

The Foreclosure Project

Community Development Studio, Spring 2008

970:511 1:10 – 3:50

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Project Description

The Community Development Studio will support the work of the Essex-Newark Foreclosure Task Force. The city of Newark, Essex County, and the New Jersey Institute for Social Justice formed the Task Force in Fall 2007. Comprised of more than 40 representatives from municipal, county, state and federal government, community organizations, attorneys, researchers, and advocates, the Task Force seeks to aggressively address the foreclosure crisis. The Studio will support the work of the Foreclosure Task Force by 1) providing staff support; 2) producing timely issue briefs; and 3) conducting research. Below you will find a set of tentative topics.

1) Task Force and Task Force Working Groups

Students will provide staff support to the Task Force and Task Force working groups to host meetings, gather data, and provide other support.

2) Issue Briefs

The studio will produce a series of periodically updated issue briefs and post them on a website to support and inform policy and planning related to the foreclosure crisis. We expect issue briefs will cover these topics:

- Impact of foreclosure in New Jersey and Essex County
 - In this brief, the studio will gather estimates from a variety of sources on the impact of foreclosures in New Jersey. We anticipate gathering information to answer the following:
 - How many foreclosures are expected, where, and over what time period
 - What is the total number and dollar amount of outstanding subprime, prime, and Alt-A loans, what percentage are

- delinquent, what percentage are adjustable and when are the re-sets expected?
 - What percentage of loans could be realistically refinanced?
 - Data: Home Mortgage Disclosure Act (HMDA), Federal Reserve Bank of NY Loan Performance summaries, The Center for Responsible Lending, Joint Economic Committee, U.S. Congress foreclosure reports, The Reinvestment Fund (TRF), and pre-foreclosures (foreclosure filings and *lis pendens*) for Essex County.
- Policy Action Within New Jersey
 - In this brief, the studio will provide an ongoing account of policy action within New Jersey related to the foreclosure crisis.
 - What resources do New Jersey institutions have to address the foreclosure crisis?
 - What is the existing capacity of loan counselors are what is the expected demand for their services?
 - What emergency resources exist for borrowers and renters displaced as a result of foreclosure?
 - Data: State departments (NJHMFA, NJDCA), advocates, attorney general, prosecutors (Kevin Walsh, Assistant U.S. Attorney in Newark, Fannie Mae/Freddie Mac, CDCs, Essex-Newark Legal Services, Housing and Community Development Network of New Jersey, Legal Services of New Jersey, counselors, municipalities, community organizations and many others are working on the foreclosure problem.
- Policy Action Outside of New Jersey
 - In this brief, the studio will provide an ongoing overview of foreclosure-related activities outside of New Jersey.
 - Summary of federal and state legislative efforts as well as activity by state attorney generals, county prosecutors, municipalities, advocates, community development organizations, and researchers.
 - Profile of public and private legal, legislative, and organizing activities and strategies in three cities, such as Baltimore, Cleveland, and another city.

3) Research Project

The studio will develop a methodology to study what happens to houses, borrowers, and renters after foreclosure.

- Communities and community organizations are concerned that houses are becoming vacant and vandalized.
 - What happens to properties after foreclosure? Are they selling quickly or slowly? Who buys them after foreclosure? Is vacancy a problem and, if so, where?
 - Who is affected by foreclosure? Renters? Borrowers? Financial institutions? Are certain communities affected disproportionately such as the elderly, women, immigrants etc...
 - Data: Property tax records, Building permits, Windshield Survey, HVS, USPS dataset <http://www.huduser.org/datasets/usps.html>, Water Department, PSE&G, Building permits, Sales/Property data, nonprofits that deal with the homeless, emergency service providers, religious institutions

Course Materials, Resources, and Information

Server

Common/511CDS_08

Course Website

Sakai under the course number

Grading

40% Class Participation, Leadership, Citizenship

50% Final Work Products

10% Presentation

January 22. Studio 101 and Project Overview

Introductions and interests

Expectations

Project overview

- Overview of the foreclosure mess
- Detailed look at foreclosures in Essex County

Apgar, William, M. Duda, and R. Gorey (2005). The Municipal Cost of Foreclosures: A Chicago Case Study, Homeownership Preservation Foundation, Housing Finance Policy Research Paper Number 2005-1

Gramlich, Edward. (2003). Remarks by Governor Edward M. Gramlich At the Texas Association of Bank Counsel 27th Annual Convention, South Padre Island, Texas October 9, 2003.
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<http://www.nytimes.com/2007/12/03/opinion/03krugman.html>

Landler, Mark. 2007. "U.S. Credit Crisis Adds to Gloom in Norway," New York Times, December 2, 2007
http://www.nytimes.com/2007/12/02/world/europe/02norway.html?_r=2&oref=slogin&oref=slogin

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Robert Shiller. (2007) "A Time for Bold Thinking on Housing," New York Times November 25.
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Streitfeld, David (2007) "Some Needing Mortgage Aid Won't Get It," New York Times December 7
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January 29. Client Meeting in Newark

12:28 train to Newark
Meet in Newark at 1:30 pm Location TBA

The Reinvestment Fund. 2007. *Newark Foreclosure Study*. Preliminary Findings. December 5. NOT FOR CIRCULATION.

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Joint Economic Committee. 2007. *The Subprime Lending Crisis*. Report and Recommendations by the Majority Staff of the Joint Economic Committee October.

<http://jec.senate.gov/Documents/Reports/10.25.07OctoberSubprimeReport.pdf>

Renuart, Elizabeth. 2004. "An Overview of the Predatory Mortgage Lending Process." *Housing Policy Debate*. 15 3: 467-502.

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February 5. Project, Methods, Work Teams

The studio team will divide into research groups and develop research work plans that include research designs, timetables, and individual assignments

Immergluck, Dan. 2007. "From the Subprime to the Exotic: Excessive Mortgage Market Risk and Foreclosure." *Journal of the American Planning Association*. 1-18.

<http://www.informaworld.com/smpp/content~content=a788746743~db=all~order=pubdate>

Apgar, William, Bendimerad, Amal, and Essene, Ren. 2007. Mortgage Market Channels and Fair Lending: An Analysis of HMDA Data.

http://www.jchs.harvard.edu/publications/finance/mm07-2_mortgage_market_channels.pdf

Neighborhood Housing Services of Chicago, Inc. 2007. "Lessons from the Front Lines: Counselor Perspectives on Default Interventions." (Sponsored by the Homeownership Preservation Initiative

(HOPI)). <http://www.nhschicago.org/downloads/8366LessonsFrontLinesOct2007.pdf>

February 12. Project Work

February 19. Project Work

February 26. Project Work

March 4. Project Work

March 11. Mid-semester meeting with Client

The studio team will meet with the client to review project progress and consider changes in direction.

March 18. SPRING BREAK

March 25. Project Work

April 1. Project Work

April 8. Project Work

April 15. Complete Reports and Draft Presentation

Final Reports are due

April 22. Polish Presentation

April 29. Presentation to EJB Community

The studio will present the final presentation to the Bloustein community and receive feedback from students, faculty, staff, and client representatives.

Expect to meet three to four times between April 29th and May 6th to polish the final presentation. We expect that it will be flawless for the May 6th presentation.

May 6. Final Presentation in Newark

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<http://www.jchs.harvard.edu/publications/communitydevelopment/ccc04-1.pdf>
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http://www.995hope.org/content/pdf/Apgar_Duda_Study_Full_Version.pdf
- Azmy, Baher and David Reiss. (2004). Modeling a Response to Predatory Lending: The New Jersey Homeownership Security Act.? Brooklyn Law School Legal Studies Research Papers. Paper No. 15 July 2004.
- Bostic, R. et al. (2007). State and Local Anti-Predatory Lending Laws: The Effect of Legal Enforcement Mechanisms, available at
<http://ssrn.com/abstract=1005423>;
- Cagan, C. (2007). Mortgage Payment Reset: The Issue and the Impact. Santa Ana, CA: First American Core-Logic, pp. 29-31, available at
http://www.facorelogic.com/uploadedFiles/Newsroom/Studies_and_Briefs/
- Capitol Comments (2007) "Mortgage Meltdown Touches the States"
http://capitalcomments.typepad.com/capital_comments/2007/11/mortgage-meltdo.html
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<http://policy.rutgers.edu/academics/projects>

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<http://www.KansasCityFed.org>
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- Federal Register. Interagency Guidance on Nontraditional Mortgage Products. v70. No 249. 77249-77257. <http://www.ots.treas.gov/docs/4/480213.pdf>
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<http://www.consumerfed.org/pdfs/WomenPrimeTargetsStudy120606.pdf>
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<http://www.freddiemac.com/pmms/pmms30.htm>.
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- Immergluck, Dan and Geoff Smith. 2005. "Measuring the Effect of Subprime Lending on Neighborhood Foreclosures: Evidence from Chicago." *Urban Affairs Review*. Vol. 40, No. 3, 362-389.
- Joint Economic Committee. Subprime Mortgage Mark Crisis Timeline.
<http://jec.senate.gov/Documents/Reports/12.10.07%20Subprime%20Timeline.pdf>
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<http://jec.senate.gov/Documents/Reports/10.25.07OctoberSubprimeReport.pdf>
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<http://ideas.repec.org/p/pramprapa/4674.html>

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http://factfinder.census.gov/servlet/SAFFacts?_event=ChangeGeoContext&geo_id=16000US3451000&geoContext=&street=&county=Newark&cityTown=Newark&state=04000US34&zip=&lang=en&sse=on&ActiveGeoDiv