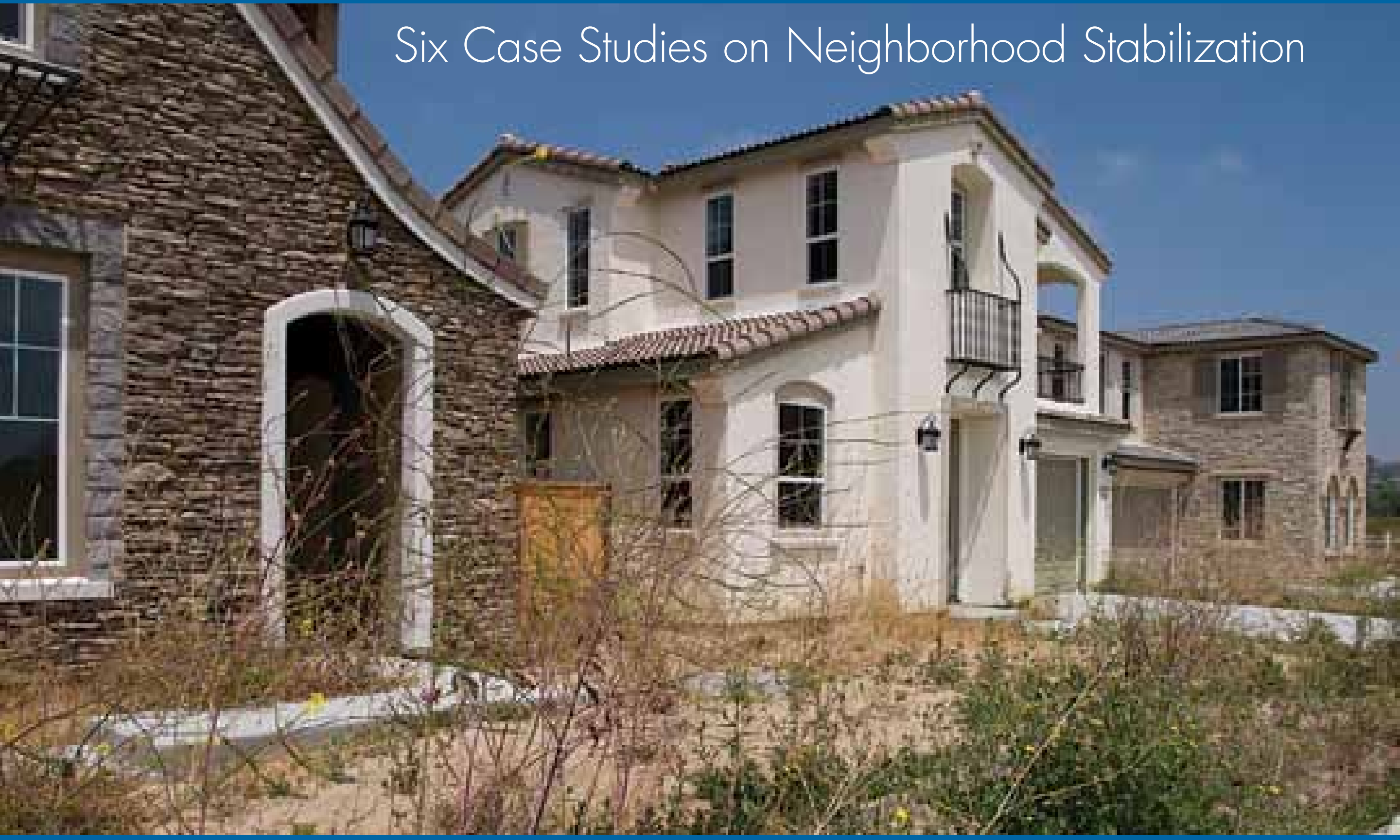
NATIONAL LEAGUE of CITIES | CENTER FOR RESEARCH & INNOVATION

# RESILIENCE IN THE FACE OF FORECLOSURES

## Six Case Studies on Neighborhood Stabilization



NATIONAL LEAGUE of CITIES | CENTER FOR RESEARCH & INNOVATION

# RESILIENCE IN THE FACE OF FORECLOSURES

## Six Case Studies on Neighborhood Stabilization


**Roger L. Williams**
Rogelio Williams & Associates

**Mark Weinheimer**
Weinheimer & Associates

with

**James A. Brooks**
National League of Cities

# Table of Contents

# Summary of Lessons from City Efforts in Foreclosure Mitigation

In connection with the pioneering research on home mortgage foreclosures begun by Todd Swanstrom and Dan Immergluck in 2009, the National League of Cities teamed up as a partner in the Building Resilient Region's Network (BRR). BRR, funded by the MacArthur Foundation, is a network of scholars and practitioners exploring regional solutions to a variety of challenges.

In May 2011, as part of its continuing focus on this topic, the National League of Cities commissioned a scan of six cities to determine the actions those communities took to address the ongoing housing foreclosure crisis and specifically to explore methods for becoming a more resilient community, including:

- Leadership at the local and regional levels;
- Application of federal assistance through the Neighborhood Stabilization Program (NSP);
- Actions by nontraditional stakeholders as part of a community decision making process;
- Coordination across city departments and across political boundaries;
- Leveraging and flexible reallocation of resources from the public, private and nonprofit sectors; and
- Partnerships between local governments and financial institutions or mortgage servicers.

These and other related issues (described in detail below) were the focus of interviews with elected officials, nonprofit housing organizations, civic leaders, bankers, developers, housing activists and advocates and other observers of housing and policy work in the cities of Camden, Dayton, Milwaukee, Oakland, Phoenix and Tampa. Below is a synthesis of the important findings that emerged from the interviews. A more detailed description of each of the six cities' response to the foreclosure crisis follows this synthesis.

These six cities represent a variety of housing markets. Some cities, like Phoenix and Tampa, are considered to be strong market cities. Others cities are in weaker markets or in parts of the country that have experienced the foreclosure crisis differently. While all of the cities have significant housing foreclosure activity, some like Camden and Dayton, experienced a rise in foreclosures before the foreclosure crisis became a national story.

## Leadership

Leadership on the issues of housing foreclosures varied in the cities that were scanned and the success of foreclosure prevention efforts was directly related to the quality of the leadership.

As the foreclosure crisis began to manifest itself in April 2007, Mayor Tom Barrett of Milwaukee formed a foreclosure workgroup consisting of city officials and community representatives, philanthropic groups, regulators, lenders and nonprofit and community based organizations aided by hundreds of volunteers that became known as The Milwaukee Foreclosure Partnership Initiative (MFPI).

In the years since the formation of the MFPI, the foreclosure crisis has grown dramatically in Milwaukee. However, under the mayor's leadership the MFPI has continuously been the focal point in coordinating the city's response. The mayor led the MFPI in developing an impressive and strategic approach to deal with the foreclosure problem.

The mayor's leadership in guiding Milwaukee through this crisis was uniformly praised. His concern for strategically addressing the key ways in which foreclosures were impacting community residents and neighborhoods has helped to alleviate some of the trauma caused by the foreclosure crisis in Milwaukee. His ongoing involvement with the MFPI and attendance at meetings to work on solutions continues.

Taking another example, in Dayton, Ohio, the foreclosure crisis further exacerbated the city's economic decline and the problems caused by a shrinking population base. The city government took the lead in formulating a program for the use of NSP funds. The city's Housing Department formed several partnerships with other public sector institutions regionally, working with the county (on data sharing and development), a large local credit union (Wright-Patterson Credit Union), nonprofits, banks and mortgage servicers.

## Funds and Resources

Neighborhood Stabilization Program grants were distributed to cities in three rounds. These grants make up the largest pool of funds available to cities to deal with foreclosures. The first and third rounds of funding were distributed by formula, while the second round made funds available on a competitive basis to communities with particularly promising programs. The third round of NSP funding is only now being disbursed and was not a part of this scan. The actual use of NSP resources was the responsibility of the recipient city (or state, since states received funds to use for broader geographic programs or to pass on to non-metro cities), within HUD guidelines.

Most of the cities in this study targeted large portions of their NSP funds to neighborhoods that had significant numbers of foreclosed homes. Oakland, for example, devoted over $5-million of its $8-million NSP-1 allocation to an effort to purchase vacant foreclosed homes in its most impacted communities in "the Flats" – low-income, largely-minority neighborhoods that had the highest numbers of foreclosed homes. Dayton devoted most of its NSP-1 and -2 funding to four neighborhoods of need. In the case of Oakland, the targeting was to purchase foreclosed homes for repair and resale to low-income families. In Dayton, the city used funds to clear excess homes – since the city recognized that its housing stock was too large for the current population – as well as to repair and resell better homes. In other cities, the targeting reinforced ongoing revitalization efforts. In Camden, the city targeted NSP funds to communities surrounding several public housing developments in which it was investing. Tampa devoted the largest share of its NSP-2 funds to help redevelop an old public housing site that had been demolished, but which could not otherwise be developed because of market and capital conditions.

Phoenix chose not to target neighborhoods with most of its NSP funding. It felt that its foreclosure crisis, with 52,000 homes foreclosed in 2009 alone, was too large and diffuse to allow targeting. It chose instead to help income-eligible families buy vacant foreclosed homes virtually anywhere in the city, as a way of rebuilding confidence in its severely impacted housing market. The city targeted some of its funds to more concentrated efforts that assisted in repairing foreclosed homes in poor physical condition, but the largest program it funded was not concentrated in specific neighborhoods.

The fact that most of the studied cities chose to target NSP resources provides an opportunity to continue monitoring and tracking impacts of the investment. Since the NSP process is relatively new, it is impossible at this early point to see if the targeting of investment was "effective" in influencing market conditions.

## Stakeholder Actions and Roles

It appears that many city leaders have concluded that their ability to influence housing markets, or to develop affordable housing, when acting alone, is very limited. City government funding alone is often not enough to develop – or redevelop – communities. Rules governing municipal land purchases and property disposition limit city government's ability to act in a timely manner. Thus, historically, city governments have formed partnerships with residents, non- and for-profit housing developers, lenders and others in undertaking housing and community development work.

In dealing with foreclosures, the need for engaging with other partners was even more important – and most cities did just that. Partners were important because of the magnitude of the foreclosure problem in most cities. However, in some markets, the use of NSP to address the foreclosure crisis became a significant obstacle to community engagement, because the NSP rules require that NSP funds be committed and spent in a limited amount of time in order to help turn the housing markets around more quickly.

The Milwaukee Foreclosure Partnership Initiative (MFPI), which predated NSP, included 21 core members from the government, philanthropy, regulatory agencies, lenders and nonprofit and community-based organizations. The MFPI attracted wide membership and set up work groups to flesh out the goals and develop programs.

Other cities formed partnerships through their NSP work. For example, the City of Oakland, had not worked with area nonprofit organizations on the development or rehabilitation of single-family housing for many years. However, as part of the city's NSP program, the city worked with leaders of the local nonprofit community to capitalize a new land trust that would help secure title to a number of the city's foreclosed homes. In Dayton, the city has worked with the area's largest credit union to establish a new mortgage product for families buying foreclosed homes in the city. Tampa also reached out to some new nonprofit and for-profit development partners in order to accomplish its purchase/repair/resale program, as well as using some existing partners. During this scan, one of those new partners indicated how much easier it was to work with the city than other nearby jurisdictions.

Tampa convened the older and new partners periodically during the start-up of the NSP activity in order to facilitate information sharing among the groups.

However, most of the cities relied on existing partnerships with nonprofit and for profit developers. This was the case in Dayton, Camden and Phoenix, all of which mentioned the HUD requirement to commit and spend NSP funds quickly, as the reason they relied primarily on existing partners with track records.

It appears that most of the partnerships have involved implementation functions – development, lending or counseling – and not just planning or outreach functions. Other than Milwaukee, the scanned cities did not appear to engage community residents or others in long-term planning on foreclosure mitigation.

## Partnerships with Lenders and Servicers

One of the most important categories of potential stakeholders and partners for foreclosure activity is the financial sector. This sector owns foreclosed property, originates mortgages and otherwise helps the flow of property and capital in the scanned cities.

Most banks were not easy partners for these cities. A number of those interviewed for this scan indicated that they initially believed that some of the banks would be eager partners in negotiating the sale, or donation, of parts of their real estate owned (REO) inventories. However, the cities in this study all indicated that bulk sales or donations of property were rare. In Dayton, personal connections made by the city's housing inspector with banks and their property managers facilitated a small number of donated properties. But other than that, city leaders indicated that they most often found themselves in direct competition with private investors for bank-held REO properties. These investors, often known as "bottom feeders," had quicker access to financing, could move faster than nonprofit groups and city agencies to consummate the transaction and had fewer restrictions.

Federal funding rules also created restrictions. NSP rules limited the dollar amount of the offers the cities could make using NSP funds. In Dayton, because the city was planning to demolish most of the homes it planned to buy, it found that NSP rules limited the amount of time it could bank the vacant land before it would be required to sell the land. Thus, it used city-generated funds for the purchases – slowing down the acquisition process, since available city funds are more limited than NSP. In Oakland, the foreclosed housing stock was located in older neighborhoods, triggering state historic preservation rules – and time-consuming reviews – for each home the city or its designated nonprofit planned to buy.

It should be noted that some city leaders indicated better success in buying from banks as the process moved, and all parties gained greater familiarity with each other. Phoenix, for example, helped the process along by hiring a private real estate firm to assist with its NSP work. That firm also worked with several banks and the government sponsored enterprises (GSE's, including Fannie Mae, Freddie Mac and the federal home loan banks) on REO issues. Many of the cities in this scan utilized the National Community Stabilization Trust and its ability to negotiate bulk property sales and "first look" opportunities.

Most city leaders reported better relations with banks and loan servicers regarding sharing information on foreclosures and foreclosed properties. In some instances the banks worked with the cities on properties that were in danger of foreclosure or were going through the process. Cities like Phoenix were able to mount campaigns to advise homebuyers in danger of foreclosure about counseling or other options they could pursue.

Easier communication facilitated another city need – to make sure that foreclosed homes, once they became vacant, did not become derelict or otherwise unduly detract from nearby properties or the appearance of the neighborhoods. In Dayton, the work of the city's housing inspector in coordinating property management with the banks resulted in his receiving national recognition in 2008. In Milwaukee, the MFPI included enhanced counseling and a community stabilization strategy that focused on preserving the condition of vacant homes. Milwaukee and Oakland also created city programs that required banks to maintain properties or face fines and aggressively monitored the banks performance.

One important lender role is providing mortgage funding to homebuyers or developers, but the national trend toward tightened credit certainly was seen across the cities. Most of those interviewed indicated that the people buying foreclosed homes – either from the cities or their partner-developers – faced higher hurdles than buyers a few years ago. Only a few cities were able to partner with a financial institution to establish a program especially for buyers of foreclosed real estate. In Milwaukee, banks have participated in MFPI, and US Bank created a mortgage product especially for local home buyers. The City of Dayton worked with the area's largest credit union to develop a new mortgage product using NSP funds to guarantee portions of the mortgages.

Several city leaders suggested that one reason that banks and loan servicers were hard to work with on REO and lending issues was the national, or regional, profiles of the institutions. The banks, headquartered in faraway cities, had little incentive to work with each city in which they had branches or other locations. Some bankers suggested that, if they created a program in one city, they then would be pressured to replicate the program in other cities in which they were located. This created a disincentive for local banks to develop programs targeted to individual markets.

Financial institutions with significant local presence worked most closely with city agencies and coalitions. This was the case in Dayton, where the credit union – the state's largest – is headquartered in the city. Bank of Americas' Florida headquarters is located in Tampa. Consequently Bank of America Community Development Corporation (CDC) opted to work with the City of Tampa to redevelop a large former public housing site.

## Leveraging Other Funds

In many of the cities, the impact of housing foreclosures was severe. The number of foreclosures was high, and the pressure those foreclosures placed on the neighborhoods in which they were located was harsh. The city leaders had to figure out ways of dealing quickly with the growing foreclosure crisis so that the vast majority of homeowners would not be adversely impacted. As a result, most cities did not place the greatest emphasis on leveraging other funds for the battle against foreclosures.

The federal government also put pressure on NSP recipients to commit and spend funds quickly, since HUD did not want to see its grants spent so slowly that they would have little impact on the nation's economic recovery. As a result, the NSP recipients in the scanned cities felt the need to implement their

NSP programs quickly, which did not always provide them the opportunity to leverage other funds. City leaders pointed to their use of Community Development Block Grants (CDBG) and HOME funds as tools that leveraged more funds over time than their NSP work. Although the cities understood the importance of leverage and how to accomplish it, they suggested that they were not given enough time to develop the programs to take advantage of that knowledge.

However, there were some examples of leverage from NSP investments. In Tampa, for example, the city and its housing authority are working with the Bank of America CDC to redevelop a former public housing site into what will eventually be a mixed use, mixed income community of some 1,000-1,300 homes and 3,000 jobs. The partners are investing $10-million in NSP-2 funds into infrastructure for the site, with the CDC developing – or selecting other developers to build – the buildings. As yet, there are no estimates of the project's total cost, but it likely will range in the hundreds of million dollars. To date, this project has attracted 13 levels of financing. The first two buildings are scheduled to start construction in the autumn of 2011.

In Dayton, the city is working with the state's largest credit union to create a mortgage product for households buying vacant foreclosed homes in the city. The city is providing buy-down grants of 10 percent of the value of the homes and is guaranteeing up to 14 percent of the homes' value as a second mortgage to be originated by the credit union. The city is achieving at least a three-to-one leverage from its investment in each home, and the partners expect to fund about 100 mortgages with this new product.

## Impacts on Foreclosure Mitigation

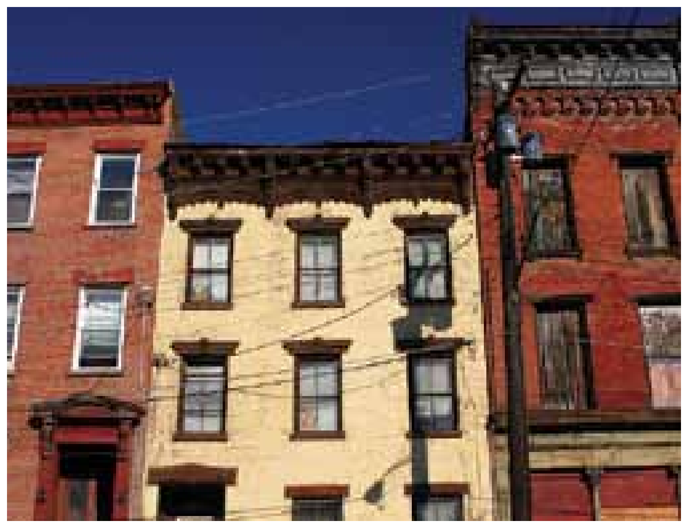
Cities' foreclosure mitigation efforts included a number of interesting and innovative practices and programs. In Oakland, the city awarded over 60 percent of its NSP funds to a new Oakland Community Land Trust. The Trust was formed by local nonprofit advocates as a means of controlling the reuse and potential for property price escalations among the foreclosed homes in the city. Oakland's foreclosures are concentrated in a few low-income neighborhoods that are impacted by high crime rates and poor schools. Most of the foreclosed homes are older and small (two or three bedrooms and one or two bathrooms). Advocates felt that there is a market for these foreclosed homes, but there was a need to make sure that the large public investment that was required for their rescue would not be lost over time. Housing advocates created the Land Trust and persuaded the City of Oakland to work with the trust to buy 200 foreclosed homes for rehabilitation and resale. Unlike the other cities in this study, Oakland chose to work with the Land Trust exclusively in buying and rescuing its foreclosed single-family housing stock. Other cities typically chose to work with several developers (for-profit and non-profit). In part, this may be due to the advocacy of many of Oakland's housing experts, and in part it may be due to the fact that Oakland had not invested public funds in single-family housing development for a number of years and had no pre-existing relationships with developers of that type of housing.

In Dayton, the city did not let the market decide whether buyers of foreclosed homes would be able to find affordable mortgages. As described above, the city worked with Wright-Patterson Credit Union, the state's largest credit union, to develop a mortgage product aimed exclusively at these buyers. This product also involves the Credit Union adjusting some of its underwriting standards. Up to 100 mortgages are expected to be originated by 2013 under this program, with the city using some of its NSP funds to finance the arrangement.

Dayton also has innovated in its relations with the banks and their property management agents. The city's housing inspector has, over the last several years, forged personal relationships with many of the institutions that hold foreclosed homes or are responsible for their maintenance. Rather than having to threaten them when the properties fall into disrepair or need to be boarded up, cleaned or mowed, the inspector makes phone calls to the institutions' representatives to get the work done. He indicated that this relationship has meant that the repair or cleaning can get accomplished at less cost to the city and often quicker than having to wait for city staff or contractors. The city housing inspector who spearheaded these relationships won national recognition for this work from *Governing* magazine in 2008.

## Thinking Regionally

Regional approaches are being pursuing more frequently by city leaders seeking to solve difficult problems. Dayton developed a set of joint programs with its county government and the government of a nearby city, and the three entities were successful applicants for NSP-2 funds. All three agencies shared data on housing foreclosures and used the federal funds to develop similar programs. This regional cooperation meant more funds for the area and greater success in reducing the number individuals and families displaced from homes as a result of a foreclosure process.



In Phoenix, the nonprofit community thought regionally. Led by the local office of the national community development organization Local Initiatives Support Corporation (LISC), some 14 area nonprofit organizations formed the Sustainable Housing Ownership Coalition (SHO CO) in 2008 to promote and coordinate housing counseling and development efforts in the Phoenix area. The counseling helped buyers of homes developed by the nonprofit organizations as well as for-profit developers. In 2010 alone, SHO CO members helped 435 households buy affordable homes in 16 communities within the region.

## Forming New Relationships

Most of the cities demonstrated an ability to form relationships with new entities in carrying out foreclosure work. All of the cities, except Camden, formed new relationships to facilitate the implementation of their NSP program. For example, one of the important tasks for the cities has been finding good partners to help acquire, redevelop and sell vacant or foreclosed homes in their communities. Most of the cities indicated that they placed a great deal of trust in the non-profit and for-profit housing developers with which they normally worked. However, some of the cities sought out new partners for the development work. In Tampa, the city is working with several developers with which it had not worked previously to buy, repair and resell vacant foreclosed single-family homes. One is a for-profit developer that had previously built large multi-family apartments in the region, but had not worked in or with the city. Another is a nonprofit single-family developer that had worked within the region, mostly in more rural communities, but not in or with the city. In Oakland, the city – as described above – is working with the new Oakland Community Land Trust on its strategy to rescue up to 200 vacant foreclosed homes in the city. The city had not worked on single-family development for at least 15 years and thus had to form a new relationship to get this work done.

Project financing is an integral component of any housing work. Three of the cities formed new relationships with lenders on projects involving foreclosures. For example, the City of Dayton working with the Wright-Patterson Credit Union on a new mortgage product for buyers of vacant foreclosed homes in the city. Milwaukee worked with a local bank and a national bank on programs to finance the purchasers of foreclosed properties. Tampa worked in partnership with the Bank of America CDC on the redevelopment of The Encore project. In each case, the lender (or lender-related agency in the case of the CDC) is providing expertise on project financing and is a new relationship for the city. It is important to note that in all cases, these financial institutions can be considered local to the city. The credit union is headquartered in Dayton, the Milwaukee lenders have a large presence in the city, and Bank of America's Florida headquarters is located in Tampa. The financial institution's stake in the community is an important factor in a city's ability to engage the financial institutions in addressing the city's foreclosure crisis.

## The Importance of Housing Counseling and Prevention

One of the lessons from the city experiences is that housing counseling programs are important factors to help prevent the worsening of the foreclosure problem. Most of the cities engaged in some counseling endeavors and spoke of their importance to the community. In Phoenix, two different coalitions formed to help assure that all families would have access to homeowner counseling, formed respectively by LISC and NeighborWorks. Members of this coalition counseled hundreds of households. The city also targeted a neighborhood for intensified access to counseling and individually notified every household that was late in mortgage payments about the opportunities that exist to help them cure their situation. In comparison with a control neighborhood, the city found that the foreclosure problem was reduced in the targeted community.

The examples from the six cities profiled here mirror studies nationally that show that families that receive homeownership counseling are less likely to fall into foreclosure. City leaders understand this and have been supportive of counseling organizations for many years. Proposed federal reductions in housing counseling money will only make the foreclosure situation worse and place greater stress on city resources.

## Conclusion

The damage to communities that results from people abandoning their homes and lenders foreclosing unchecked is directly related to declines in property values, deterioration and destruction of neighborhoods and the erosion of the local tax base. The experiences of all the cities covered in this research, regardless of the timeline, are instructive for other cities across the nation. The lesson for city leaders and other policy makers is to act quickly and aggressively to address foreclosures in order to avoid what can become a long-term spiral of devastation that will take hold for years to come.

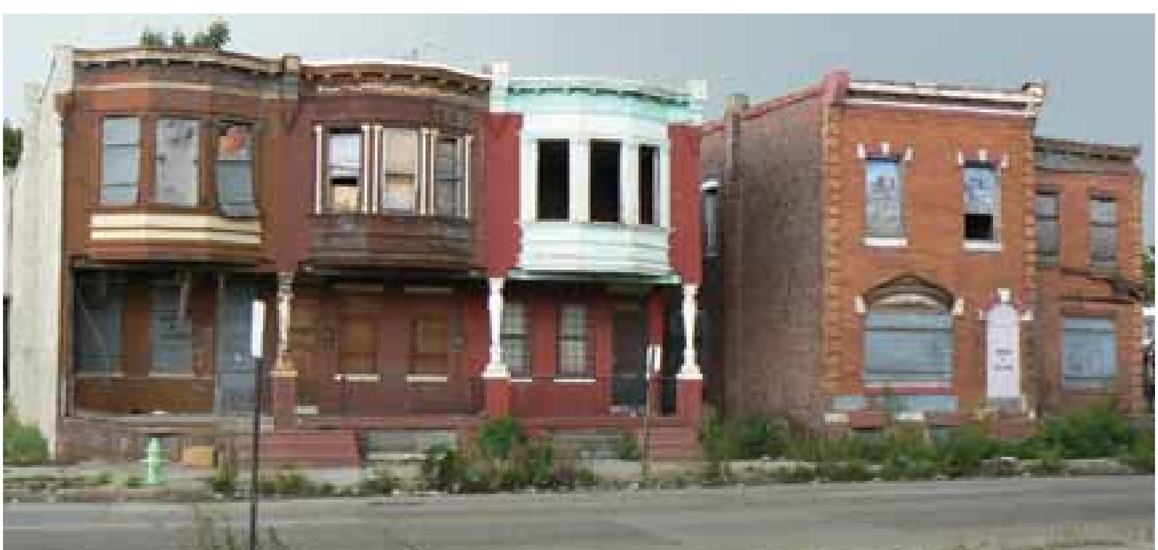
# Camden's Response to the Foreclosure Crisis

## Background

Camden's recent foreclosure crisis has a different dynamic than in the rest of the country. Camden's foreclosure crisis began 20 or more years ago when disinvestment in the city reached a peak. Today, Camden bears the scars and ravages of the days when foreclosures and abandonment went unaddressed.

Camden's businesses and middle income residents abandoned their property in the city, allowed lenders to foreclose and moved to the suburbs in the years after World War II. The estimate is that Camden lost half of its manufacturing jobs and most of its middle income residents from 1950 to 1970. The post war exodus of businesses and the middle class signaled the beginning of a downward trend in the city. As industry and jobs left the city, property values collapsed and the shrinking tax base led to a structural deficit. The results were dilapidated neighborhoods, public safety issues, high property taxes and reduced capital investment. All of these factors accelerated the city's deterioration. Since then, Camden has been struggling to bring about a recovery in every aspect of life in the city. The recent foreclosure crisis nationwide is emblematic of many of the issues Camden has experienced over the years.

Today, Camden's neighborhoods are rife with vacant lots, abandoned properties, homes with low values and few retail services. The city is infamous for its high crime rate, murder rate and booming illegal drug trade. While there are signs of hope—a new minor league baseball stadium, a modern aquarium, a new wing at Cooper's Hospital, a new headquarters for Campbell's Soup, a new law school, expansion of student enrollment at Rutgers-Camden, a new Rowan University medical school being built and groundbreaking for a Kroc community facility—Camden remains a city with significant challenges.



## Use of NSP

The national foreclosure problem has presented Camden with an opportunity. Beginning under the leadership of the state appointed Chief Operating Officer (COO), Judge Theodore Davis, the City of Camden received funds from the first round of Neighborhood Stabilization Program (NSP) grants through the State's Department of Community Affairs for three projects in Camden. The city then applied for and received approximately $26 million in NSP-2 funds. Of the NSP-2 funds, $12 million went to the city's Community Revitalization Agency (CRA) and $14 million to the Camden Housing Authority. The city's interest in obtaining the NSP funding was not driven by the foreclosure crisis but by the availability of NSP funding to help the cash strapped city deal with its abandoned real estate and vacant properties, which are blights in many of its neighborhoods.

At the COO's direction, Saundra Ross Johnson, the Director of the Camden Redevelopment Agency (CRA), and her Deputy, Olivette Simpson, took the lead in applying for the NSP funding on behalf of the City of Camden. The Camden Housing Authority, led by Dr. Maria Marquez, assigned its NSP application and implementation responsibilities to Charles Valentine, the agency's public housing redevelopment expert. The city's current mayor, Dana Redd, succeeded the state appointed COO and the former mayor in the latter part of 2009 at a time when the foreclosure crisis had nationwide prominence. The NSP awards were made around the time the mayor took office. However, the housing crisis in Camden was not, and could not be her top priority, given the plethora of issues that were overwhelming the city at that time and are still prevalent today.

The Housing Authority will use its NSP funds to stabilize three neighborhoods that border the community in which it recently made a significant housing investment. The CRA will use its NSP funding to rehabilitate abandoned and vacant housing and construct affordable housing. The overall plan is to use the NSP funding to build rental housing and market rate homeownership units to help build the city's tax base.

The NSP application process led by the CRA and the Housing Authority had limited participation from community partners. This was in part due to the short time frame provided for committing and spending the NSP funds and the need to move expeditiously. Community groups criticize the city for its lack of a citywide perspective on its housing needs, the lack of a broad vision for the city's housing stock and the city's failure to get their input in the NSP application process.

## The Housing Market

Camden is a weak market city. Although Camden is located in one of the wealthiest states in the country, its per capita income is half of Newark's, one of the state's other prominent distressed cities. Of the existing housing in Camden, approximately 46% is rental housing and, 54% is owned. This is the lowest homeownership rate in the northeast corridor. Bank financing of existing housing is minimal to nonexistent.

Home values in Camden are historically low. Where there have been loan defaults potentially leading to foreclosures, the banks have "walked away." This is because of the liability that would come with owning the property and other factors such as the cost of insuring the property, the expense of property maintenance and the likelihood that the sale of the property would generate sufficient revenue to cover their costs.

Conservative underwriting standards limit any new bank lending in the city. Camden housing officials report that they are having difficulty finding construction lenders for their NSP projects. There do not appear to be any investor groups targeting or assembling foreclosed properties in Camden, although Camden is closer to downtown Philadelphia than most neighborhoods in Philadelphia and has excellent transportation.

Nonprofit groups report that recent home purchases have not been significantly impacted by the foreclosure crisis because of the government subsidies that have been used for recently constructed housing. The new housing stock is largely developed by local nonprofits and is of a better quality than most of the city's existing housing stock. The nonprofit developers also said that most of the new construction projects have deed restrictions that protect owners from predatory lenders. The purchasers are also required to participate in homebuyer education programs and homeownership counseling. The result is that these newer homeowners are better informed and more financially prepared and therefore are less likely to be affected by many of the shocks due to the usual factors that precipitate foreclosures.

Longer term homeowners tend to have private non-bank financing provided by the sellers. Local groups like Camden Churches Organized for People (CCOP) have established programs that feature outreach and counseling for homeowners who find themselves in financial difficulty and are facing foreclosure. Local homeownership counselors and CCOP have not noted an increase in borrowers coming to them for assistance with foreclosure issues. Camden does not have a land bank.

## Regional Context

RealtyTrac, a company that tracks the foreclosure market, recently reported that foreclosures in New Jersey have decreased significantly. According to the report, statewide foreclosure filings dropped 82% from April 2010 to April 2011. The New Jersey Judiciary reported that foreclosure activity was down 95% for the first four months of 2011 compared to the same period in 2010. This is in large part attributed to a December court order resulting from the revelations about "robo-signing" in which lenders and mortgage servicers had foreclosure documents signed improperly. Lenders are now required to prove that they are following proper procedures in foreclosures, and this has slowed the number of foreclosures.

While the numbers of foreclosure filings are slightly higher in Camden County than in the City of Camden, there has been no attempt to deal with the foreclosure crisis on a regional level. In addition to the actions taken by the courts, the New Jersey Housing and Mortgage Finance Agency has taken the lead in addressing the issue of foreclosures at the state level and established foreclosure prevention programs. The State has also instituted a state level code enforcement program focused on the maintenance of foreclosed properties by banks. These efforts have had little impact on Camden, and there do not appear to be any efforts on a regional level to deal with foreclosures in Southern New Jersey.

## Summary

Leaders in Camden, including public agencies, business leaders and nonprofits, all agree that the foreclosure crisis in Camden started many years ago. The current crisis provided the city with a source of Federal funding through NSP to enable it to begin to address some of the impacts of that long ago tide of foreclosures and abandonment. The damage to Camden neighborhoods that resulted from people abandoning their homes and allowing lenders to foreclose is akin to what the current abandonment and foreclosure crisis will cause in other cities in the years to come. The legacy of foreclosures in Camden contributed to a decline in property values, the deterioration and eventual destruction of neighborhoods and an erosion of the city's fiscal stability by destroying its tax base.

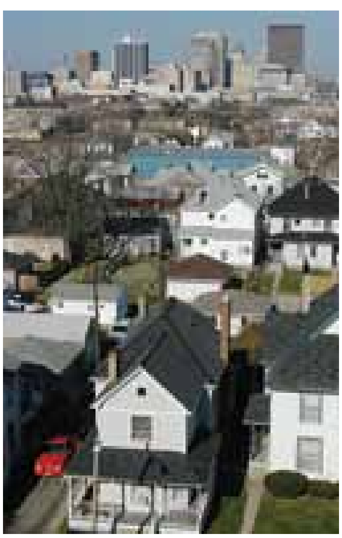
Camden is an example of the long term devastation caused by a failure of state and local officials to recognize the impact of foreclosures when they were spiking. The lessons learned from Camden should be instructive and help leaders in other markets to aggressively address the current foreclosure crisis and help their cities avoid some of the consequences of foreclosures and abandonment experienced by Camden.

# Dayton's Response to the Foreclosure Crisis

## Background

The state of Ohio has long been a poster child for housing foreclosures nationally. The state is among the nation's top five states in the number of foreclosures overall. The foreclosure situation in Cleveland has grabbed national headlines, with over 12,800 cases filed last year alone. However other cities in the state have also long suffered through waves of housing foreclosures. Dayton, in the southwest portion of the state, is one of those cities.

The city of 141,000 residents (according to the 2010 census) has lost about 100,000 people in the last 40 years. Between 2000 and 2010, the city lost 26,000 people, more than 15 percent of its population. De-industrialization has caused people to leave the Dayton area in search of new jobs, and deconcentration has, like in many other American cities, enabled many Daytonians to move to suburbs and smaller nearby cities. As a result, the city has some neighborhoods with vacancy rates as high as 20 to 40 percent.



To the problem of population loss, add the rise in home foreclosures over the last decade. Foreclosures began in Dayton before they became a national issue. According to some sources, the number of foreclosure filings in Dayton more than doubled between 1997 and 2001, and the city has maintained an average of 5,000 to 7,000 vacancies since then. The rate of foreclosures has only worsened as the fallout of predatory lending and job loss took hold. Since the latter part of the last decade, the number of foreclosure filings in Montgomery County, where Dayton is located, reached 5,000 per year. It is still approaching that high mark; according to the records of the County Clerk of Courts. Since January 2006, the average monthly number of foreclosures is just over 400. There appears to be a slight decline in foreclosures in the last year, and the number of filings exceeded 400 only one month of the last 12. City officials say the rate of foreclosures in the City of Dayton has declined recently but is rising in the suburbs.

## The City's Response

With these facts in mind, it is not surprising that determining what to do about foreclosures has been a major issue for the city for several years. Given the weak market and loss of manufacturing jobs in the community, the city housing office's policy—with support from the mayor and council—has been to support the downsizing of the city's housing stock in order to avoid dealing with hundreds of deteriorating vacant homes. Likening itself to other "Great Lakes region" cities, the city realized that it will not soon regain the lost population and that its housing stock has to come in line with the reality of city size. The city has also been intent on strengthening selected core neighborhoods that are well-located to jobs and institutions and have strong grassroots organizations. That neighborhood strengthening has taken the form of reducing vacancies through revitalizing and rebuilding the housing stock.

To achieve these goals, the city housing department has formed several partnerships, including with other public sector institutions regionally. As described below, the city is working with the county (on data sharing and development), a large local credit union, nonprofits and banks and servicers.

The federal Neighborhood Stabilization Program (NSP) in 2008 helped the city reinforce these partnerships. The City of Dayton was awarded just over $5.5 million in round one and $29.3 million in round two to deal with foreclosures.

## Use of NSP

Because the City of Dayton had been aware of the problems of population loss and home foreclosure for so long, the city government took the lead in formulating a program for the use of NSP funds. Given the city's overall policy about downsizing, its largest use of NSP dollars was to demolish vacant, foreclosed homes and either land bank the property or sell the lots to neighbors to expand their properties. The city is also using NSP funds to acquire, rehabilitate and resell vacant, foreclosed homes, mostly in four targeted neighborhoods. The latter program also includes the demolition of a number of foreclosed homes whose condition dictated the need for clearance.

To achieve these goals, the city has worked in partnership with a number of housing and lending organizations. For example, in order to strengthen its case for applying for NSP-2 funding, the city formed a consortium with Montgomery County and the nearby, smaller city of Kettering. Together, the cities shared data on housing condition and foreclosures and are applying the NSP funds to very similar programs—basically the same types of programs that were implemented using NSP-1. This collaborative work with other jurisdictions has resulted in combined NSP-1 and NSP-2 targets of about 1,500 housing demolitions and the resale of 300 homes.

The resales occurred in four "neighborhoods-of-strength." The city is working with several local nonprofit housing organizations including the local Habitat for Humanity affiliate, the St. Mary's Community Development Corporation (CDC) and the city's housing authority to implement the acquisition/rehab/resale program in these neighborhoods. The city has also sought to rebuild homes on some of the vacant land created by the city's demolition in these neighborhoods. The city chose its nonprofit partners for this work based on organizational capacity and existing relationships; it did not issue an open RFP to a wider set of applicants.

The city also formed a new relationship with a local credit union to develop a source of mortgage financing for the buyers of rehabilitated homes. The city used $2 million in NSP funds to form a new relationship with Wright-Patterson Credit Union to facilitate mortgage lending. Wright-Patterson is the largest credit union in Ohio, with 200,000 members and $2 billion in assets. The City's NSP funds are used, in part, to buy-down the new mortgages by 10 percent of the face value of the mortgage and, in part, to guarantee seven-year second mortgages provided by the credit union to the homebuyers. In return, the credit union has slightly modified its mortgage standards and targeted outreach to city residents. The credit union makes first mortgage loans equal to 75 percent of the value of the homes, with the buy-down equaling 10 percent, and the second loan not to exceed 14 percent of value with the buyer contributing at least one percent of the home's value. Under these terms, the credit union expects to make between 70 and 100 mortgage loans by 2013. City leaders believe that none of the traditional banks in Dayton is willing to participate in such a program, because none are locally headquartered (as the credit union is) and devoted to rebuilding the community. The credit union spoke with Fannie Mae about buying mortgages originated through this program; Fannie imposed "complicating" requirements, so the credit union will retain the loans in its portfolio.

While the traditional banks have not provided much new mortgage lending for several years, the city has worked fairly closely with the banks, their servicers and agents to deal with property management and code compliance on the vast number of vacant, foreclosed homes in the city. Over the years, the city's housing inspection department has developed relationships with the parties responsible for maintaining the homes. These relationships start with the city's housing inspector, who grew frustrated over the lack of maintenance of the bank-held vacant homes all over the city. He took the initiative and started calling the banks and their service agents to ask them to clean, board and otherwise maintain the homes—or he would have to either cite the homes or have the city do the work and place liens on the properties. His manner won out, and he started getting results. Now, as he states, he can get the banks or agents to cure problems faster than he could get city staff to do the work—sometimes even the next day. The city housing inspector won national recognition for this work from *Governing* magazine in 2008.

More recently, this relationship has also provided a vehicle to persuade banks to donate vacant homes to the city or to the nonprofit development organizations designated by the city. Over the past two to three years, the banks have donated 20 to 30 homes per year, according to the housing inspector. In most cases, these properties are in the worst shape and of the lowest value. However, by securing these donations, the city is able to bypass the two to three years it would take to secure a property through tax sales and has put them into its land bank or fixed them up sooner.

It should be noted that while the city was aggressive in exploiting partnership opportunities with regional agencies, credit unions and banks, the NSP funding did not result in new or strengthened activity with citizen organizations or individual leaders. Because of the speed with which HUD demanded NSP action, the city largely felt a need to work with existing partners.

## Learning While Implementing

Several implementation issues impacted Dayton's NSP work. HUD's requirement that its NSP funds be committed within 18 months, and spent within three years, placed great pressure on the city to use its existing systems and networks to the maximum degree. The need for swift action also meant that other proposed program outcomes—such as new and strengthened relations with the community leadership in the neighborhoods most affected by foreclosures, leverage of other funds or the creation of lasting systems—fell by the wayside. As noted, for example, the city selected a small group of nonprofit organizations with which to work, rather than casting a broader net and finding new or promising groups. It chose Habitat for Humanity and other known performers that could respond quickly.

The targeted acquisition/rehab/resale program in Dayton is proceeding, albeit slowly. The city reports that eight homes have been sold so far, and an equal number are in process. This is well short of the goal, but the city believes that the pace of progress is picking up as people see progress overall in repairs and demolitions.

The need for swift action to use the NSP funds meant that the city was less inclined to look for leverage than it might otherwise wish to do. The city is using between $50,000 and $75,000 in NSP funds per property to subsidize resales. This represents about 80 percent of the expected sales price – far higher than it would do with Community Development Block Grants (CDBG), the HOME Investment Partnership Program or other funds that have longer time horizons.

The city found that gaining access to bank-held real estate owned (REO) property was hard. No bank has agreed to provide "first look" or bulk purchases. As noted, the city has received 20 to 30 donated homes per year for the last two to three years. These homes were most often badly deteriorated properties. The government-sponsored enterprises (GSEs), such as Fannie Mae, Freddie Mac and the home loan banks, have not played an active role in REO sales or donations. In part, the city has not pushed first look programs as yet, because it is working with the county to establish a land bank which would house the vacant and demolished properties. Under state law as of last year, counties can establish land banks for vacant land and use real estate taxes to pay land bank costs. Cities, on the other hand, cannot use tax resources in this way. In addition, because the city has chosen to use the land bank to stockpile vacant property, it learned that it cannot use NSP to purchase REO or other foreclosed property—otherwise it would trigger rules regarding reuse in a limited amount of time. Thus, it is using limited city funds to purchase the vacant property and then using NSP to pay demolition costs. The city expects the county land bank to be established this summer, and will then ratchet up the pursuit of REO properties.

A new foreclosure issue has arisen in the last year in Dayton and elsewhere, as banks increasingly decline to complete the foreclosures on delinquent home mortgages. According to the city, one-in-four potential foreclosures have not gone through to completion this year. This means that up to 100 homes a month may fall into this abyss, given that up to 400 homes a month are foreclosed upon in the county. The banks decline to move forward to foreclosure, because the values of the properties are so low the banks find the process more costly than the value of the homes. As a result, the properties fall into vacancy as former owners leave when they receive notice from their mortgage lender, and the city and its code inspection department cannot discern true ownership of the homes in order to address property maintenance issues.

## Summary

Dayton's foreclosure problem pre-dated national trends and broad popular attention to the issue. City leadership, including the mayor, council and housing and development office, concurred on policies to deal with the issue. In the broadest response to the problem, the city has attempted to demolish most of the vacant, foreclosed homes in an effort to downsize the overall housing stock of the city to better reflect local population loss. It has also worked with local nonprofit organizations to purchase, repair and resell vacant, foreclosed homes in several targeted neighborhoods of strength. The city, especially its housing office, has been a leader in these programs, and has specifically chosen to collaborate and work with other institutions to address foreclosure problems. The city has worked closely with its surrounding county on data sharing and program development. It has worked with the state's largest credit union to create a mortgage product for people buying the homes provided by the city's efforts to rescue and resell vacant homes in the targeted neighborhoods of strength. And, it has developed relationships with the banks that hold vacant foreclosed homes to assure that the vacant homes are maintained and do not unnecessarily adversely impact neighborhood properties.

# Milwaukee's Response to the Foreclosure Crisis

## Background

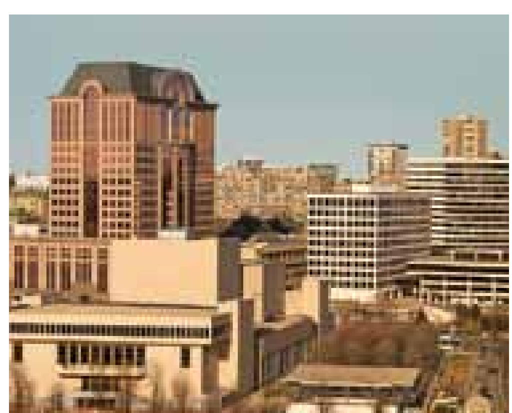
The foreclosure crisis in Milwaukee occurred in two waves. In the "first wave," between 2008 and 2010, approximately 16,000 Milwaukee property owners had foreclosure actions started against their homes. According to a draft report prepared by two city agencies, the Department of City Development and the Department of Neighborhood Services, the first wave of foreclosures was driven by subprime and predatory lending, which peaked in 2005. Targeted particularly to Milwaukee's poorest homeowners in central city neighborhoods, the volume of subprime loans grew from $7.7 million in 1993 to more than $1 billion in 2005. In the central city area, 57% of all mortgage loans issued in 2005 were high cost or subprime loans.

The "second wave" of foreclosures began in 2010 and has been triggered by the country's economic downturn. The financial crisis exacerbated factors that are traditionally the causes of foreclosures: loss of job, health challenges/injury, divorce, death of a spouse and steep and unaffordable mortgage interest rate spikes.

In 2007, the city foreclosed on 78 properties having a habitable dwelling, presumably because of non-payment of taxes or abandonment. In 2010 that number exceeded 400. As of January 2011, the rates of foreclosure in Milwaukee are twice the historical averages, with 6,300 homeowners in some stage of foreclosure and lenders owning 1,600 properties.

The impact of the foreclosure problem has been broad based. Throughout major parts of the city, residential property values and tax base have declined as a result of foreclosures. Today the sales price for lender-owned properties averages only 50% of assessed value. In the last two years, the city's tax base has lost approximately $2 billion in value, resulting in $16.7 million shortfall in residential tax revenue.

## Local Leadership



When asked who in the city has provided the leadership to address the foreclosure crisis, the answer was unanimous that it has been the mayor of Milwaukee, Tom Barrett. As the foreclosure situation began to manifest itself in April 2007, the mayor formed a foreclosure workgroup consisting of city officials and community representatives that has come to be known as the Milwaukee Foreclosure Partnership Initiative (MFPI). The group consists of 21 core members from the government, philanthropic groups, regulators, lenders and nonprofit and community based organizations abetted by hundreds of volunteers. The "real work" of the MFPI is done by committees that are inclusive, have diversity and get input from stakeholders. Many city leaders said that the city did an exceptional job in making community groups feel involved in the efforts of the MFPI. The Milwaukee Journal Sentinel reported that the MFPI's first public foreclosure prevention workshop attracted a standing room only crowd of over 500 homeowners.

In the years since the initial MFPI meeting, the foreclosure crisis has grown dramatically. Under the mayor's leadership, the MFPI has been highly regarded as the leader in coordinating the city's response. MFPI developed a strategic and comprehensive approach to deal with the foreclosure problem, defining its goals as:

- Prevention - to expand outreach efforts and provide education for homeowner and potential homebuyers;
- Intervention - to assist homeowners facing foreclosure; and
- Stabilization - to address vacant and abandoned properties in city neighborhoods.

The goal of the MFPI prevention strategy is to promote sustainable neighborhoods by encouraging responsible homeownership through education and counseling. Using a grant from Freddie Mac, the Milwaukee Homeownership Consortium, started by the Mayor and MFPI, created the "Take Root Milwaukee" website and media campaign. Take Root Milwaukee is designed to make information about affordable housing and foreclosure prevention available to city residents. The website provides information on buying a foreclosed home, how to work with lenders, how to avoid scams and how to get help in the event of a threatened foreclosure. It also contains a list of "trusted providers," information on home owner education events, guidance on buying a foreclosed property, and a calendar of housing counseling and foreclosure prevention events. Additionally MFPI's prevention strategy has an advocacy component in which the members support legislation at the state and local level to preserve vacant properties, protect the rights of tenants during foreclosure and protect homeowners from mortgage rescue scams.

The MFPI intervention strategy focuses on intervening with homeowners, lenders and the courts when foreclosures are in the process of being instituted in an attempt to avoid foreclosure. In addition to creating a foreclosure counseling hotline, increasing the number of foreclosure counselors and holding foreclosure prevention events, MFPI also helped to create a court-based foreclosure mediation program. The program was launched in June 2009. Lenders and loan servicers who seek a foreclosure judgment in Milwaukee are now required to notify the borrower of the mediation program. MFPI reports that as of December 2010 the program resulted in 283 successful mediations, and more than 300 additional homeowners are participating in the mediation process. The city also offers a "rescue refinance" product to borrowers who cannot afford their existing high interest rate or adjustable rate mortgage.

The MFPI stabilization strategy is based on aggressively monitoring and working to preserve vacant properties. Because vacant properties are likely to be a blight on neighborhoods and reduce the value of homes in the area, the Milwaukee Common Council created programs that require the registration and monitoring of vacant properties and provide for periodic inspections to make certain that these properties are maintained and secure. Community groups participate in this effort as block watchers. Community activists report that they have been actively involved in this effort.

## Use of NSP

The City has also been successful in leveraging funds through the NSP. Milwaukee has been awarded approximately $37 million in three rounds and used the proceeds to leverage private investment of $24 million in foreclosed housing stock. A land bank has also been created that has acquired approximately 42 properties using NSP-1 funds and developed, sold or demolished them in support of neighborhood stabilization activities.

## Lender Participation

Local banks have been supportive of MFPI's efforts to deal with foreclosures in the area. US Bank worked with Freddie Mac to obtain the funding that created the Take Root Milwaukee website and media campaign. Some lenders also provide rehabilitation products and participate in foreclosure prevention and homeownership events. A number of banks have been involved with the MFPI and local groups to provide counselors on foreclosure and loss mitigation matters, and they have willingly shared best practices on foreclosure management and property disposition. Some city leaders have donated foreclosed houses to community organizations and provided loans to homeowners to rehabilitate the properties. However, the banks have tightened their lending criteria as home prices are declining. The city does have a "first look" disposition program through Fannie Mae and the National Stabilization Trust, which gives community organizations or nonprofits the opportunity to purchase a piece of foreclosed real estate before it goes on the market. However, neighborhood groups are having a more difficult time than expected finding qualified borrowers.

Lenders in Milwaukee that have provided financing for the purchase of foreclosed properties include PyraMaxUS Bank and the Local Initiatives Support Corporation (LISC). US Bank created the American Dream mortgage, which is one of the primary loans used by buyers in Milwaukee receiving NSP assistance to finance the purchase and acquisition of owner-occupied foreclosed properties. The mayor meets quarterly with lenders, loan servicers and the companies that maintain foreclosed bank real estate to ensure that properties are being maintained and any issues they may have are addressed. While many of the larger banks with portfolios in Milwaukee have been cooperating with the city on the local level, they have been hampered by their concern that any policy changes in local lending practices will establish a precedent for their national lending practices.

## Stakeholder Participation

Milwaukee's efforts to address the foreclosure crisis have involved many community groups. Even non-traditional partners such as the United Way and social services agencies that ordinarily do not have a housing agenda participate in the MFPI initiative. The mayor is credited with providing the excellent leadership that led to the formation of the MFPI and related entities and coalitions that are developing these strategic, comprehensive, creative and aggressive approaches to the foreclosure crisis. Common Ground, a coalition of local churches, community based organizations and advocacy groups, has worked with MFPI to engage local lenders and loan servicers in the development of strategies to mitigate the impact of the high rates of foreclosure in the city.

The leadership of the Milwaukee Common Council was mentioned repeatedly by city leaders as energetically supporting the mayor's efforts to deal with the situation with foreclosures. The consensus was that there have been no "turf" issues and the cooperation between the governmental agencies and the stakeholders in the foreclosure crisis has been exemplary. The council in particular is credited with establishing the group that provided critical guidance in the use of NSP funds.

Real estate brokers have also been constructively involved in dealing with foreclosures in Milwaukee. The head of the Realtors Association praised the city's leadership in dealing with foreclosures. He said that the city responded quickly and has done all that a public entity could do. He cited the city's efforts to cut down on "scrappers" who strip vacant or foreclosed properties and people who use these properties for illegal purposes. The brokers have joined the city in holding the banks accountable for maintaining vacant or foreclosed properties.

## Regional Context

There have not been regional attempts to address the crisis as the foreclosure issues impacting Milwaukee are concentrated in its central city, and the foreclosure issues in the larger metropolitan area are not comparable in scope. The state has been somewhat supportive. However, funds allocated in the state's 2009 budget for a rescue refinance program were later reallocated for other uses. HUD recently awarded the state $51 million in funding to provide loans to homeowners having mortgage difficulties due to a loss of income or a medical emergency and it is anticipated that a large portion of those funds will be directed to Milwaukee.

## Summary

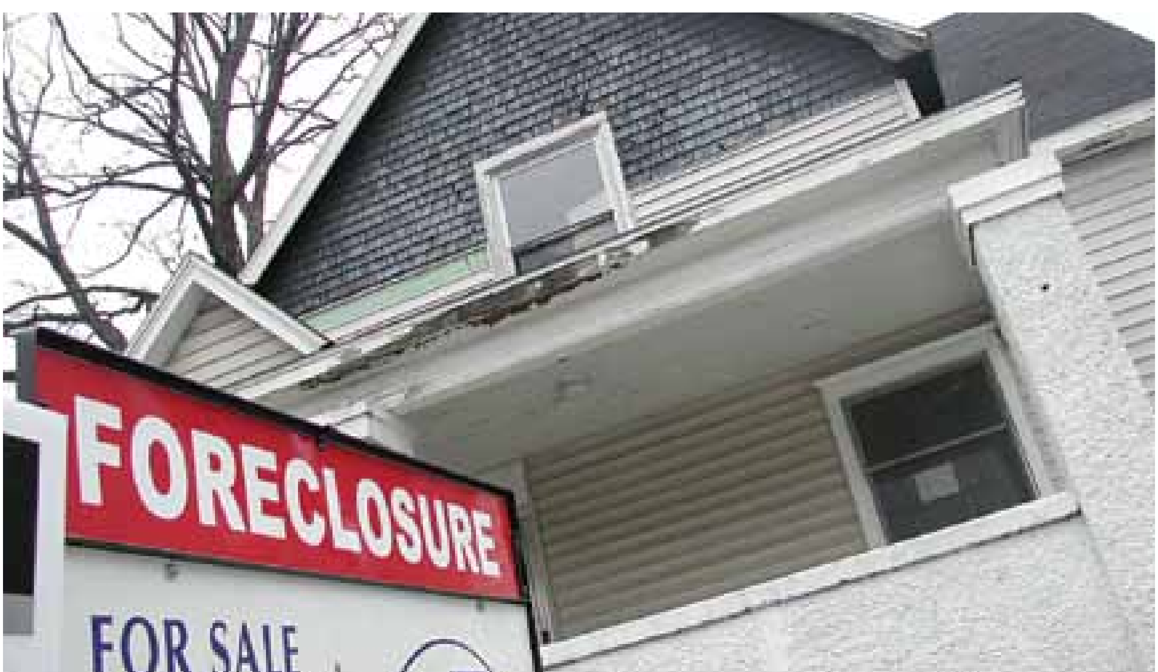
Mayor Barrett has provided leadership in crafting the City of Milwaukee's response to the foreclosure crisis. From the advent of the crisis, he championed a comprehensive, inclusive and strategic approach that appears to manage this ongoing crisis creatively and aggressively. The city has utilized numerous innovative approaches, and it has done so with engagement, input and support from a cross section of stakeholders and non-traditional partners. Community residents, lenders, realtors and local nonprofits all praise the mayor's leadership and his work in building coalitions to work on the problem. The Milwaukee Foreclosure Partnership Initiative was an innovative approach to address the rapidly increasing rate of foreclosures within the city and involved over 100 volunteer professionals. Through this process, a strong link was identified between homeownership education and successful, sustainable homeownership, and the city devised a strategy to work with homeowners in foreclosure. In partnership with Freddie Mac and US Bank, the city launched Take Root Milwaukee, a website to guide residents to resources and trusted partners. At the same time, through the creative use of NSP funding, the city is addressing the long term consequences of foreclosures in its communities. The Mayor's broad based coalition building approach and his strategic vision led to wide praise for his leadership.

# Oakland's Response to the Foreclosure Crisis

## Background

Oakland, California's foreclosure issue is different from most of the other cities in this scan. About 6,000 home foreclosures were filed in the years 2007 to 2009, the height of the city's foreclosure problem. Unlike the cities that had foreclosures largely among households that bought homes above their ability to afford, in Oakland most of the foreclosures were among households who through predatory lending practices refinanced properties they long held and lived in, and in which they had significant equity. Many of the households that were subject to foreclosures in Oakland were persuaded to refinance their homes to take cash out, to take advantage of that equity quickly. However, according to the city spokesperson, many of those borrowers were not told of loan terms, including variable interest rates that could quickly rise and cause payments to escalate.

In addition, most of the foreclosures were of older, smaller houses located in low-income, troubled neighborhoods. According to several local experts, most foreclosed homes in Oakland were 50-years old or more, and often were two or three bedroom homes with one bathroom. The foreclosed homes tended to be concentrated in minority neighborhoods with higher-than-typical crime rates and poor schools. In short, the bulk of Oakland's foreclosed homes are not attractive properties on which to build a new housing market.



## Early Responses

As foreclosures in the city grew and began to receive more attention, both the city and nonprofit community took action. The former mayor, Ron Dellums, convened meetings among housing experts and the banks and tried to get Fannie Mae, Wells Fargo and other active mortgage lenders to agree to modify mortgages that were falling into default. The nonprofit community increased its housing counseling and education work. The local Association of Community Organizations for Reform Now (ACORN) office was a leader in foreclosure counseling. The city also funded The Unity Council, a large and experienced nonprofit community developer, to conduct a homebuyer education program.

However, according to several people interviewed, the Oakland City Council did not take any action to get further involved in the foreclosure issue. The City Council has long been divided as to how much involvement the city should have with regard to low-income housing. A higher City Council priority has been rebuilding the local tax base.

Realizing that local foreclosures were concentrated in low-income areas and that the homes could be bought and exploited by investors resulting in negative impacts on the community, the Urban Strategies Council, a local community development think tank, formulated a strategy to create a land trust, which could hold foreclosed properties, help families finance the acquisition of these foreclosed homes and control any rapid escalation in housing prices.

## Use of NSP

The city received $8,250,000 in NSP-1 funding. The city's housing department made the decision to use most of the funds to help buy, repair and resell single family homes that had been subject to foreclosure. The remainder of the funding was to be used to buy, repair and rent two multi-family developments containing 40 units that had been owned by a local nonprofit developer that had gone bankrupt. However, the City had no prior relationship with single-family developers, because it had not funded single-family housing rehabilitation or development for the last 10 to 15 years. Thus, it decided to issue a single Request for Proposals to find an organization that could undertake the acquisition, repair and resale program. It decided to select only one organization to simplify and expedite the work. The winner of the RFP was the Oakland Community Land Trust, a new organization that emerged from the Urban Strategies Council's work. It was allotted just over $5 million from the City's NSP allocation, and a goal of 200 home purchases, repairs and sales was developed.

From the beginning, the Land Trust's work has been challenging. Banks proved to be more amenable to working with investors who could work faster than the city or the land trust. As in other cities, a large part of this pattern was the speed with which investors could work, compared with the public sector. That pattern was exacerbated in Oakland because of the age of many of the homes that had been foreclosed. Because so many were over 50 years old, the city had to obtain approval from the state historic preservation office before it could allocate public funds to the purchase and rehabilitate each individual home, adding complexity and time to the land trust's task.

Trust leaders also found that most properties were in worse condition than originally anticipated. Many properties had foundation problems or had been subject to deferred maintenance. Some properties had been illegally converted into apartments. The land trust also had to budget for lead remediation because of the age of the homes.

While local sources indicated that the in-town banks were hard to work with, the land trust and city used the National Community Stabilization Trust and Fannie Mae's first look programs. The land trust was the only organization authorized by the city to use these first look programs. The land trust indicated that, of the first 15 to 20 homes it bought, about half came through these first look programs and the other half came from using the local multiple listing service and realtors. City leaders realized that one problem with the first look programs was that many foreclosed homes did not appear on the Stabilization Trust or Freddie Mac's or Fannie Mae's REO property lists. They reasoned that this was because so many of the local foreclosures were caused by predatory lenders, as opposed to the more traditional banks and lenders.

In addition to the problems of accessing suitable foreclosed properties and the unexpected repair or rehabilitation work that was required, the land trust discovered that it had a hard time marketing the homes. Because of the outmoded size and functionality of the homes (mostly two bedroom, one bath homes) and their location in areas with high crime and poor schools, it was difficult to find buyers in spite of $85,000 per home in subsidy allowances provided by the city. The land trust indicated that the market price for these small, older homes had exceeded $400,000 in 2006; it hoped to sell the homes for $145,000, but found that the current market value of these properties may be as low as $120,000. The land trust proposed to the city that it allow a higher per house subsidy to improve sales. It is also reducing the goal for sales to 66 homes, as opposed to the original 200 units.

The recent experience has been that more homes have been made available for the land trust to buy. According to some, the banks have been pressured by the state to offer more of their foreclosed properties to cities and their approved developers. However, the land trust is still having trouble selling its product. Banks, according to local interviews, are hesitant to originate mortgages in land trust situations, because they are not familiar with that format in the Bay Area. The land trust is talking with a community credit union and local community banks about developing a mortgage product that would work with properties in a land trust.

According to some observers, the city and land trust are not always "on the same page" when it comes to measuring progress or determining solutions. It is unusual that a city would choose to work with only one organization in this work—and at such a scale. It is also unusual that it would choose to work with a brand new organization. But, the city had no recent prior experience with this type of program (single-family purchase, repair and resales) and so, it is not unexpected that some program glitches would occur.

## Regional Context

Oakland is not the only city in the Bay Area with foreclosure issues. In the East Bay, especially, foreclosures have hit other communities, but not to the same extent or in the same type of housing market. Other cities with high foreclosures, such as Richmond and Vallejo, experienced foreclosures in their newer homes—not the older housing stock. Nonetheless, the City of Oakland helped convene East Bay communities to meet regularly and talk about foreclosures, NSP and their experiences. That regional group has spun off a task force that is looking at programs to help keep people in their homes. The regional group is also working to develop a common website and other tools to jointly market the single-family homes being repaired and made available by the various East Bay jurisdictions.

The attention to foreclosures regionally also caused the East Bay Regional Foundation to become involved. It formed a task force of 25 organizations to examine the issues and discuss solutions. The Foundation established a small revolving loan fund to help nonprofit developers buy foreclosed homes for resale, and its loan fund is helping finance the repair work for groups proposing to resell the homes to lower-income families at an affordable price. The foundation does not directly work with local governments or use public money, and none of its original loans have been made in Oakland.

## Other City Efforts

More recently, the city passed an ordinance to require banks and their property management agents to maintain vacant, foreclosed homes. Banks now must register all foreclosures with the city and identify its property management agent. The city can impose a fine for non-registration. In addition, the city can fine the banks—up to $1,000 a day—for non-compliance with city notices of poorly maintained homes. While, like in most cities, Oakland's code enforcement has been complaint-driven, the new ordinance authorized the city to hire a special team to focus on the foreclosed homes around the city and issue notices for non-compliance. The city passed the ordinance because it was not receiving cooperation from the banks on property code issues.

## Summary

Oakland's foreclosure problem is concentrated in older minority neighborhoods characterized by low incomes, high crime rates, small and outmoded homes and other poor living conditions. The foreclosures appear to involve a large number of households that were persuaded through predatory practices to cash out the considerable equity they had established in their homes from their long tenure as owners. The City and nonprofit organizations initially tried to work with banks to modify mortgage loans and increase homeownership counseling with modest success. The city had not been active in single-family rehabilitation or development, so when NSP funds were made available, it chose to work with only one organization to undertake the purchase of vacant, single-family homes for repair and resale. But the problems of the local soft housing market and older homes have hindered progress. On the other hand, the city is engaged in the regional foreclosure task forces and has a new ordinance to draw bank attention to the need to maintain the vacant homes they now own.

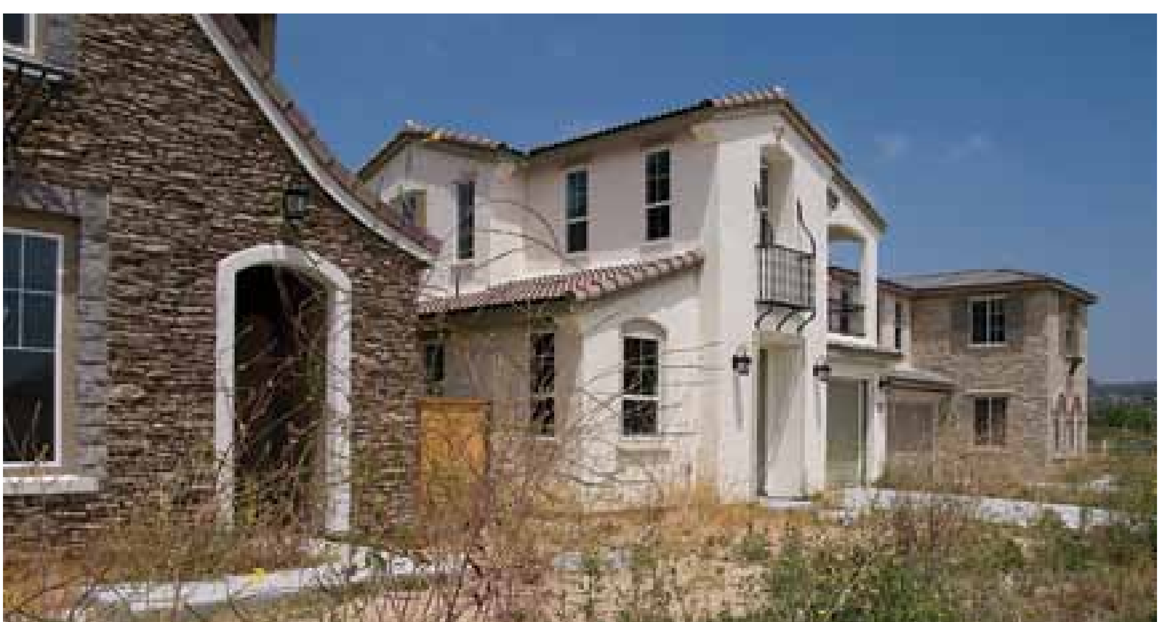
# Phoenix's Response to the Foreclosure Crisis

## Background

For the past several decades, the City of Phoenix enjoyed virtually unbridled growth. Its population has grown almost 20 percent since 1990, and is now approximately 1,445,000. Along with population gain, the city experienced a significant increase in the number of new housing units. Statewide, there has been a 30 percent increase in the number of homes, condos and apartments built in the last decade—more than the 25 percent increase in the state's population. At the height of the building boom, in the year 2005 alone, 65,000 new homes were built in the Phoenix area.

But in the years following the peak in construction, the housing market began to soften and then decline rapidly. The state of Arizona had the second highest rate of foreclosures in the nation in early 2011, according to RealtyTrac. In 2009 alone, the Phoenix area experienced 52,000 foreclosures. March 2010 brought the Phoenix area more than 5,500 foreclosures, the highest monthly total the city had ever experienced.

As a result of foreclosures, flight to the suburbs and job loss in the city, the 2010 census estimate for Phoenix's population was significantly lower than the annual census estimates for the years 2005 through 2009. The estimated population increase from 2000 to 2006 was 14.5 percent, but the actual increase from the 2000 census to 2010 was only 9.5 percent. Overall, the 9.5 percent growth rate for the 2000 decade, while significant, was lower than the growth rate for the 1990s.



## Nonprofits Take the Lead

The nonprofit sector was the first sector to perceive the decline in housing sales and rise of foreclosures in Phoenix. According to nonprofit leaders, the sector started noticing a dip in sales volume in 2007. The area's housing development pattern had been for builders to erect subdivisions of various sizes. One of the area's largest nonprofit developers had one of its new subdivisions fail to sell in 2007. Later that year and for the next few years, for-profit developers also began to see their new products fail to find buyers.

The nonprofit community was also the first to react to the growing problem of foreclosures. In 2008, the Phoenix office of the national community development intermediary Local Initiatives Support Corporation (LISC) joined with a group of 14 nonprofits to form the Sustainable Housing Ownership Coalition (SHO CO) to coordinate homeownership counseling in order to prevent additional foreclosures and to help developers (non- and for-profit) find qualified homebuyers. SHO CO made certain that HUD-certified housing counselors were available throughout the Phoenix area. Some members of the coalition worked regionally (and even statewide), while others concentrated in smaller neighborhoods or communities. As part of its role in the coalition, LISC ensured that there was a solid system of accounting for the counseling and sales activity. In 2010, its records showed that the SHO CO members had assisted 435 families to buy homes in the Phoenix metro area. Half of the purchases were within the city limits, while the rest were in surrounding communities. Its clients had incomes averaging about 70 percent of the area median, and the homes the clients bought had an average sales price of just under $109,000. LISC further showed that SHO CO client purchases in 2010 involved just over 200 homes bought from Fannie Mae's REO stock, and 55 from Freddie Mac's REO stock.

In addition to the SHO CO coalition, another nonprofit, NeighborWorks, has been instrumental in forming the Arizona Foreclosure Task Force, another nonprofit-oriented coalition, whose purposes include providing counseling and other assistance statewide to help families prevent loss of homes through foreclosure.

## The City's Response

The city council and mayor led the broader public response to the growth of foreclosures in Phoenix by focusing on preventing more foreclosures and helping families buy the existing, vacant and foreclosed housing stock. These goals reflect the fact that the city has about two years of vacancies (based on the typical housing absorption rates of the 2000s) and does not wish to scare off potential buyers. The city, according to representatives of city council and the Neighborhood Services office, also has chosen not to confront lenders about the lending practices that caused many of the foreclosures.

With the goal of preventing additional foreclosures, the city designated a pilot neighborhood in which it has implemented foreclosure prevention measures. The city sends representatives out to homeowners who have received foreclosure notices (or who are delinquent on mortgage payments and facing imminent foreclosure) to help them find resources to avoid losing the house or to counsel them to leave the home in good shape if they have to move out. The city says it has been somewhat successful with this pilot. It compared the pilot community with a control community and has seen a decline in home loss and property code violations in the pilot area. It is now expanding the pilot program—and will expand it citywide if funding can be found.

Efforts to help families buy existing housing stock is viewed as important in a community that some observers feel has overbuilt its housing stock over the years. While the typical absorption rate for the existing vacant stock is said to be about two years, a knowledgeable realtor suggests that it may take longer—up to six years for the higher priced homes—for the existing vacancies to be bought and then only as new jobs are created in the region.

In this market, the glut of housing means that home prices are more affordable to people with a larger range of incomes. Real estate and housing experts suggest that housing prices in Phoenix are now 50 percent of what they were five years ago. In fact, according to census figures and the sales assisted through the SHO CO coalition, the average price of homes bought by the coalition's clients in 2010 equals the approximate average home value in 2000.

## Use of NSP

The biggest resource the city has to help families buy homes is the federal Neighborhood Stabilization Program (NSP). The city has devoted much of the $100 million it received through NSP-1 and NSP-2 to three programs to encourage the purchase of vacant single family homes by new buyers. The city's largest NSP-supported home ownership program provides down payment and closing cost assistance "in response to consumer demands" anywhere in the city where homebuyers find foreclosed homes ready to buy. Second, the city is helping a small group of non- and for-profit developers buy foreclosed homes that they rehabilitate and then resell to qualified families in selected neighborhood clusters. This program is called, by some, the "move-in ready" strategy, and has a goal of facilitating the sale of about 130 houses using NSP-1. Third, the city is also using some NSP funds to provide individual homebuyers with acquisition funds—paired with repair money—anywhere in the city. In addition to these homeownership programs, the city has devoted approximately $32 million of its NSP funds to the redevelopment of 1,600 units of multi-family housing, which will help the city meet its low-income requirements under NSP.

The third homeownership strategy, providing home repair loans along with acquisition funds, came about when the city heard from buyers that so many of the homes they looked at needed repairs after being vacant for long periods of time. The city has had to delay the roll-out of this strategy, because it had to find a bank that would help to make the loans. It recently formed a partnership with the Bank of America to help implement this strategy.

Part of the city's NSP-2 strategy includes addressing the issue of incomplete subdivisions of new homes. The Phoenix area has a large number of new subdivisions that did not sell enough homes to be completed, leaving those families that bought in early living in incomplete developments. One practitioner told of a subdivision that had only one homeowner living in it, a single-mother, surrounded by a number of unfinished homes and vacant lots. The city reports that it will start work on two unfinished subdivisions shortly, completing about 160 new homes that will be made available for sale.

## Responding to the City's Efforts

All sectors—while not agreeing about the effectiveness of the NSP strategy—agree that the NSP resources available to the city are enough to only address about one percent of the foreclosure and vacancy problem. The city's goals are to help approximately 600 home buying families with NSP funds.

Part of the disagreement over the strategy stems from the city's decision to put much of the NSP funding into two programs (the first and third programs outlined above) that are available virtually anywhere in the city, rather than concentrate in a few lower-income, foreclosure-impacted neighborhoods where there are existing strengths and other programs on which to build. Some developers and advocates suggest that the city could have greater impact with such concentration. In response, the city has indicated that the demand for housing assistance is so large and diffuse that it chose not to steer people to selected neighborhoods. Plus, it clearly wants to rebuild confidence in the overall housing market and reinforce the long-term desirability of homeownership.

However, even in the NSP-funded program of acquisition/rehab/resale (its "move-in ready" program), the city chose neighborhoods where it could easily gain access to foreclosed properties. These neighborhoods do not necessarily coincide with primary strategic areas in which the city has invested other funds (like CDBG and HOME). In part, this is caused by the difficulty of accessing properties in bulk—and with speed (given NSP requirements to commit and spend money quickly). Thus, the city has bought where the National Community Stabilization Trust could provide it clusters of properties. The city has not negotiated with local banks on the purchase of REO or on creating new mortgage products to facilitate the sale of city-assisted foreclosed homes, in part because it feels that the banks are needed in the long-term to help with community growth, and they do not see the political desirability of forcing a confrontation over the issue of foreclosures.

However, the city has talked with the major banks and their service agents and legal representatives to develop relations that allow the city to obtain clear and timely information on foreclosure reporting and on property maintenance on homes on which the banks foreclosed. City leaders report that these talks have resulted in much improved communications and responsiveness over the last two years. The city reports that investors that have acquired available vacant homes are not doing a satisfactory job in property repair or maintenance. This will be a growing issue, since the city suggests that investors appear to be outbidding the city on four of five homes it tries to buy.

Another issue that some practitioners have complained of is the lack of the city's coordination with nonprofit efforts to increase counseling, homeownership and development. The city chose to use a real estate firm, ROI, to coordinate communications with realtors, banks and others and to perform public outreach on the city's NSP programs. Part of the firm's work is to help potential homebuyers determine which of the city's programs suits them best. This is, according to city leaders, the only new, non-traditional partnership it created through NSP. The city is working with a small number of non-profits on the acquisition/rehab/resale program. These organizations were selected based on existing relationships and include the strongest area organizations.

The city is also trying to make headway with local investors who purchase vacant property. It has met with a new group of investors—termed "community-minded flippers"—and attempted to find opportunities for partnerships or coordination. However, to date, there have been no tangible results from these meetings.

The city has also had meetings with other jurisdictions in the area and statewide to discuss common issues regarding foreclosures and homebuyer counseling. These area-wide meetings appear to be NSP-driven, and the jurisdictions share their program experiences and ideas. Most of the area cities are implementing similar programs, but there is little real coordination among them. Chicanos Por La Casa (CPLC) is another NSP-2 recipient in Phoenix. However, while there have been conversations between CPLC and the city about dealing with the foreclosure problem, the consensus is that there is no real coordination of effort.

## Implementation and Progress

The roll-out of the city's NSP strategy started slowly. Homebuyers appeared to experience some difficulty finding vacant homes that met standards to qualify for FHA-guaranteed mortgages, virtually the only mortgages made in this market that satisfy bank credit standards. There was also a competition with investors to buy homes. Reportedly some REO holders were hesitant to work with the city or people looking to purchase foreclosed homes.

However, the pace of activities in the programs appears to be increasing. The city created the repair loan program in response to the issue of poor conditions in vacant, foreclosed properties. More homebuyers seem to have entered the home buying market. One observer mentioned that some families who had to "short sell" their former homes have cleared their credit and are now buying new, presumably more appropriately priced homes. The banks appear to have become comfortable with the current market conditions and appear to be making more mortgages. REO holders have also learned to work with the city. For example, Fannie Mae and the larger lenders have made 15-day "first look" agreements with the city and buyers under the city's programs.

## Summary

Phoenix has seen extremely high numbers of housing foreclosures in recent years, as the job and housing markets weakened. In 2009 alone, the city had 52,000 home foreclosures. Responding to the issue, the nonprofit housing community banded together to form two broad coalitions to increase housing counseling availability to residents of the city and region. The city also geared up housing counseling efforts under the leadership of the city council. In addition, under the leadership of the Neighborhood Services Department, the city has used NSP funds to create three programs to help families buy vacant, foreclosed homes. Housing advocates, though, suggest that the bulk of the city's programs are too diffuse and will not lead to the stabilization of the city's neighborhoods.

# Tampa's Response to the Foreclosure Crisis

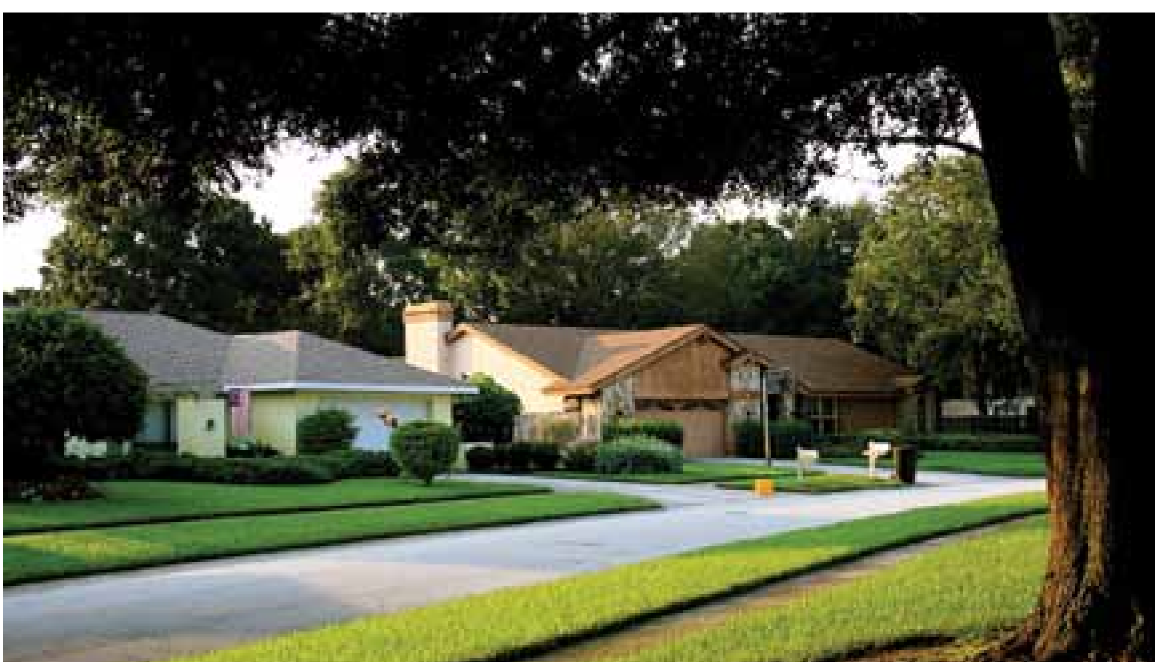
## Background

Tampa has grown in population significantly in the last decade. It is the state's third largest city, and it grew by more than 10 percent between the 2000 and 2010 census counts, and now stands at over 335,000 people. But the surrounding county, Hillsborough, grew by 23 percent in the decade, mirroring the typical center city-suburban disparity in population growth in the decade.

While the county grew more than the city, the number of foreclosures in the decade was higher in the city than the county. For example, the figures for April 2011 showed that Tampa had 743 foreclosures, while the rest of Hillsborough County had approximately 340 foreclosures.

As with many cities with strong markets and a growth orientation, the cooling of the real estate market in the national recession of 2008 to 2010 was a major blow. In Tampa's case, the market fall-off sidelined the development of some important projects meant to reinforce the vitality of the central city.

As a result, the civic leadership of the city used whatever resources came to them as a way to help reinforce and rebuild market strength. Led by the city's community development and public housing offices, with support from the mayor and city council, the city devoted the federal Neighborhood Stabilization Program (NSP) to two examples of coordinated civic action to rebuild the local market.



## Use of NSP

The City of Tampa targeted four neighborhoods where the rate of foreclosure was high and threatening the values of surrounding homes. Its NSP-1 resources were focused on these communities, where it bought and worked with a variety of local non- and for-profit developers to redevelop a combination of sales and rental housing.

The work, especially as it progressed, is emblematic of the city's approach to foreclosures. First, the city acted in concert with others. Rather than just buying the homes to redevelop and resell through its own staff and offices, the city chose to work with a group of both non- and for-profit developers to do much of the purchasing, redeveloping and reselling of the properties. It selected a variety of development partners, all of whom could show a level of experience in housing—but not all of whom were long-standing partners of the city. Some of the partners have shown the ability to follow-through quickly and efficiently, while others have had more difficulty. For example, the multi-family work appears to be moving smoothly, although all three properties the city bought have needed more rehabilitation work than originally anticipated. Interestingly, the single-family developer which has been slowest to deliver its product is a large for-profit developer. It thought its large-scale would allow it to redevelop and resell homes quickly but found that working on a scattered site basis was beyond its expertise.

Second, the city has shown flexibility in its approach. When several of the development partners indicated that they were having difficulty purchasing vacant, foreclosed properties, the city expanded the perimeters of the neighborhoods it would work in so that more properties would be eligible for purchase. It also showed flexibility in its partnerships by not just working with the same list of developers it always worked with. Several developers are participating in the NSP program as their first relationship with the city. One is a nonprofit housing developer that has worked extensively with the county and

communities outside of Tampa. This nonprofit developer indicated in interviews that it was impressed with the ability of the city to react to issues and be helpful to the developers and their consumers. The director of the organization characterized the city government of Tampa as "more progressive" than the other Tampa Bay local governments in its efforts to rescue housing markets.

Third, the city has coordinated with and among its partners. The city has conducted monthly meetings with its development partners and, internally, with the various city agencies involved in implementing foreclosure activity. The city has also met with housing agencies in the Tampa Bay region to share information and experience both with foreclosures and NSP.

The city community development staff though has chosen not to be aggressive in its relations with banks that hold REO property. Like other cities in high growth markets, Tampa has decided that the problem with foreclosure is not pervasive enough to warrant confronting the banks and "scaring them off the community." The city has not developed a relationship with any lender to gain access to bulk REO purchase, nor has it chosen to work with the National Community Stabilization Trust on the issue of REOs. The city suggested that most local REO is not held by the larger traditional lenders, but is in the hands of the smaller predatory lenders. Those lenders would rather work with investors who can work faster, have ready access to cash, and impose fewer restrictions than the city.

## Concentrating Resources

Perhaps the city's most aggressive move to rebuild and stabilize the local market is the Encore project. Located adjacent to the city's downtown, Encore is the former site of the 483-unit Central Park Village public housing project that was cleared by the housing authority in 2004-2005. The housing authority had plans to redevelop the 30-acre site, which it felt was important to the further growth of the central core of the city. However, the national real estate lending and development market collapsed as the city was ready to begin the project. The old housing project and adjacent neighborhood had a long history related to music. The neighborhood contained several music halls that hosted jazz, rock and roll and R&B legends such as Ella Fitzgerald, Ray Charles, James Brown and others. The name The Encore was chosen to signify the community's rebirth.

The city, the Tampa Housing Authority and Bank of America Community Development Corporation (CDC) joined to successfully apply for NSP-2 funding. They received $38 million, $28 million of which was targeted to Encore. It should be noted that Bank of America's Florida headquarters is located in Tampa and that closeness to the site and project played a major role in bringing the bank to the project in 2006. The bank's CDC is not involved in NSP efforts anywhere else in the state. The other $10-million is being devoted to acquiring vacant foreclosed properties (single and multi-family) in the surrounding neighborhoods and to expanding the soft second mortgages created as part of NSP-1.

Under a joint venture partnership, the CDC is acting as the master developer and playing the chief role in bringing individual developers or builders to the project. When done, Encore is projected to be home to about 1,000-1,300 households, retail uses, a middle school and a light rail station (if the local community approves funding a light rail system). The housing will include a mix of affordability levels (with at least 450 units for low-income families) and rental and condo ownership. Construction on the first three buildings and the seniors' apartment building is scheduled to begin during the summer of 2011. Plans are in place to develop a total of five affordable buildings on the site. The partners estimate that the site's build-out will create about 3,000 jobs, with about 1,000 permanent jobs created on-site.

While the site is important to the community and very central geographically, that does not mean it was easy to develop or finance. The CDC and housing authority started redevelopment in 2007, but were slowed by a court ruling on the use of public financing. By the time that case was settled, the national real estate development market collapsed, delaying development further. NSP-2 funds are being used for the building of infrastructure for the project, which, in turn, is facilitating construction of the buildings. Financing on the first two buildings is complex, involving some 13 organizations participating in layered financing—a large number even for an affordable housing development. Most of the participants are public or quasi-public agencies. With the exception of Bank of America, traditional banks are not providing funds for this construction.

According to the housing authority, even though construction has not yet begun on the Encore project, regional developers are looking at sites nearby and other, spin-off development is expected to start in a year or so.

## Summary

Tampa has been a high growth city, but it has also experienced a higher rate of home foreclosure than its surrounding county. In response, the city's Housing and Community Development department has led the effort to target foreclosure resources, especially NSP dollars, to purchase, repair and resell vacant homes in four select neighborhoods. It has worked closely with area non-profit and for-profit developers to accomplish this work, including bringing the groups together to encourage them to collaborate and share experiences. The largest targeting of resources has involved a unique partnership between the city, its housing authority and Bank of America Community Development Corporation to accelerate the redevelopment of an old public housing complex that was torn down in the mid-2000s. The city has not aggressively pursued banks about the rise in foreclosures or their management of REO for fear that they would sour on the larger market.

# About This Publication

## About the Authors

Roger L. Williams is the founder of Rogelio Williams & Associates, a domestic and international consulting firm specializing in advising on a wide range of issues involving community development. Prior to establishing this firm, he was a Senior Fellow/Director for Neighborhood Development at The Annie E. Casey Foundation. He has been a Vice President at both Fannie Mae and Freddie Mac, a Senior Vice President at First Union Bank and the Dime Savings Bank of NY and Deputy General Counsel at the Bedford Stuyvesant Restoration Corporation. He is a founding director of CityFirst Bank, the first CDFI bank in Washington, DC.

Mark Weinheimer is the principal of Weinheimer & Associates, a Washington, DC-based consulting firm that specializes in community development. His experience includes leadership roles in the public sector, private consulting and management of nonprofit organizations. Before establishing his own consulting practice in 1989, Weinheimer worked at Seedco, where he helped to form partnerships between hospitals and universities with community developers and at the National Trust for Historic Preservation, where he managed all of the organization's grant and loan programs. He also worked at HUD's Office of Neighborhood Development, Pennsylvania's Department of Community Affairs, and the cities of Lancaster and Harrisburg, Pennsylvania.

## About the National League of Cities

The National League of Cities is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for more 1,600 member cities and the 49 state municipal leagues, representing 19,000 cities and towns and more than 218 million Americans.

Through its Center for Research and Innovation, NLC provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

The Center's work on housing, mortgage foreclosures and neighborhoods is part of the Program for Community Development and Infrastructure. James Brooks (brooks@nlc.org) is the Program Director for this portfolio of issues and conceptualized this publication.

## Acknowledgements

This publication has been undertaken with the generous support from the John D. and Catherine T. MacArthur Foundation, the Building Resilient Regions Network at the University of California at Berkeley, and Freddie Mac. The National League of Cities is grateful for their support and their partnership.

NATIONAL LEAGUE of CITIES

1301 Pennsylvania Avenue, NW | Washington, DC 20004 | (202) 626-3000 | www.nlc.org