



March 14, 2018

Annual Buyer Survey Insights, Florida Buyer Success, Policy Corner, Grant Opportunity, Latest Industry News, and much more

Insights Gained Through Annual Buyer Survey



NCST continues our journey – now in our 10th year and more than 24,000 properties later – assisting community buyers in their endeavors to purchase and rehabilitate REO properties, key to restoring vulnerable neighborhoods and preserving affordable housing. We constantly seek ways to improve our programs and services and to create additional innovative programs.

To that end, we conducted an annual buyer survey to gain their insight of our program effectiveness, collect information about their challenges and opportunities, and to capture recommendations on ideas for new tools and services needed to support their work. We greatly appreciate the buyers who completed the survey – 63 percent of whom have worked with NCST for more than three years.

Buyers remain especially concerned about the lack of available REO properties, pricing that's too high to support economical acquisition and rehab, and inadequate access to well-priced capital. On the topic of supply, more than half of all buyers identified investor competition as a key challenge, which represents a higher percentage than identified this concern in the past. The common theme is community buyers and investors are pursuing the same properties, but for different end uses, and it can be hard to compete with their cash offers. We also heard that investors access properties before they're listed or often further back in the pipeline, such as through note sales, which reduces available inventory even more.

The survey revealed additional interesting findings:

- Nearly 60 percent of buyer respondents work in small organizations with less than \$1 million to acquire and rehab properties. These buyers report the condition of most vacant homes requires a huge renovation investment to make them safe and livable, which can make it increasingly tough for their business model to work. It's mission-centric for NCST to maintain programs that serve organizations of varying sizes. We plan to focus more on capacity building for

our smaller buyer organizations.

- Sources of subsidy are more becoming more difficult to find, and we're working with more buyers than ever who utilize loans/lines of credits from banks and private equity/capital partners to acquire and rehab properties. However, a third of buyer respondents use CDBG and HOME grants to acquire properties, and they're keeping company with a small population of buyers still using NSP program income. NCST will support this work and help leverage these fund sources.
- More than 50 percent of the buyers are unable to acquire the majority of their desired inventory through NCST programs. This number is higher than years prior. Buyers rely more heavily on acquiring properties from the MLS, auctions, tax sales, direct purchase from homeowners, and other sources. We continue to focus on adding new sources of inventory where possible and now more than ever, helping buyers use the pre-listed *First Look* window.

NCST remains committed to our mission, which can only be achieved through partnerships. We're grateful for the commitment made by our community buyers, the banks and financial institutions, community leaders, and elected officials who advocate for the preservation of our neighborhoods and affordable housing.

Annie Carvalho serves as Vice President, Strategy and Development, for NCST.

Once Vacant Florida Property Now Home to Man Who Dreamed of Buying His Own House

This renovated Ft. Lauderdale, FL home sold to a man who is a first-time homebuyer. He learned about the good work of NCST community buyer, Tayan Alliances, and wrote them a letter about his desire for a home of his own and also shared his life's journey. He lived on his own since he was 17 years old, and although he worked and strived to keep his life together, he found himself in a cycle of addiction and poverty. However, he rebuilt his life, has been working steadily, conquered his addiction and now serves as an advocate for others overcoming addiction and poverty. He said, "I am extremely blessed in having this opportunity to even search for a home, something I never thought would even be possible for me."

Tayan Alliance purchased this home through the NSI First Look program, and they generously reduced the sales price by \$10,000 to meet this new owner's mortgage pre-qualification letter, as well as provided closing cost concessions. They also added a new washer and dryer to the buyer's appliance package.

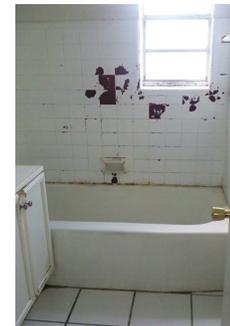
More than \$37,000 was invested to refurbish and update the home including a full gut renovation of the bathroom and kitchen. Fresh paint and drywall repairs, plus new laminate and tile flooring throughout, new kitchen appliances, and new window blinds updated the interior. For the exterior, fresh paint was applied, the driveway resurfaced, and the landscaping updated.

This neighborhood is on the east side of Ft. Lauderdale, and is bracketed by higher-end communities on each side, which is why this home was an important

acquisition for Tayan Alliances – they're working hard to preserve the area's housing stock that is priced below \$250,000.

Thank you Tayan Alliance for your generosity and your commitment to provide decent, affordable housing for your community!

Before



After



Buyer Resources

FREE Webinar

March 22, 2pm - 3pm EDT

- Join National Housing Conference for this webinar and explore economic mobility strategies for HUD-subsidized housing residents
- Panelists: Sherry Riva, executive director of Compass Working Capital, Adrienne Todman, CEO of the Nat'l Assoc. of Housing and Redevelopment Officials,
- Free -click button to register.

[REGISTER](#)

Affordable Housing Program Applications Available June 1, 2018

Buyers - you may be able to access up to \$500,000 in grant funding for your housing project through [FHLBank Atlanta's 2018 Affordable Housing Program \(AHP\) Competitive](#). To learn how to be a successful AHP applicant, [register for a webinar](#). Their training for housing developers and sponsors covers everything you need to know about project eligibility, scoring, and the online application process. Multiple webinars are offered.

Purpose Built Communities

Purpose Built Communities is an organization that provides technical assistance, training, and access to its network of resources. They can provide ongoing consultation support and assist non-profits with philanthropic efforts. Click the button to learn more.

Policy Corner: GSE Charge-Off and Lien Release Policy Changes to Reduce Neighborhood Blight



On February 14, 2018, [Fannie Mae](#) and [Freddie Mac](#) announced updates to their servicing guides to reflect policy changes for first lien mortgage loan charge-offs and lien releases. This policy change, which generally aligns the policies of the Enterprises, was directed by the Federal Housing Finance Agency (FHFA) in an effort to provide servicers with more clarity around charge-offs and to bring the practices of the

Enterprises closer together.

Mortgage charge-offs typically occur when the servicer deems the debt uncollectible and opts to write the debt off on their books. They most often occur in distressed, low-value neighborhoods, where the costs to maintain and market the property while navigating the foreclosure process exceed the debt and/or the market value of the collateral. After a charge-off, the servicer does not complete a foreclosure, leaving the property in limbo and potentially harming the neighborhood and the municipality. Prior to this policy, the Enterprises had very different approaches to charge-offs, with Fannie Mae doing very few and Freddie Mac doing quite a large number. Neither had very clear guidelines for services. FHFA embarked on this work with an eye toward preventing neighborhood blight as a result of charge-offs. NCST participated in conversations with FHFA to help identify those circumstances under which charge-offs are truly necessary as opposed to instances when the creditor simply does not want to complete a foreclosure due to the economics of the property.

The new policy either requires or permits servicers to recommend a charge-off to the investor only when the debt secured by the property is deemed uncollectible and/or certain other limited circumstances apply. These conditions include:

- When there has been an approved short-sale or other negotiated settlement
- If there is a very low principal balance (below \$10,000 for Fannie Mae; below \$5,000 for Freddie Mac)
- If the property has been impacted by a disaster such that rebuilding is impracticable
- In certain cases, when the property poses a threat to health and safety (and, therefore, a liability risk to the investor)
- When a third-party is willing to take responsibility for the property

We are hopeful this policy change will lead to more thoughtful and responsible decision-making about the disposition of vacant and abandoned GSE properties, resulting in better outcomes for neighborhoods.

If your neighborhood or organization has been impacted by mortgage charge-offs and lien releases, or if you would like to discuss this or any other policy issues, please email Rob Finn, Public Policy Associate at rfinn@stabilizationtrust.org.

Industry Conferences



Center for Community Progress
Reclaiming Vacant Properties
CONFERENCE 2018
May 15-17, 2018
Milwaukee, Wisconsin
Register before April 17th to save \$175!
reclaimingvacantproperties.org

Join the Center for Community Progress at the Reclaiming Vacant Properties Conference in Milwaukee, WI, from May 15-17, 2018! This is the only national conference dedicated to innovative solutions for vacant, abandoned, and deteriorated properties. The 2018 conference will boast more than 60 sessions on topics ranging from vacant land reuse, to housing stabilization, arts and placemaking, and beyond.

Take advantage of the special early bird rate and **register before April 17** to save \$175!

NCST will attend and serve as panelists for selected industry conferences and events in 2018. We enjoy the opportunity to see and meet many of our partners on the road, as well as share our industry knowledge.

March:

- 19-21 - NLIHC's Housing Policy Forum, Washington, DC
- 19-21 - GA Affordable Housing Coalition Conf., Savannah, GA

April:

- 3 - Five Star Government Forum, Washington, DC
- 9-11 - The Counselor's Corner - Housing Professionals Training, Kissimmee, Florida
- 9-11 - NCRC Annual Conference, Washington DC
- 17 - NHC Solutions for Housing Communications, Washington, DC

May:

- 8-11 - US Conference of Mayors, Boston, MA
- 9-11 - 2018 NALHFA Annual Conference, New Orleans
- 7-11 - NeighborWorks America NTI, Kansas City, KS
- 15-17 - Reclaiming Vacant Properties Conf., Milwaukee, WI



Community Buyers - Share Your Property Success Stories

Buyers - we'd like to share your accomplishments - please do brag a little! We've made it easy for you - in REOTrack, when you submit your final reporting, click on the "Good Story Flag" box and we'll take it from there. Or email Sally or call her (214-710-3411) and she'll work with you on your story.

[Download this flyer for all the scoop.](#)

Industry News

Below are recent, notable headlines regarding our industry.

[Distressed NYC Homeowners Find Help—From City](#)

Hall

- <http://bit.ly/2tO197c>
- Through a special fund, New York City buys up delinquent mortgages to help homeowners and stabilize neighborhoods.
- When Steven McDonald moved to the United States from Jamaica, he and his brother dreamed of owning a home. For two decades they saved and hoped until, in 2011, they were able to buy a two-family house in Springfield Gardens, Queens. ...
- But a few years later, after the mortgage became delinquent, the bank foreclosed on the property. McDonald had no idea what was going to happen next: He couldn't sleep, afraid that he was going to lose the tangible dream he had hoped to pass on to his son. The bank had already denied McDonald a loan modification, and he felt thoroughly out of options.
- What he did not anticipate was the knock on his door from MHANY Management, an affordable housing nonprofit, telling McDonald that they represented the investor who had purchased his mortgage note, and that they wanted to help him remain in his home. While McDonald was initially "skeptical and alert," he said, he soon discovered that MHANY intended to follow through on that aim—and that the investor it represented was the City of New York.
- MHANY's counselors look at a family's income and outstanding mortgage to determine how much money can be forgiven, and what new mortgage payments could feasibly look like. They also talk to homeowners about whether they have enough income to stay on as a rental tenant—in such a case, the owner could seek a deed in lieu of foreclosure, deeding the property to a group of nonprofits, which would then keep him or her on as a tenant. ...
- The counselors work with homeowners through the city's Community Restoration Fund (CRF) program, the first of its kind, which allows New York City to acquire distressed mortgages in order to create affordable homeownership and rental opportunities for low-to-middle income families. Back in 2016, the city's Department of Housing Preservation and Development (HPD) acquired 24 mortgages via the Federal Housing Administration—including McDonald's. Last month, in another round of acquisitions, the HPD was able to buy 38 homes with distressed mortgages in the Bronx, Brooklyn, Queens, and Staten Island.
- The city acquired those 38 mortgages from Fannie Mae, through a program that creates smaller, geographically focused pools of loans and encourages participation from nonprofit organizations. ...



Chase offers \$3,000 grant to low income homebuyers

- <http://bit.ly/2God4tS>
- JPMorgan Chase announced it is now offering up to \$3,000 in grants and incentives that will cover closing costs and the down payment for homebuyers in low- to moderate income communities. Qualified buyers will be eligible to receive a \$2,500 grant along with an additional \$500 available for customers getting a DreaMaker mortgage after they complete a homebuyer education course.
- Currently, more than 90 million Americans currently live in eligible lower income areas, according to the American Community Survey data from the U.S. Census Bureau. ... The grant is available on DreaMaker mortgages, or low-to-moderate income mortgages available for 30-year fixed rate loans on a single-family home with down payment options as low as 3% and reduced mortgage insurance requirements. The \$2,500 grant is also available for Standard Agency, FHA and VA home lending products. ...
- The company explained this program stems from its announcement back in

January that it will invest \$20 billion over five years to help its employees by raising wages and support job and local economic growth in the U.S. ...

- Chase committed to increasing its affordable lending by 25% to \$50 billion over the next five years as well as increase homeownership grants by nearly 70% from \$1,500 to \$2,500 for low-income community buyers. The bank will also expand the homeownership grant program from 40 markets to being available nationwide. ...

Mapping the black homeownership gap

- <http://urbn.is/2FxMOYz>
- Owning a home can increase a family's financial security, but black people and other minorities significantly lag behind white people in homeownership rates, a major factor contributing to the racial wealth gap. The drop in black homeownership has not been uniform. Some regions have wider gaps than other regions between black and white homeownership rates. To show the geographical spread of the black homeownership gap, we've built a map that shows the size of the gap and the scope of the affected population. We started by looking at where most black people live in America. We mapped the gap between the white and black homeownership rates in the 100 cities with the largest number of black households. ...
- Not one of the 100 cities with the largest black populations has a black homeownership rate close to the white homeownership rate. Even in places where black households are the majority, like Albany, Georgia, the gap persists. The city with the smallest disparity is Killeen, Texas. The black homeownership rate is 48.5 percent among just over 26,000 black households, while the white homeownership rate is 63.0 percent—a 14.5 percent gap. ...
- Northeastern and midwestern cities have the widest homeownership gaps between black and white residents. Four of the five metropolitan areas with the largest number of black households—Atlanta, Chicago, New York City, Philadelphia, and Washington, DC—are in this region. The two cities with the biggest gaps—Minneapolis, Minnesota, at 50 percent and Albany, New York, at 49 percent—are also in this region. ...
- Many factors contribute to the large homeownership gap in different regions, including the size of the city, economic and job opportunities, the makeup of the black population (native born versus foreign born), home prices, proximity to education centers and colleges, access to traditional financial services, type of housing stock, and affordability. ...

3 investigations opened after Reveal uncovers redlining in Philly

- <http://bit.ly/2CKoUez>
- Pennsylvania's state treasurer and attorney general announced separate investigations into pervasive redlining in mortgage lending in Philadelphia this week. At the same time, the Philadelphia City Council passed a resolution calling for hearings into the practice, amid continued fallout from an investigation by Reveal from The Center for Investigative Reporting.
- Reveal analyzed millions of mortgage records and found 61 metros across the country where people of color were significantly more likely to be denied a conventional home purchase loan, even after taking into account how much money an applicant made, the size of the loan they were trying to get and the neighborhood where they wanted to buy.
- We focused our story on Philadelphia, one of the largest cities in the country with this disparity. The analysis found African Americans were 2.7 times as likely to be denied a conventional mortgage there. Although black and white residents make up similar proportions of the area's population, white applicants

received 10 times as many conventional mortgage loans in 2015 and 2016. ...

The American Household Is Evolving—And Our Housing Should Too

- <http://bit.ly/2oyeGIZ>
- In the middle of the National Building Museum in Washington, D.C., visitors walk through a full-scale, 1,000-square-foot home designed to comfortably house a multigenerational family: There's room for a grandmother, a single mother, and her young son. Just days ago, the home was set up for four roommates in their twenties; with another shifting of walls and furniture and amenities in a few months, it'll again be converted into an ideal space for an elderly couple.
- This flexible unit is called the "Open House," and it sits at the center of an exhibit ongoing through September called Making Room: Housing For A Changing America. The Open House, designed by architect Pierluigi Colombo, is a bit of a fanciful concept, but it gestures toward a real need: As demographics have shifted in America, and unconventional co-living situations—from unrelated roommates to multigenerational arrangements—are displacing the typical nuclear family as the most prevalent type of household, our housing stock must evolve and adapt to accommodate these changes.
- The bottom line of Making Room is this: Our current housing stock isn't nearly as diverse as we are. While single people living alone make up 28% of our population, just .87% of our housing stock is studio apartments; 11.36% are one-bedroom homes. The most prevalent form of housing in America, an enormous 39.82%, is the three-bedroom house. "When people think about the household, they conjure up this image of two parents, the kids, and a dog," says NBM curator Chrysanthe Broikos. "But that household type is only 20% of all households throughout the entire country." Fundamentally, Broikos says, this mismatch is a design flaw. Making Room advocates for housing design that begins with demographics, not preconceptions. ...

Turning the corner on zombie homes

- <http://bit.ly/2GqHgoo>
- Vanessa Krnjaich may not have thought she was saving a neighborhood when she bought her fixer-upper for \$45,555 at auction in August 2013. But the 26-year-old transformed a West Seneca house that had been vacant for five years, taking it from the rolls of the "walking dead" and restoring it to vibrant and living housing stock. She spent months fixing up the Rose Avenue house: 17 new windows, a new roof, foundation work, new paint. ...
- Before Krnjaich got her hands on it, the house had been a zombie home, caught in foreclosure limbo. In the Buffalo area, there are hundreds, perhaps thousands of them. Now towns, cities and villages are using new tools, including grants from new programs, to get the upper hand on vacant homes caught in an incomplete foreclosure process. ... The first thing local leaders will tell someone who gets the dreaded foreclosure notice is to stay in the house. ...
- Less than a half mile from Krnjaich's success story sits a classic zombie home. Vacant for years, the town started cutting the grass on the tan brick house on Jasmine Avenue in 2011. The elderly woman who had lived there since 1965 died, but she is still listed as the owner. ...
- Now, banks that don't maintain vacant and abandoned homes can be fined \$500 a day in New York. And they are to report vacant and abandoned properties to a state registry. At last count, there were 2,124 properties in Erie County and 345 in Niagara County on the list, according to the state Department of Financial Services. ...

When nature takes over: Abandoned America overgrown (slide show)

- <https://yhoo.it/2CKnBfx>
- These abandoned buildings have become a thing of beauty after being derelict for so long that Mother Nature has reclaimed the site. Photographer Johnny Joo, from Cleveland, has traveled the United States photographing derelict sites from fairgrounds to shopping malls. The resulting set of images captures an unexpected beauty in the crumbling structures.

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.

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



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.