



April 10, 2018

Fair Housing Act, Financial Literacy Month, Illinois Buyer Success, Policy Corner, Grant Opportunity, Latest Industry News, and more

## The Fair Housing Act's 50<sup>th</sup> Anniversary

On April 11, 1968, President Lyndon Johnson signed the Civil Rights Act of 1968, which expanded on previous acts and prohibited discrimination concerning the sale, rental, and financing of housing based on race, religion, national origin, sex, (and as amended) handicap and family status. Title VIII of the Act is also known as the Fair Housing Act (of 1968).

The Fair Housing Act is responsible for considerable progress in stemming unfairness and segregation in our nation's housing system, but much remains to be done to achieve the Act's promise of eradicating systemic housing discrimination. While we celebrate the 50th anniversary of this major legislative achievement, we at NCST are mindful of the work ahead.

*NCST remains committed to working with our community partners in their tireless efforts to uphold and fulfill the promise of the Fair Housing Act.*

*"Now, with this bill, the voice of justice speaks again," Johnson said as he signed the bill.*

*"It proclaims that fair housing for all, all human beings who live in this country, is now part of the American way of life."*

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## April is National Financial Literacy Month

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April is National Financial Literacy Month and it's a great time to focus on ways to help educate clients (and ourselves) about personal financial health. Many of NCST's community buyers offer counseling to help their clients sort through financial difficulties that affect their daily lives as



financial literacy and capacity are critical for anyone who plans to become a homeowner.

Findings from a [recent consumer finance survey](#) by NCST Sponsor NeighborWorks America highlight the importance of these services. One chief finding from the survey, which is the first to focus primarily on households with household income \$75,000 or below, is the alarming fact that more than one-third (38 percent) of households have no emergency savings in place — whether to pay for the repair of a car that's required to get to work, or to fix a major household necessity such as a roof or furnace. In addition, the survey found that just 12 percent of adults cite saving for an emergency as their most important financial goal - not surprising when more than twice as many people (28 percent) said paying bills was their most important financial goal.

Additionally, far too many families still lack access to the financial mainstream. According to the [2015 FDIC National Survey of Unbanked and Underbanked Households](#), seven percent of households (approximately nine million households) in the U.S. were unbanked, and an additional 19.9 percent of U.S. households (24.5 million) were underbanked, meaning the household had a checking or savings account, but also obtained financial products and services outside of the banking system. These families often rely on alternative financial services providers, such as non-bank check cashers, payday lenders or pawn shops, many of which include sky-high interest rates and fees that further harm those struggling to make ends meet. Participation in the banking system also protects households from theft, reduces their vulnerability to discriminatory or predatory lending practices, and provides the opportunity to build credit history. You can view more of the FDIC survey findings at [economicinclusion.gov](http://economicinclusion.gov).

When it comes to financial literacy and homeownership, there are many useful resources available, including the [CFPB's online tools and resources for homebuyers](#). What are your go-to sites? Send me [an email](#) and we'll compile a list to share in a future Community Update.

*Sally Powell Schall is Director, Communications & Marketing for NCST.*

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## **One-story Rehabbed Property in Illinois Offers Independent Living for Low-Income Senior with Severe Arthritis**

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At 78 years old, Bella had been living in a second floor apartment for 15 years; however, she has severe arthritis in her hands and hips, and has gone through both hip and back surgery, and it became more difficult for her to walk upstairs.

She earns less than 80% AMI, but due to the good work of NCST community buyer, KeySay, she is now the proud owner of a one-story, 974 square foot, renovated home.

KeySay purchased this vacant property through the NCST *First Look* program. The home is located near the home of her son and his family, which allows her

to spend more time with her granddaughters. Bella can also bring in her own groceries without having to seek assistance.

Rehab on the property included new doors and locks, new carpeting and laminate flooring, new kitchen appliances, fresh paint, and updated windows. In addition, the electrical, plumbing and heating systems were inspected and repaired as needed.

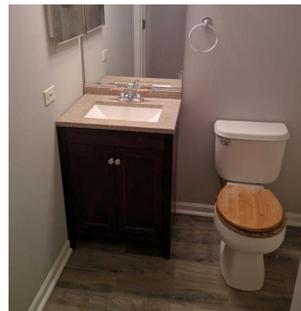
There are nearby amenities in this community such as grocery stores, coffee shops, and restaurants, as well as two public parks so the new owner will not have to travel far to do her shopping or enjoy a meal out.

***Thank you KeySay for your ongoing commitment to provide decent, affordable housing for your community!***

## Before



## After



## Buyer Resources

### FREE Webcast

Thursday, April 26, 2018,

Noon - 1pm EDT

### "Local Ordinances: The Building Blocks of Code Enforcement"

- Hosted by the Center for Community Progress (CCP).
- Explore what makes a code enforcement ordinance equitable, efficient, and

### 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

effective. Participants will gain a deeper understanding of the components of effective and ineffective local code enforcement ordinances and explore examples from other cities of ordinances that work well and those that haven't.

- Instructor: Matthew Kreis, Assistant General Counsel, CCP

REGISTER

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.

Learn More

## Policy Corner: Your Voice Matters - Public Comment Period Open on Proposed FHLB Affordable Housing Program Rule



While the “Government Sponsored Entities” that garner most public attention and scrutiny these days are secondary mortgage behemoths Fannie Mae and Freddie Mac, there’s another less-talked-about GSE that serves an important role in the health of our nation’s housing markets: the [Federal Home Loan Banks](#) (FHLB).

Eleven regional Federal Home Loan Banks cover every state, district and U.S. territory. The FHLB system provides its members – approximately 80% of all lending institutions in the country – with funding and liquidity for residential mortgage origination as well as designated housing and community development programs. Like Fannie Mae and Freddie Mac, the FHLB System is regulated and overseen by the Federal Housing Finance Agency (FHFA).

On March 14, 2018, FHFA published a Notice of Proposed Rulemaking in the Federal Register, detailing the planned amendments to the FHLB’s [Affordable Housing Program](#) (AHP) and asking for public comment. These amendments introduce major changes to how the AHP is structured, administered and enforced.

Currently, pursuant to [federal law](#), each of the 11 Banks must contribute 10% of its annual earnings to an established Affordable Housing Program (AHP). In 2017, AHP funds across the FHLB system nationwide [totaled nearly \\$392 million](#). AHP funds must be used to finance the purchase, construction, or rehabilitation of either owner-occupied housing for low- or moderate-income households (at or below 80% AMI) or rental housing where at least 20% of units are occupied by very low-income families (at or below 50% AMI).

To achieve these objectives, each FHLB creates an annual [implementation plan](#) to distribute these AHP funds in its markets through two channels. The first, which is mandatory, is a Competitive Application Program, wherein nonprofit and for-profit groups submit applications for programs to meet the above goals. These applications are reviewed, scored and then awarded by the FHLB based solely on their score.

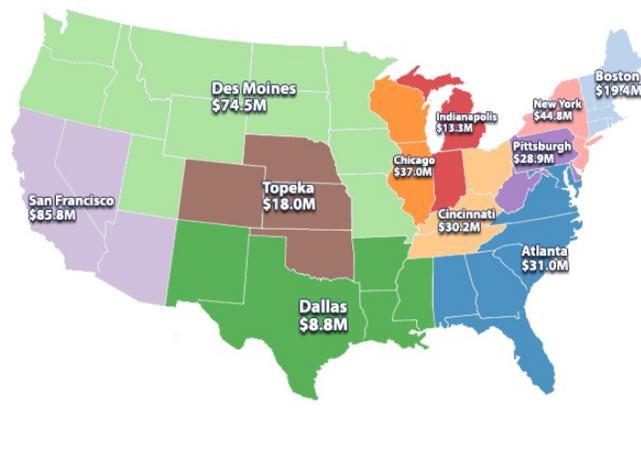
The second, which is optional, is an AHP Homeownership Set-Aside program, wherein a FHLB may allocate up to 35% of its total AHP fund (or \$4.5 million, whichever is higher) to be distributed as subsidies to eligible households. These subsidies, which currently max out at \$15,000 per household, can be used by owner-occupants to pay for down payments, closing costs, counseling costs, or rehabilitation assistance. To discourage “flipping”, subsidy recipients must enter into a five-year retention agreement restricting them from resale (except to an otherwise qualified low-to-moderate owner occupant), the penalty for which is repayment of the subsidy.

FHFA’s proposed amendments to the AHP system replace the Competitive Application Program with a General Fund that functions similarly, through which no less than 50% of annual AHP funds must be distributed. Separately, a FHLB can opt to designate up to 40% of its AHP funds to Targeted Funds designed to meet specific affordable housing needs in their markets. For example, in an area struggling to recover from natural disasters, a FHLB can create a Targeted Fund to address these disaster-related affordable housing needs, so that applicants looking to provide this targeted assistance are competing only with each other, and not with every applicant under the General Fund. Targeted Funds must still be applied for and awarded competitively.

The proposed AHP amendments retain the optional Homeownership Set-Aside program and increase the amount a FHLB can designate from 35% to 40% annually. The per-household subsidy maximum is also increased, from \$15,000 to \$22,000, and an annual upward adjustment based on the FHFA house price index is also added. This subsidy increase may provide greater relief to families in higher-cost housing markets.

One proposed change to the Homeownership Set-Aside program that we are keeping an eye on to ensure it does not have a negative affect on neighborhood stabilization is the removal of the five-year anti-flipping provision. FHFA cites burdensome paperwork and labor requirements in monitoring homeowner retention outcomes, difficulties determining whether resale is to an income-qualified LMI purchaser, and diminishing returns on enforcing the subsidy repayment. In an FHFA webinar on the proposed changes, reference was also made to a lack of evidence that subsidy recipients have been flipping homes under the current system (although of course that could also demonstrate the current program’s success at deterring flipping). NCST would be interested in hearing from its buyers on this proposed change.

We also wonder about converting the Competitive Application Program to a General Fund and optional Targeted Funds. FHLBs would have greater flexibility in trying to meet affordable housing needs specific to their markets by creating these Targeted Funds, but query whether the optional Targeted Funds might be compete against – or zero out altogether – the Homeownership Set-Aside programs.



If your work or your community has benefited from AHP funds, please review the proposed rule and weigh in on the changes as part of the public comment process. It's easy to do: simply upload or input your comments on [FHFA's dedicated comment page](#). Comments are due by **May 14, 2018**.

As always, feel free to email Rob Finn, Public Policy Associate at [rfinn@stabilizationtrust.org](mailto:rfinn@stabilizationtrust.org).

## Industry Conferences

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.

### April:

- 17 - NHC Solutions for Housing Communications, Washington, DC
- 30-May 2 - Building Michigan Communities Conference, Lansing, MI

### 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

### June:

- 14 - NHC Visionary Award Gala, Washington, DC

### July:

- 7-10 - Unidos US National Conference, Washington, DC



## Success Stories

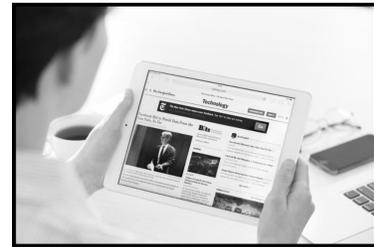
Buyers - we'd like to share your accomplishments - please do brag a little! We've made it easy for you - in REOTrack, when you submit your final reporting, click on the "Good Story Flag" box and we'll take it from there. Or email Sally or call her (214-710-3411) and she'll work with you on your story.

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

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## Industry News

Below are recent, notable headlines regarding our industry.



### **In 83 Million Eviction Records, a Sweeping and Intimate New Look at Housing in America**

- <https://nyti.ms/2GDGfwd>
- Before the first hearings on the morning docket, the line starts to clog the lobby of the John Marshall Courthouse. No cellphones are allowed inside, but many of the people who've been summoned don't learn that until they arrive. "Put it in your car," the sheriff's deputies suggest at the metal detector. That advice is no help to renters who have come by bus. To make it inside, some tuck their phones in the bushes nearby.
- This courthouse handles every eviction in Richmond, a city with one of the highest eviction rates in the country, according to new data covering dozens of states and compiled by a team led by the Princeton sociologist Matthew Desmond.
- Two years ago, Mr. Desmond turned eviction into a national topic of conversation with "Evicted," a book that chronicled how poor families who lost their homes in Milwaukee sank ever deeper into poverty. It became a favorite among civic groups and on college campuses, some here in Richmond. Bill Gates and former President Obama named it among the best books they had read in 2017, and it was awarded a Pulitzer Prize.
- But for all the attention the problem began to draw, even Mr. Desmond could not say how widespread it was. Surveys of renters have tried to gauge displacement, but there is no government data tracking all eviction cases in America. Now that Mr. Desmond has been mining court records across the country to build a [database of millions of evictions](#), it's clear even in his incomplete national picture that they are more rampant in many places than what he saw in Milwaukee.

### **How 1930s discrimination shaped inequality in today's cities**

- <https://ncrc.org/how-1930s-discrimination-shaped-inequality-in-todays-cities/>
- Three out of four neighborhoods marked "hazardous" by a federal agency 80 years ago are still struggling economically, a [new study](#) shows. The study, by the National Community Reinvestment Coalition, shows that racial and economic segregation of neighborhoods in cities today reflect discrimination entrenched in local housing markets in the 1930s. The study compared discriminatory maps drawn in the 1930s by the federal Home Owners' Loan Corporation (HOLC) with current neighborhood income and race data. The study

found lower incomes, more minorities and signs of gentrification in neighborhoods marked by HOLC as “hazardous.”

- From 1935 to 1939, government surveyors interviewed local officials and bankers in 239 cities to document what local lenders considered credit risks in different neighborhoods. The surveyors considered a variety of factors, including access to transportation and the quality of the housing. But a primary driver of the grading system was the racial and ethnic makeup of the neighborhood’s residents. The agency marked entire communities in red ink where they deemed the influx of racial and ethnic minorities as credit risks. The maps are still known for those red lines and “redlining” is now a modern term for discrimination in housing and lending.
- The HOLC maps show how local banks defined credit risks based on neighborhoods rather than on an individual’s ability to repay a loan. In short, they documented institutionalized discrimination. Today, they graphically display how racism was embedded into the structure of American cities from at least the 1930s until 1968, when the Fair Housing Act abolished redlining and banned racial discrimination in housing. That discrimination had a profound impact on the segregated structure of cities, the rise of suburbs as the American middle class moved away from central cities after World War II and the long-term wealth gap between whites and minorities. ...

### **Two-Thirds of Median-Priced Homes Unaffordable to Average Wage Earners**

- <https://bit.ly/2GGxFMD>
- The first quarter median home prices across more than two-thirds of the nation’s housing markets were not affordable for average wage earners, according to [new study from ATTOM Data Solutions](#). The study found that 304 of 446 counties analyzed for this report, or 68 percent, were out of reach if one determined affordability calculating the amount of income needed to make monthly house payments on a median-priced home. Not surprisingly, many of the housing markets where affordability was elusive were the nation’s most expensive: California’s Los Angeles, San Diego and Orange Counties plus Arizona’s Maricopa County (Phoenix) and Florida’s Miami-Dade County.
- Among the 142 counties where a median-priced home in the first quarter was still affordable for average wage earners were Illinois’ Cook County (Chicago), Michigan’s Wayne County (Detroit) and Texas’ Harris County (Houston) and Dallas County.
- The lack of affordability is having an impact on the local population in these markets: Eight of the top 10 counties with the highest median home prices in the first quarter posted negative net migration in 2017, most notably New York’s Kings County (Brooklyn), which saw a 25,484 net-migration decrease. The two exceptions among the top 10 highest-priced counties were California’s San Francisco County (a 5,555 net-migration increase) and Alameda County (a 1,286 net-migration increase). ...

### **Combating zombie properties: Erie County, WNY Law Center gains significant new partner in Columbia Law School**

- <https://bit.ly/2uSlaJf>
- Erie County Clerk Mickey Kearns and the Western New York Law Center on Wednesday announced a groundbreaking new partnership with Columbia Law School to help Erie County municipalities track and monitor zombie foreclosures. Through this partnership, Columbia Law School students will conduct research on vacant and abandoned properties for participating municipalities. The goal of this program is to provide additional resources to smaller municipalities in order to help these communities proactively track foreclosures. This partnership

the Erie County clerk's office, the WNY Law Center and Columbia Law School is the first of its kind, applying the skillset and knowledge of the law students to provide additional support, resources and information to smaller municipalities otherwise overwhelmed by the complicated process of identifying responsible parties for maintaining vacant properties.

- Working with Columbia Law School, municipality officials will be able to submit a request on a vacant property through a website specifically designed for this program. Approved law students will then access data provided through the Erie County clerk's office to conduct research and report back to municipal officials on pending foreclosure information. Columbia Law students will be able to count the time spent researching for municipalities toward their college's mandatory 40-hour pro bono requirement, which law students must fulfill to graduate. ... The towns of Boston and Evans will be the first towns to use a pilot version of this program with Columbia Law School.
- "Helping families who are facing foreclosure and rehabilitating properties to put them back into productive use improves the quality of life in our community and generates property tax revenue for municipalities," Town of Boston Supervisor Jason A. Keding said. "This program will support municipalities like the Town of Boston as we deal with issues presented by zombie properties. ...."

### **Starter homes are smaller, older and scarcer**

- <https://bit.ly/2Gga1Hq>
- Homebuyers in the U.S. have plenty to grouse about these days. Prices have climbed steeply in many metro areas, mortgage rates are rising and inventory is thin. But for people looking to purchase their first home, it's ugly out there.
- "Starter homes have become scarcer, pricier, smaller, older and more likely in need of some TLC" than they were six years ago, the real estate website Trulia reported ...
- It's grim all over. American homes are at their least affordable in the report's history. But the median listing price of available starter homes has risen 9.6 percent in the past year, easily beating out the trade-up and premium categories, while starter-home supply has fallen to a new low this quarter, Trulia reported.
- Perhaps the most striking finding is that the very buyers who are typically least able to plunk down a lot of money are confronted with the least affordable homes. The share of income needed by those in the market for a premium home was 15 percent, and for a trade-up home 27 percent. For a starter it was 41 percent. Adding insult to injury, the homes aimed at first-time buyers are less likely to be ready for human habitation than others, with fixer-uppers accounting for 11.2 percent of the category. They're about nine years older than they were in 2012, and 2 percent smaller. On the bright side, 2 percent isn't a whole lot smaller. Until you learn that homes overall are more than 8 percent bigger.

### **Land Bank and Habitat revive zombie property**

- <https://bit.ly/2Ihtz11>
- SCHENECTADY - A new Schenectady police officer will soon move into a newly renovated home, thanks to a partnership between the Capital Region Land Bank and Habitat for Humanity. The home ... was sold to ... a new recruit in the Schenectady police department. It was previously vacant and abandoned by the previous owner, labeled a "zombie property" that was foreclosed upon by Bank of America, according to David Hogenkamp, project director for the Schenectady Metroplex Development Authority. ... It was a first-time renovation project for the Land Bank and Habitat for Humanity of Schenectady County Inc., according

to Hogenkamp. The [National Community Stabilization Trust](#), a non-profit based in Washington D.C. that acts as a broker between banks and organizations like the Land Bank, acquired the home and donated it for \$1 to the Land Bank.

- Hogenkamp said the property was a casualty of the 2007 mortgage crisis; it had broken windows, an incomplete kitchen and a basement full of trash. He said it seemed there were some renovations started by the previous owner before the foreclosure. ... The Land Bank chose to partner with Habitat for Humanity in order to stretch the \$30,000 grant it received from the Local Initiatives Support Corp., a national grant program based in New York City. ... the Land Bank will put the sale price of the home toward other projects in the Mont Pleasant area...

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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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## 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](mailto:Desk@StabilizationTrust.org) - property transaction questions and assistance
- [ReoTrack@StabilizationTrust.org](mailto:ReoTrack@StabilizationTrust.org) - post-closing questions and assistance
- [Buyer@StabilizationTrust.org](mailto:Buyer@StabilizationTrust.org) - questions about program guidelines, target areas, and additional programs
- [NewBuyer@StabilizationTrust.org](mailto: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.