National Community Stabilization Trust

May 8, 2018

Housing Supply, Florida Buyer Success, Buyer Education Opportunities, Policy Corner, and more

Supply, Supply, Supply

The only three things that mattered in real estate used to be location, location, location. But these days, it's supply, supply, supply. Recent headlines echo the same news – "home prices are surging as the housing supply shrinks." Read more here, and here, and here, and here.

Since 2008, the homeownership rate has fallen while rental numbers - and rents - have risen. Homebuyers seeking homeownership increasingly are competing against large corporate interests buying single family homes for rental purposes. Even political TV commentators apparently have joined the bandwagon to set up limited liability companies ("LLCs") to own thousands of single family homes for rental.

What does this mean for homebuyers seeking to own their own home? The LLCs purchasing these homes have ready cash to buy, which puts homebuyers using mortgage financing at a disadvantage from the start. In many cases, homes don't hit the MLS before they are sold to investors in back-room deals. Moreover, due to rapidly rising rental rates, the economics of real estate mean that investors can now make more by renting than by flipping in many markets.

The challenge for those promoting homeownership is twofold: Continue to find housing stock for the supply-side of the equation and continue to search for capital that can compete with the LLCs. Programs like NCST's *First Look*, other local REO disposition programs, and real estate tax sale opportunities are a few of the solutions available for parties looking to acquire single family homes for the ultimate use of homeownership. Capital is another issue that requires a common voice to urge progress in this area, including supporting new ideas such as the Neighborhood Homes Investment Act.

In short, we cannot give up on single-family homeownership even in the face of changing economic times. Continuing to push for ideas and initiatives to support that homeownership is essential to the long-term health of our neighborhoods and housing markets as well as to the financial health of individual families.

Rob Grossinger serves as President for NCST.

Once-Blighted Florida Property Now Affordable, Renovated Home for Young Family

NCST community buyer, Community Development Coalition Corporation (CDCC) purchased this Jacksonville, Florida, home through the NSI First Look program for the purpose of rehabbing it to resell to buyers needing a renovated, affordable home. As CDCC was renovating the home, it was broken into on three occasions. The first time vandals broke in and caused general damage, the second time thieves broke down the front door and stole the new range/oven, refrigerator, microwave, and dishwasher; then the third time thieves stole the AC condenser unit. CDCC made a decision to find renters for the property to have it occupied quickly and prevent further theft.

The Buyer found a family who had been transferred to Florida from Tennessee by his employer. This African-American couple has four young children with whom the mother stays home. The father works four 12-hour shifts each week. The family doesn't own a lot of household belongings, so the smaller size of this 1,100 square foot home didn't deter them. CDCC said they are ideal renters who keep the home immaculate, and the children enjoy playing in the large, shaded backyard.

CDCC did replace the previously stolen electric range/oven, microwave, dishwasher, and disposer for the family. Other renovations included in the more than $70,000 in rehab to this three bedroom, one and one-half bathroom home include a new roof, new hardwood flooring and tile, new carpet, and a completely updated kitchen with new cabinetry and countertops, and renovated bathrooms.

CDCC began their work in 2013 – they previously performed demolition work for the city of Jacksonville and after demolishing thousands of once-affordable homes, knew they wanted to be a part of rehabbing and returning these much-needed homes to those in the community who desperately desire the opportunity to purchase or rent a decent, affordable home.

Thank you CDCC for your vision and commitment to provide decent, affordable housing for your community!

Before

After



Buyer Resources

Recorded Webcast

Strategies for Engaging Communities: Case studies from Detroit, Denver and Vermont

Opportunity360 recently published a series of case studies highlighting innovative community engagement tools. In this webinar, you'll hear from community organizers who are applying strategies and tools on the ground.

In Detroit, the Neighborhood Revitalization Strategic Framework gives residents the data, tools and opportunities to create shared visions for their neighborhoods and develop actionable plans.

In Denver, crowd-sourcing and pop-up demonstrations have helped decision-makers identify critical improvements for walkability and transit access.

In Vermont, a cross-sector coalition of 60 partners is working together to make progress on childhood hunger and nutrition, education, obesity and wellness, farm viability and environmental quality.

Podcast: Why We Live Where We Live

When you talk to folks in St. Louis, it doesn't take long for them to ask you if you know about the "Delmar Divide." Delmar Blvd. is a street that runs east to west and splits the city demographically. On one side, the racial makeup is more than 95 percent African-American and mostly low-income. On the other, you'll find a community that's more than 70 percent white and firmly middle class.

The Fair Housing Act of 1968 was designed to help integrate neighborhoods across the nation. Fifty years later, most major cities are still made up of segregated pockets like in St. Louis. *This podcast from PRX and St. Louis Public Radio explores how race and class play into which neighborhoods people wind up in. We speak with the hosts and an expert on fair housing about what laws are in place today to protect homeowners and renters from discrimination.*

- **Click Here to Listen Now to Podcast**

Webinar: Learn More About Proposals to Cut Housing Benefits

Date & Time: May 10, 1pm ET

NLIHC and partner organizations invite you to join advocates from across the country to learn about new proposals from the Trump administration and Congress that would cut housing benefits by increasing rents, imposing work requirements, and setting de facto time limits for HUD-assisted households. Panelists will also discuss how advocates can effectively communicate with policymakers and the public about the negative impacts of such reforms and alternative strategies to move families toward economic self-sufficiency.

WATCH NOW

Register Today for Webinar

FDIC: State Links for Housing Finance Agencies

State Links provides easy access to specific affordable housing programs and products offered by each State Housing Finance Agency. These include first mortgage products, down payment and closing cost assistance, mortgage tax credit certificates, homeownership education and counseling, and alternative private mortgage insurance options.

Each state sheet also provides important contact information for your State Housing Finance Agency, and other local info sources.

Click Here for State Links

Learn & Teach CreditSmart®

Become a certified instructor for CreditSmart® - the financial education curriculum that helps your clients reach their financial and homeownership goals. This FREE instructor-led webinar series is tailored to housing professionals, and is approved for six CEUs for AFCPE® certified professionals.

Dates: June 5, 12, 19, & 26
Time: 2 p.m. – 3:30 p.m. ET

NOTE: To receive a certificate of completion you must participate in all four webinars and pass a 10-question quiz.

Register Now

Policy Corner: What We've Been Reading

This month, instead of a policy discussion, we're bringing you some reading recommendations. The first three recommendations shed light on topics we've long followed by bringing new data analysis to the discussion. The fourth is a recent government report on the Community Reinvestment Act, along with some comments on the report by the National Community Reinvestment Coalition.

- Our first "selection of the month" is a recent paper on small dollar mortgages issued by the Urban Institute's Housing Finance Policy Center. This report examines the availability of small-dollar mortgages (up to $70,000) for home purchases, refinances, and improvements, presenting a wealth of information on borrower and loan characteristics, production channels, and the geographic distribution of low-cost homes. While those of you in the NCST community will be quite familiar with the problem of access to credit for small mortgages, this report offers a useful compendium of data that has not been pulled together before in this format.

- Another Urban Institute paper I found fascinating is their recent exploration of default and loss behaviors of purchase, rate refinance and cash out refinance loans. Their data shows that cash out refinances have performed most poorly, especially during the financial crisis. Among other things, the report provides additional evidence that lending to LMI homebuyers was likely not the main reason for the mortgage defaults that led to the financial crisis. Rather, it was the high volume of refinancing, and especially cash out refinancing.

- A report by Zillow Home shows that values in the vast majority of neighborhoods that were "redlined" by the federal government 80 years ago are lower now than in areas rated more highly. While those of us who work in these neighborhoods are well aware that redlining's legacy is still with us, this mapping project provides the hard evidence of its persistence.

- Last month, the U.S. Department of the Treasury released recommendations to modernize the Community Reinvestment Act (CRA). The recommendations were issued to the primary CRA regulators, the Office of the Comptroller of the Currency, the Federal Reserve Board, and the Federal Deposit Insurance Corporation. In response to this report, the National Community Reinvestment Coalition issued an analysis that provides insight into the various recommendations, some of which are positive and others of which may pose risks to our work in communities.

As always, if you have any questions or would like to discuss any of these reading recommendations, please contact Rob Finn or Julia Gordon.

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.

NCST will have several team members in attendance - we look forward to seeing many of you! For more info, click here.

NCST team members attend and serve as panelists for selected industry conferences and events. We enjoy the opportunity to see and meet our partners on the road, as well as share our industry knowledge.

May:

- 15-17 - Reclaiming Vacant Properties Conf., Milwaukee, WI *(NCST's Rob Grossinger & Julia Gordon serving on panels)*
- 30-June 1 - Network for Developing Conscious Communities (NDCC), Baltimore, MD *(NCST's Julia Gordon serving on panel)*

June:

- 10-12 - National Fair Housing Alliance - FHAct50 National Conf., Washington, D.C. *(NCST's Julia Gordon serving on panel)*
- 14 - NHC Visionary Award Gala, Washington, DC

July:

- 7-10 - Unidos US National Conf., Washington, DC

August:

- 8-9 - Florida Assoc. of Realtors Conv., Orlando, Florida
- 20-24 - NeighborWorks America NTI, Louisville, KY
- 27-29 - Florida Housing Coalition's Annual Conf., Orlando FL

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.

In Georgia, Sean Hannity is just another landlord hiking the rent

- https://lat.ms/2HxREya
- Fox News host Sean Hannity is one of the most recognizable media figures in America. He has the ear of President Trump. His show is one of the most popular on cable news. But you wouldn't know it from talking to the tenants at the Meadows, a modest neighborhood of duplexes in Lithia Springs, about 15 miles west of downtown Atlanta. ... Hannity is their landlord, and he's raising their rent — a lot.
- Journalists uncovered Hannity's extensive rental holdings in Georgia and Alabama this week after he said he had consulted with the president's lawyer, Michael Cohen, about real estate issues. Through a series of limited-liability companies — each using the name SPMK, followed by Roman numerals — documents revealed that Hannity is the owner of apartment complexes and houses worth tens of millions of dollars and capable of housing hundreds of people. ...
- But there was little unique about the way Hannity built his empire, using limited-liability companies, as many wealthy people do, to shield his identity while legally buying properties. It's the same story of how Wall Street became a major Main Street landlord — and began jacking up rents. In 2012, Hannity joined a wave of big-money investors to sweep in after the Great Recession's housing crash, often snatching up foreclosed properties across the U.S. at bargain-bin prices.
- **"Historically, the typical single-family landlord was a local person who owned a few houses," said Julia Gordon, executive vice president of the National Community Stabilization Trust, an anti-blight nonprofit organization. "They would basically oversee things like collecting the rent, do home repairs themselves, or employ a handyman to do home repairs. It was a very mom-and-pop type-industry." Today, Gordon said, it seems like rental homes "are almost always owned by somebody whose last name is 'LLC.' "**
- The rise in out-of-town ownership also coincided with the rise of companies like Renters Warehouse, a national property-management service that received a celebrity endorsement from Hannity. ....

CoreLogic: Rising home prices create unstable market conditions

- https://bit.ly/2rd7nZm
- Home prices showed yet another surge in March, causing worry over rising affordability issues, according to the latest Home Price Index report from CoreLogic, a global property information, analytics and data-enabled solutions provider. Home prices increased 7% nationally from March 2017 to March 2018, and increased 1.4% from the prior month, according to the report. ...
- An analysis of housing values in the country's 100 largest metropolitan areas based on

housing stock, indicates 37% of metropolitan areas have an overvalued housing market as of March 2018, CoreLogic reported. Another 28% of the top 100 metropolitan areas were undervalued while 35% were at value. When looking at only the top 50 markets, 50% were overvalued, 14% were undervalued and 36% were at-value. The national home-price index is projected to increase by 5.2% from March 2018 to March 2019, according to the CoreLogic HPI Forecast. …

- "The dream of homeownership continues to fade away for the average prospective buyer," CoreLogic CEO Frank Martell said. "According to the report this can be attributed, to the top five markets in the country being overvalued because home prices are rising faster than incomes."
- If this trend continues, homeownership for typical buyers attempting to find a home will be difficult. "Lower-priced homes are appreciating much faster than higher-priced properties, making the affordability crisis progressively worse," Martell said. "This is clearly an unsustainable condition that can only be remedied by aggressive and coordinated public/private sector actions."

Smaller Loans Could Address Housing Shortages

- https://bit.ly/2rdDKY3
- Low housing inventory and climbing home prices have been the source of numerous studies and headlines, and they are prominent issues impacting housing markets across the nation. However, while many homes in competitive markets are priced out of reach for most Americans, in other areas there quietly sit affordable homes that, despite their low prices, remain out of reach for low- and middle-income Americans.
- Despite finding "a substantial number of low-cost property sales taking place across many diverse housing markets," researchers at the Urban Institute's Housing Finance Policy Center say, "low-cost properties remain largely inaccessible to LMI [low- and middle-income] households because traditional mortgage financing is too difficult to obtain on these properties." …
- Low-cost homes, priced at or under $70,000, are present in urban, suburban, and rural markets and "in many counties, small-dollar sales make up most home sales," according to the Urban Institute. However, only about one in four homes sold for $70,000 or less were financed with a traditional mortgage as of 2015, and that number fluctuated between 25 and 29 percent between 2010 and 2015. On the other hand, close to 80 percent of homes sold for between $70,000 and $150,000 were financed with a traditional mortgage in 2015. …
- Observing the channels that contribute to the small-dollar loan sector, the research found gaps between small-dollar market share and overall loan origination market share at the GSEs, the Federal Housing Administration (FHA), and the Department of Veterans Affairs (VA). The GSEs contribute to 53 percent of all home loan originations but just 45 percent of small-dollar mortgage loans. The FHA takes 24 percent market share overall but contributes just to 19 percent of small-dollar mortgages, and the VA holds a 10 percent market share overall but just a 3 percent share of the small-dollar market. …
- The researchers pointed out a few reasons for the lack of financing available for low-priced homes. First, potential homeowners hoping to purchase a low-cost home with financing were less attractive than investor buyers ready to purchase with cash. Second, the researchers point out that loan origination costs are largely fixed, making small-dollar loans less attractive to lenders, who can profit more from the larger spreads available in high-dollar loans. …

Renewing America's economic promise through older industrial cities

- https://brook.gs/2HGFoeL
- Despite a robust national economy, deep regional divides persist with technology hubs in the coastal states pulling away from the nation's industrial Heartland. This growing regional inequality poses serious economic, social, and political consequences for the nation. The middling performance of communities with historically strong manufacturing cores is a key feature of America's uneven economic growth. These so-called older industrial cities, predominantly located in the Midwest and Northeast, have struggled over time to grow jobs in new sectors and to boost employment and income, particularly for their communities of color. They range from very large cities like Baltimore and Detroit, to smaller communities like Schenectady, New York, and Terre Haute, Indiana.
- This report identifies, analyzes, and categorizes the considerable assets and distinct challenges of 70 older industrial cities that collectively account for one-eighth of the U.S. population and economy. With increasing interest in local, state, and national policies to

revive the fortunes of struggling communities, older industrial cities represent promising regions for strategic investment and critical centers for promoting inclusive economic growth. ...

What Thousands of Housing Discrimination Complaints Mean in 2018

- https://bit.ly/2rhFCyY
- James and Roxsana Hart are Section 8 recipients who lived on the third floor of their Los Angeles apartment building. James uses a wheelchair, so the Harts asked to move to a first-floor apartment. The management of Premier Apartments, LLC did not respond. In 2016, the building elevator broke and was not repaired for three months. When James needed to use the stairs to get to a medical appointment, he fell, hit his head, and has been bedridden since. After the fall, the management company issued the Harts an eviction notice. In November 2017, Premier Apartments agreed to pay $1 million to settle claims that they discriminated against the Harts.
- This story of housing discrimination is one that plays out for literally tens of thousands of people across America every year. In 2017 alone, 28,843 housing discrimination complaints were filed with nonprofit fair housing organizations and federal, state and local agencies, according to the National Fair Housing Alliance (NFHA), a 30-year-old national organization dedicated to ending housing discrimination. The real problem, it says, is likely much worse: Many instances of housing discrimination are never reported, because the victim does not file a formal complaint.
- Part of the Civil Rights Act of 1968, the Fair Housing Act was created to address deep-seated inequities as well as help undo the segregation caused by redlining. But as the housing alliance's new 2018 fair-housing trends report, "Making Every Neighborhood a Place of Opportunity," shows, more work needs to be done. Redlining, for example, "is not a thing of the past," the report says, based on an investigation by Reveal from the Center for Investigative Reporting, which showed that in 61 metros, mortgage loan denial rates remain much higher for black and Latino applicants than for white applicants, even when controlling for income.
- "It has been 50 years, and the Fair Housing Act still has not been fully implemented," said Lisa Rice, National Fair Housing Alliance president and CEO, in a statement. "As the 2018 trends report shows, we must put an end to the many institutionalized barriers that prevent too many families in this country from fair access to housing."
- In addition to tracking housing discrimination complaints (half a million since the organization began compiling the data in 1996), the report calls out a number of recent federal developments that the NFHA says are concerning. Next City has covered a number of these developments, such as the suspension, under Ben Carson's HUD, of the Affirmatively Furthering Fair Housing Rule, which required municipalities receiving federal funding to report in detail how their housing policies were not furthering segregation. (HUD calls its action a delay, but the NFHA argues that it is effectively a suspension.) ...

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.