A Look Back to Help Us Look Forward

from Rob Grossinger

As we rush headlong into the first federal budget season with the new administration, it might help to look back at a seminal moment in housing policy history to help us think about our strategies for the future. Everyone knows about the initial Federal Housing Act of 1937 which created the Federal Housing Administration and began to standardize mortgage lending and increase the availability of housing finance. However, it is the Federal Housing Act of 1949 that may better shed light on today’s struggle.

In post-war America (late 1945), the debate arose over what to do about the slums within our cities. Some policymakers focused on eliminating blight. Congressional leaders worried that as blight spreads tax revenue is lost which will threaten the urban survival. They were concerned the flight from urban areas by middle and upper class families would leave only poor people who had no means to support an urban economy. This anti-blight faction believed the government’s role should be limited to demolition and “slum clean-up,” and the private sector should lead the way in developing affordable housing.

Yet others advocated that the federal government needed to commit to large scale building of affordable housing as well as removing blight. These housing advocates believed only government and its resources could develop enough truly affordable housing and new development, not merely demolition and slum-clean up, should be the priority.

President Truman took on the battle for a government role in the development of affordable housing. Finally, in 1949, legislation passed that increased support for the private development of housing by providing more liquidity to that marketplace while also committing to build 810,000 units of affordable, government-owned housing over six years. (In reality, it took 20 years to build that many units and the long-term outcome of those developments hasn’t always been successful.)

Today, we face similar questions about government’s role in serving low-to-moderate income families and in addressing blight. Will the new budget or an infrastructure funding bill look beyond demolition and “urban renewal” to funding additional housing development? If financial assistance is geared toward the private sector, will affordability requirements be placed on such funding? If so, how and at what level? Though nuanced approaches seem out of favor, it is even more important to continue seeking that balanced approach to addressing our more distressed urban markets.

Rob Grossinger serves as President for NCST.

Holiday, FL Single-Family Home Now Serves as Affordable Long-Term Rental Home

Through the NSI First Look program, the community buyer purchased and then fully renovated this two bedroom, two bath single-family home in Holiday, FL to serve as a long-term affordable rental property - their tenants typically remain three to five years. They spent more than $50,000 in rehab that includes...
a renovated kitchen with spacious cabinets, granite countertops and new Energy Star appliances,
updated baths with new vanities, toilets, fans and accessories, fresh paint inside and out, new tile
flooring and baseboards, new window blinds, updated electrical and HVAC, new ceiling fans with lights,
and spruced up the outside landscaping and installed new porch lights.

The new occupants are under 80% of AMI and signed a two year lease. She is a pharmacy technician
and he is a manager at a large retail store.

The buyer purchased the property as although the home needed extensive repairs, it is in an up-and-
coming location for Florida's working families. National Home Rentals is focused on providing better-than-
average properties for long-term affordable rentals to underserved communities. They also work hard to
provide stellar maintenance for tenants, and offer 24-hour maintenance reporting via their website.

Great work by the JCA Fund and National Home Rentals!

Frayser Community Development Corporation
Spotlighted in News for Eliminating
Neighborhood Blight in Memphis

Watch the news clip and read the story:

Great work by the Frayser CDC! They're finding that by investing in fixing up abandoned and blighted
homes, criminals are moving out and property values are going up. "There's no question that blighted
properties draw crime," said Steve Lockwood, executive director for the Frayser CDC.

Five years ago, the CDC started buying and fixing up homes in Grandview North - what it calls a
"tipping point" neighborhood - and one they thought could be "tipped back" into a healthy one. Using a
$1,000,000 grant from the Tennessee Housing Development Agency, the CDC bought and fixed up 18
blighted homes, bringing more renters in, sending criminals packing and raising property values for
surrounding homes.

The CDC often spends more fixing up the properties then they're worth once they're done, but Lockwood
says it's an investment worth making. "If you spend $50,000 on a house that's worth $47,000, you've
by far made your money back by increasing the value of the surrounding houses," he said. Out of those
18 homes the CDC renovated, only one remains empty. The program has been so successful,
Lockwood says other investors are following suit. "We get beat to the houses a lot and other people are
fixing them instead of us," he said, "which is fine with us."

Policy Corner: How to Identify the Party Responsible
for a Vacant Home?
by Robert Finn

NCST recently participated in a conference held by the Western New
York Zombie Initiative Partnership (WNYZIP), a group of local housing
The purpose of this conference was to strategize implementation of the recently enacted "Abandoned Property Neighborhood Relief Act of 2016," which made significant changes to New York's judicial foreclosure process.

This new law, applicable only to mortgaged residential properties, imposes an affirmative obligation on mortgagees to inspect, secure and maintain all vacant properties that are 90+ days delinquent, regardless of whether or when a foreclosure case has been filed. Mortgage servicers are also now required to register vacant properties in a statewide database maintained by the Department of Financial Services. A servicer or lender that fails to adhere to these responsibilities faces a $500 per day fine.

Code enforcement officials at the WNYZIP conference were understandably skeptical. These officers are on the front lines, tasked with enforcing New York's new property maintenance obligations on mortgage servicers. They can only do their work to implement the new law, however, if they can determine what entity is responsible for the property and how to serve them with process.

Sometimes a servicer will post a notice on the property if they have taken steps to secure it, but in instances where these notices have contact information, it is typically vague, with a "1-800" number to either a voicemail box or an operator unfamiliar with the property who is trained to avoid answering questions about ownership and responsibility. If property taxes are being paid by the servicer, that can sometimes be a valuable clue, but the work involved in tracking down and following up on this information is time-consuming and frustrating, and time spent connecting with the tax collector's office and cold-calling 1-800 numbers means less time in the field identifying properties and reporting infractions.

The registry established by New York's new law is a good first step to solve this problem, and many other jurisdictions have found such registries useful. However, the registries are only as useful as the data registered. The worst offenders are also the least likely to comply with registration requirements, leaving inspectors in the dark about how to effect service.

Bringing the property recordation system into the 21st century, technologically speaking, might help. Twenty-nine states and the District of Columbia have now adopted the Uniform Law Commission's "Uniform Real Property Electronic Recording Act" (URPERA), with another 4 states introducing URPERA in 2017, and improvements have also been made at the local level in some places. (Properties with no mortgage present an altogether different problem, which we will discuss in a future Policy Corner.)

Have you achieved success in your municipality in identifying parties responsible for vacant properties? What do you consider to be best practices? Do your partners and code enforcement officials have any advice or any particularly compelling war stories to share that illustrate how frustrating this problem is in the fight against blight? What policy changes would be needed at the local, state or federal level to assist in this effort? We invite your feedback and ideas as we consider different possible policy approaches to this vexing problem.

We look forward to hearing from you and exchanging ideas and stories. Contact NCST's Public Policy Associate, email Rob Finn or call 202-706-7502.

..... POLICY BRIEFS .....
Up Your Knowledge with these Industry Reports & White Papers

HUD 2017 INCOME LIMITS:
Good News! HUD has released the FY 2017 HUD Income Limits, which includes the estimated median family incomes (MFIs) and income limits (ILs). MFIs are used as the basis for income limits in several HUD programs, including the Public Housing, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, etc. FY 2017 MFI estimates are calculated for 625 metropolitan areas and 1,974 nonmetropolitan counties in the U.S. and Puerto Rico.

- Click here to access the online dataset.

NEW PAPER: Lower-Credit Mortgage Applicants Are Dropping Out of the Market
Overview: This paper applies the real denial rate method of calculating mortgage denial rates, developed and introduced in 2014, to the most recent mortgage data to determine how hard it was for those with less than perfect credit to get a mortgage in 2014 and 2015. The analysis reveals that mortgage denial rates have gone down slightly in recent years but credit remained tight as more lower-credit applicants have simply given up and stopped applying for mortgages. It also affirms the major findings from the 2014 analysis.

- Click here to access this paper.

NEW REPORT: Urban Blight and Public Health - Addressing the Impact of Substandard Housing, Abandoned Buildings, and Vacant Lots
The Urban Institute released a new report, Urban Blight and Public Health, which combines recent studies on how blight affects the health of individuals and neighborhoods. It also examines how blight translates into direct health harms, such as elevated levels of lead in the blood, respiratory ailments and exposure to cancer-causing toxins.

- Click here to access this report.

Register for the upcoming VAD Academy in Indianapolis!

The VAD Academy - short for Vacant, Abandoned, and Deteriorated Properties Training Academy - is a two-day "boot camp" for public, private, nonprofit, and community leaders working on these tough property challenges.

CCP's first VAD Academy will take place in Indianapolis, Indiana, on May 31 - June 1, 2017. Register today to reserve your space, as the academy is expected to sell out!

Click here to learn more about the VAD Academy.

Whether your community is just starting to develop a strategy to tackle its vacant, abandoned, and deteriorated properties, or is looking to strengthen longstanding efforts, the VAD Academy is designed to help.

If you have questions about the VAD Academies, please contact Courtney Knox, Director of National Leadership and Education, at cknox@communityprogress.net.
Seeking an Interesting Industry Read?

**Loan Sharks: The Birth of Predatory Lending**  
By Charles R. Geisst

Looking for an investment return that could exceed 500% annually - maybe even twice that much? For many during the time of the Civil War, the answer was private, unregulated lending to high-risk borrowers. Newspapers called the practice "loan sharking" for the ruthless nature of these lenders. A century-and-a-half later, predatory lending still affects borrowers all across the United States. "Loan Sharks," a new title from the Brookings Press, is the first book to tell the complete history of these practices.

For more information and how to buy the book, [click here](#).

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**Staff, Phone or Email Changes?**

**NCST Community Buyers:** Had a recent staff change? Or updated your email address or phone number? Please alert our Buyer Team to any changes so they can update your records. To participate in our purchasing programs, it's very important we have the correct contact information for you and your team.

Please email updates to: [Buyer@StabilizationTrust.org](mailto:Buyer@StabilizationTrust.org).

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**Industry Conferences & Events**

NCST will attend and serve as panelists for a wide range of 2017 industry conferences and events. We enjoy the opportunity to see and meet many of our partners on the road, as well as share our industry knowledge. Visit our complete list of conferences on our website for updates.

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<th>Date</th>
<th>Event</th>
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<tr>
<td>May 2-4</td>
<td>Asset Funders Network (AFN) Grantmaker Conference</td>
<td>Indianapolis, IN</td>
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<td>Julia Gordon, NCST, on panel</td>
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<tr>
<td>May 2-4</td>
<td>Urban Land Institute</td>
<td>Seattle, WA</td>
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<td>May 5</td>
<td>AHMC Housing Summit</td>
<td>Bethesda, MD</td>
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<td>May 22-26</td>
<td>NeighborWorks America NTI</td>
<td>Minneapolis</td>
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<td>May 31-June 2</td>
<td>People &amp; Places 2017</td>
<td>Arlington, VA</td>
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<td>June 8</td>
<td>NHC Visionary Award Gala</td>
<td>Washington, DC</td>
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<td>June 9</td>
<td>National Housing Conf - Policy Symposium</td>
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<td>June 19-21</td>
<td>CARHs Annual Meeting &amp; Legislative Conference</td>
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<td>July 8 to 11</td>
<td>Nat'l Council of La Raza</td>
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<td>July 26-27</td>
<td>Ohio Conference of Community Development</td>
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<td>Jul 27- Aug. 1</td>
<td>NAREB Annual Conference</td>
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<td>Aug. 3 to 5</td>
<td>Housing Renaissance Conference</td>
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<td>Aug. 14-18</td>
<td>NeighborWorks America NTI</td>
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<td>Sept 10 -12</td>
<td>NAHREP National Convention</td>
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Do you know of a conference we should attend or where our team's knowledge about neighborhood revitalization and housing policy can be shared? Please drop us a line.

Community Buyers - Share Your Stories

We know you’ve had some great accomplishments, and we’d like to share your success stories and photos with other local providers and our Seller Partners. So brag a little, and share your Buyer/Property Success Stories.

We’re making it much easier for you - in REOTrack, when you submit your final reporting, just click on the "Good Story Flag" box and we’ll take it from there. Or you can always email Sally or call her (number below) and she’ll work with you on your story.

If you have any questions, please contact Sally via email or phone: 214-710-3411. Thank you!

Industry Headlines

Below are recent, notable headlines regarding our industry.

♦ CFED's Strategy to Make Homeownership More Affordable
  ♦ [Link](http://bit.ly/2pceAjp)
  ♦ Homeownership has long been the largest asset that most U.S. families own. Yet many families—especially those of color—have been locked out of the opportunity to buy a home of their own. Making things worse, in the run-up to the housing crisis, predatory practices stripped away the homeownership advances that communities of color had made in recent decades. Meanwhile, people of color who do buy homes don’t enjoy the same wealth-building benefits as White homeowners. ...
  ♦ For many years, CFED’s homeownership work has focused largely on building housing equity and stability for residents of manufactured homes. Now, we are greatly expanding the scope of our homeownership strategy to support access to the financing, services and housing options that all families need in order to successfully become homeowners. One of the first items on the agenda is to develop a policy strategy for closing the racial homeownership divide. That’s why our recently released report, *A Downpayment on the Divide*, explores the decades of racist policies and real estate industry practices that created deep racial disparities in homeownership. The report proposes a number of simple, common-sense policies that would ease this divide in homeownership, such as protecting the CFPB, reforming the tax code, ensuring access to affordable mortgage credit, promoting alternative credit scoring models and expanding the CDFI Fund. ...

♦ The Rebuilders of Chicago’s Southland
  ♦ A small set of urban pioneers is buying property on the South Side and in the south suburbs, not with gentrification or house-flipping—let alone price appreciation—in mind. Rather, they’re staking a claim, hoping to recapture something that has been lost: a community that may not be prosperous now but could be again if more people were to follow their lead.
  ♦ [Link](http://bit.ly/2oB5w1p)
  ♦ Charnese Davis bought a house in Chicago's Woodlawn neighborhood for herself and her three sons in November, knowing, she says, that several years into the future, it might still be worth only the $151,000 she paid for it. In the six years since April Washington bought her house in south suburban Park Forest, its value has sunk by at least 35 percent, while her property taxes have gone up more than 70 percent. And in Englewood, Mary Jo Hayden lives in the house her parents bought 52 years ago. It's worth maybe $81,000, which she says is less than its value in 2008, ...
  ♦ In a broad swath of Chicago's south neighborhoods and suburbs, where a sustained recovery in home values has yet to arrive more than a decade after the housing bust, homeownership has become a different kind of investment. It's
detached from the 20th-century notion of steadily advancing home values as a builder of household wealth. ...

The shift in mindset is in part an adjustment to the cold reality of a recovery that has lifted some affluent North Side neighborhoods and north suburbs beyond their pre-bust peaks while leaving their southern counterparts waiting. But it's also something more: It's a nascent movement to rebuild Chicago's once-thriving south, household by household, from the effects of decades of disinvestment, race-based struggle and epidemic violence. ...

In the baby-boom generation, middle-class blacks "saw buying homes as the next step in the evolution of achieving the American Dream," says Deborah Moore, director of neighborhood planning and strategy at Neighborhood Housing Services of Chicago, a nonprofit that focuses on revitalizing struggling areas. "You were building household wealth that you could pass down to your children and grandchildren." In today's generation of young adults, she says, "we're seeing a lot of that interest in buying as a pioneer, to stake your claim in a community and help it build back up to the kind of place the earlier generation knew." If the generations of post-World War II middle-class blacks were "the builders," as Brooks calls them, these are the rebuilders. ...

Data may be most valuable tool in the fight against blight

Chuck Dizard was fighting blight in Harrison long before he was a commissioner. It all began in 2010 with a spreadsheet. On it, Dizard put descriptions, addresses, and tax delinquency information about every property in the township. Four years later, the township brought in a Carnegie Mellon graduate student to turn the spreadsheet into a full-blown database. Last year, it hired a Penn State graduate student to conduct exterior condition surveys on all its properties, which has helped with ordinance upkeep and landlord obligations. Dizard is working with the University of Pittsburgh on color-coded maps that would show which properties are investor-owned, which are tax-delinquent or all of the properties in a given area that have code enforcement actions.

Information contained in the database includes: Property addresses; Ownership details, including names and addresses; States codes regarding property use; Delinquent tax information; Property maintenance citations; Code enforcement and disruptive behavior issues and complaints.

Though in its beginning stages, Dizard considers the database to be the "critical tool" in terms of eradicating blighted and vacant properties in the township. A contributing factor to the problem is the fact that more homes are being converted into rental units. ...

Lindsay Fraser, Harrison's acting supervisor of the zoning office, says the database serves as a "report card" and "file folder." ... Fraser said the mapping component will help her office evaluate which areas of the township they should focus on because "it's more effective to concentrate on reclaiming neighborhoods block-by-block than doing spot demolitions and reactive enforcement." ...

The Fair Housing Act: an explainer

"Now, with this bill, the voice of justice speaks again." Housing laws don't normally receive such fulsome praise. But when President Lyndon Johnson signed the Fair Housing Act into law in April 1968, he felt the legislation, and its impact deserved the acclaim. "It proclaims that fair housing for all, all human beings who live in this country, is now a part of the American way of life" Johnson said. Considered a cornerstone of anti-discrimination law, the Fair Housing Act has been thrust back into the news due to comments from the incoming Secretary of Housing and Urban Development, Ben Carson. On the 49th anniversary of its signing on April 11, 1968, here's an explanation of why the law still matters, and how it has impacted our cities and neighborhoods.

Why was the act necessary? The Fair Housing Act is often portrayed as complementary to the Civil Rights Act of 1964, as it aimed to address entrenched housing segregation. Practices such as redlining and restrictive covenants (denying people of color access to insurance or home loans) fostered segregation in many areas. ...

What does the act do? In short, the act is meant to create a unitary housing market, where only your financial resources, not your background, can prevent you from renting or purchasing a home. The act bans any refusal to rent or sell a dwelling based on race, color, religion, sex, familial status, national origin, or disability (in addition, a set of design guidelines and accessibility requirements apply to certain types of housing). ...
How does it work? HUD is charged with enforcing the Fair Housing Act. HUD’s Office of Fair Housing and Equal Opportunity (FHEO), one of the country’s largest civil rights agencies-with a staff of more than 600 people-receives complaints, and works with local housing agencies as well as local nonprofit housing advocates to enforce the law. It was created by the act.

How was it passed? The act was finally passed in 1968, after a protracted push by civil rights leaders. Martin Luther King Jr. and others had begun to make segregated housing a cornerstone of protests and action.

Did it work? While the Fair Housing Act made housing discrimination illegal in practice, in reality, significant degrees of segregation still exist across much of the country. Despite the passage of the law, a generation of politicians from both parties have failed to fully enforce the law, as documented in a lengthy ProPublica series.

What’s the future? Secretary Carson, whose previous comments suggest a tough-love approach to housing laws and enforcement, has spoken out against the AFFH rule, which says that cities and communities receiving HUD funding need to create plans that address segregation and inequities.

Why Is Affordable Housing So Expensive?
- In many cities, affordable housing has a problem: it’s not affordable. California Governor Jerry Brown made that point again, emphatically, with his new state budget. He’s said that won’t put any new state resources into subsidizing affordable housing until state and local governments figure out ways to bring the costs down. Last year, opposition from labor and environmental groups blocked the governor’s proposal to exempt affordable housing from some key regulatory requirements. Brown had offered $400 million in additional state funds for affordable housing if that proposal was adopted. Now that money is off the table, as Brown said in his budget speech: “We’ve got to bring down the cost structure of housing and not just find ways to subsidize it.”
- But the costs are substantial. In San Francisco, one of the largest all-affordable housing projects, 1950 Mission Street, clocks in at more than $600,000 per unit. Brown’s point is that, at that cost per unit, it is simply beyond the fiscal reach of California to afford to build housing for all of the rent-burdened households. It crops up elsewhere, too. In St. Paul, Minnesota, affordable housing, mostly one-bedroom units, in a renovated downtown building costs $665,000 per unit.
- More broadly, the case has been made that much publicly subsidized affordable housing costs significantly more to build than market-rate housing. Private developers are able to build new multi-family housing at far lower costs. Perhaps the central problem of housing affordability is one of scale - the number of units we’re able to provide is too small.

Non-foreclosure Solutions Remain Strong
- Approximately 30,000 permanent loan modifications were completed in February, according to new data from HOPE NOW, an alliance of mortgage servicers, investors, insurers, and counselors. About two-thirds of those done through proprietary programs and the last third done through the Home Affordable Modification Program (HAMP). The number of modifications is largely steady year-over-year and over the month. On modifications that experienced a rate increase and subsequently became delinquent, around 90 percent avoided foreclosure through some sort of alternative solution. According to HOPE NOW’s data, total non-foreclosure solutions for the month totals 95,000. This includes total loan modifications, short sales, deeds in lieu, and workout plans.
- Overall, there were about 22,000 foreclosure sales for the month of February. The large gap between non-foreclosure solutions and foreclosure sales is a good sign for homeowners.
- 26.2 million non-foreclosure solutions have been completed since HOPE NOW began gathering data a decade ago. The total number of permanent loan modifications is over 8 million.

FHFA Reports Drops In Refinance
- Refinances fell in February as mortgage rates rose, according to the FHFA February 2017 Refinance report. According to the report, borrowers completed 4,198 refinances through HARP, and since HARP’s inception in 2009, the program has made 3,456,422 refinances.
- The FHFA’s report found that borrowers who had a loan-to-loan value ratio of greater than 105 percent accounted for 18 percent of the HARP loan volume. Additionally,
borrowers who refinanced through HARP had a lower delinquency rate than those who were eligible for the program, but did not refinance through it. Over 60 percent of the 194,324 eligible loans HARP eligible loans came from just ten states, the FHFA reports. As of September 2016, Florida was the top state for HARP refinances, with 22,856 HARP eligible loans. Following Florida was Illinios, Michigan, Ohio, Georgia, New Jersey, Puerto Rico, Pennsylvania, New York, and California. ... In most states, including Nevada and Florida, underwater borrowers accounted for the largest portion of HARP refinances. ...

NCST Email Addresses

Sending an email to an NCST team member? Please include the team email box. This ensures a timely response to your email in case your primary contact is out of the office.

- Desk@StabilizationTrust.org - property transaction questions and assistance
- ReoTrack@StabilizationTrust.org - post-closing questions and assistance
- Buyer@StabilizationTrust.org - questions about program guidelines, target areas, and additional programs
- NewBuyer@StabilizationTrust.org - for more information about becoming an NCST buyer

Don't Forget to Share Your Buyer Stories with NCST!
Click the "Good Story Flag" when you complete your REOTrack Reporting or email Sally.

About NCST: The National Community Stabilization Trust (NCST) is a non-profit organization that works to restore vacant and abandoned properties to productive use and protect neighborhoods from blight. Our programs facilitate the rehabilitation of vacant but structurally sound homes, enable safe, targeted demolition when necessary, and support creative and productive re-use of vacant land.

National Community Stabilization Trust | www.StabilizationTrust.org

STAY CONNECTED: