 2006)
- Housing Market Strength (shows volume and median loan amounts using 2007 HMDA)

## Home Mortgage Disclosure Act (HMDA)

<http://www.ffiec.gov/hmda/>

HMDA includes information on loan and borrower characteristic from 1993 to the present. Raw data files are available for download for 2006-2008. Information about high-cost loans summarized at tract, city, county, and state levels is available here: [http://www.foreclosure-response.org/maps\\_and\\_data/market\\_data.html](http://www.foreclosure-response.org/maps_and_data/market_data.html)

- The Urban Institute maintains an excellent guide to using HMDA (last update 2008): <http://www.urban.org/publications/1001247.html>

## Loan Performance

<http://www.loanperformance.com/>

Loan Performance provides ongoing servicers and securities databases with comprehensive information about loans and borrowers. It is available by subscription. The Federal Reserve Bank of New York provides summaries of LoanPerformance data at the state level here: <http://data.newyorkfed.org/creditconditions/>

## The Reinvestment Fund: Policy Map

<http://www.policymap.com/>

A project of The Reinvestment Fund, PolicyMap is a Geographic Information System (GIS) system available for community organizations, government agencies, lenders, developers, and consultants. It provides access to some data sets at no charge (including Census, Postal Service, Home Mortgage Disclosure Act, HUD, city crime rates from the FBI, etc.). Additional plans, enabling access to extended datasets and/or enabling an agency to upload its own dataset, are available for purchase.

## FRB Minneapolis: Using Data to Target Foreclosure Interventions

[http://stlouisfed.org/RRRSeries/event2/Event2\\_Grover.pdf](http://stlouisfed.org/RRRSeries/event2/Event2_Grover.pdf)

This powerpoint, presented by FRB of Minneapolis' Community Affairs Manager, Michael Grover, at a Stabilizing Communities Forum in July 2008, provides a directive framework for municipalities as they begin to seek out and utilize foreclosure data. It also provides an overview of the pros and cons of various data sources.

## **Federal Reserve Bank of New York: United States Credit Conditions**

<http://data.newyorkfed.org/creditconditions/>

This FRB of New York website provides an interactive map of U.S. credit conditions at the state and county level. The website provides information on prime and nonprime loan performance, bank cards, student loans, and auto loans. The information comes from American CoreLogic's LoanPerformance dataset and from TransUnion's Trend Data database.

## **Urban Institute: National Neighborhoods Initiative Partnership (NNIP) Foreclosure Activities Website**

<http://www2.urban.org/nnip/foreclosures.html>

A partnership between the Urban Institute and various partners, NNIP aims to further the development and efficacy of neighborhood-level information systems. NNIP launched this Foreclosure Activities website in March 2009; it contains several NNIP cross-site projects and presentations, many of which cover topics relating to data analysis as a means of understanding patterns, causes, and policy implications of foreclosures

## **Mortgage Bankers Association: National Delinquency Survey**

[http://media.mcclatchydc.com/smedia/2008/12/05/11/Hall-mbasurvey.source.prod\\_affiliate.91.pdf](http://media.mcclatchydc.com/smedia/2008/12/05/11/Hall-mbasurvey.source.prod_affiliate.91.pdf)

*NJ/Regional Resources*



## **FRB New York: Facts and Trends- A Look at New Jersey's Subprime Mortgages in Foreclosure**

<http://www.newyorkfed.org/regional/FactsTrendsVol1No1.pdf>

Published in August 2008, this FRB of New York publication utilizes loan data from First American CoreLogic to provide an assessment of New Jersey's subprime mortgages. The analysis highlights how there is significant variation within the state, with the majority of subprime mortgages concentrated in several predominantly low-to moderate-income zipcodes.

## **NY Times: Mapping Foreclosures in the NY Region**

<http://www.nytimes.com/interactive/2009/05/15/nyregion/0515-foreclose.html?ref=new-jersey>

This map, created by The New York Times in May 2009, provides an annual account of the number of foreclosures as a percentage of residential properties in each census tract in the New York region during the period 2005-2008. Furthermore, it lists the 10 counties in the region with the highest percentage of foreclosures in 2008.