



July 11, 2018

Revisiting National Mortgage Settlement, Baltimore Buyer Success, Policy Corner, Freddie Mac Workshops, Blogs to Read, and more

Revisiting the National Mortgage Settlement at the State Level



It's been 10 years since the housing crisis hit this country and the world's economy. National Public Radio is currently taking a look back at different aspects of the financial meltdown on its *MarketWatch* program, including the [National Mortgage Settlement](#), the largest consumer financial protection settlement in United States history.

As part of these mortgage settlement funds, each state received a large monetary award. However, each state was allowed to determine how to spend their money. Many states used the funds to plug holes in their general budget and for other non-housing related expenses. Fortunately, a number of other states did dedicate these funds to address the housing crisis. We want to highlight a positive outcome from the use of the mortgage settlement funds – that of the Illinois homeowner and neighborhood stabilization program developed by [Illinois Attorney General Lisa Madigan](#).

The Attorney General's first act was to ensure this funding remained dedicated to addressing the crisis and wasn't lumped into the general revenue funds. Next, she formed a Blue Ribbon Advisory Council of housing and community development experts from the non-profit, government and private sectors to create a program to distribute the funding for both homeowner counseling and housing rehabilitation efforts throughout the state. Finally, an RFP was jointly developed by the council and a consulting group, BRick Partners, LLC. While this process took significant time and effort, it produced a program that took creative and novel approaches to addressing the housing crisis' effects.

In the end, Illinois' effort resulted in more than \$70 million being awarded to 53 different organizations or partnerships, including: 29 housing development teams, 11 homeowner counseling agencies, and 13 technical assistance providers.

Two of the innovative outcomes from this program include:

- Development of a multi-community partnership in Chicago's suburban communities to get an accurate picture of the foreclosure problem, and then the

creation of a cross-border redevelopment approach. This example of inter-town cooperation will serve as a model for future work.

- Creation of a lending product for acquisition and rehabilitation of 1-to-4 unit properties offered by the Community Investment Corporation. Settlement funds were used to create a loan loss reserve which made the offering of this new product feasible.

While the program will not wrap up until 2019, NCST commends the commitment of Illinois' Attorney General in creating this forward-thinking program to use the mortgage settlement funds in directly addressing the state's neighborhood stabilization and affordable housing needs.

Rob Grossinger serves as President for NCST.

RPS Solutions, LLC, Renovates Baltimore, Maryland Townhome for First-Time Homebuyer

A Baltimore, MD, house is now a dream home for a first-time homebuyer, thanks to NCST community buyer RPS Solutions, LLC. The renovated townhouse, purchased through the NSI *First Look* program, has three bedrooms and two bathrooms, 1,450 square feet of living space, and was built in 1948.

Kevin Seawright, the founder of RPS Solutions, specializes in working with individuals who have limited resources and knowledge about the home buying process, but who want safe and modern housing options to call their own. Anita, the new homeowner, expressed her gratitude for the RPS Solutions team, saying "RPS made the whole process more manageable and their team was on top of everything, helping me a lot!" She added that she plans to recommend RPS to friends and family who are considering purchasing a renovated home in the Baltimore region.

This townhome has new windows, a restored fireplace, refinished hardwood floors, and a beautifully updated kitchen with new cabinets, countertops, plumbing fixtures, and appliances. The more than \$54,000 in total renovation costs also included fresh paint throughout, updated electrical outlets, new light fixtures, new recessed lighting, new interior doors, new hard-wired smoke detectors, and updated bathrooms. The basement was renovated to provide additional living space.

Other updates include exterior repairs such as roof repairs, power-washing of the façade, painting all the exterior window and door frames, replacing the storm doors, installing new light fixtures, house numbers, and a mailbox, repairing the fencing, and freshening the landscape.

Thank you Kevin and the RPS Solutions team for your passion in serving the Baltimore community in their quest for safe, modern, affordable housing!

Before



After (home staged for sale)



Home Team Advantage™ - FREE One Day Training Events

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Designing and Financing
First-Time Homebuyer
Programs**



Connect with lenders, real estate agents, housing counselors and housing agencies for their unique perspectives on how to gain success in affordable lending, product updates, and other solutions. You'll also learn about local initiatives that expand homeownership opportunities for underserved households and homebuyers in distressed markets.

2018 Event Dates:

- Aug. 9:** Philadelphia, PA
- Aug. 28:** Nashville, TN
- Oct. 2:** Minneapolis-St. Paul, MN
- Oct. 18:** Denver, CO
- Nov. 8:** Raleigh-Durham, NC

[Click here to visit website for event details.](#)

Event hosted by Freddie Mac and Nickerson Training.

Policy Corner:

Preventing Neighborhood Blight After Natural Disasters By Using Home Buyout Programs Strategically

An ongoing rise in the number of catastrophic flood events,



like the two recent “1,000 year storms” in Ellicott City, Maryland, has prompted government officials to re-examine the potential of home buyout programs as a key solution to the [costly issue of repeated flooding in the same communities](#). These efforts are critically important, but they could achieve even better results if they were undertaken within the larger framework of a neighborhood stabilization strategy.

The May introduction of bipartisan legislation (the “Promoting Flood Risk Mitigation Act”) in the U.S. [House](#) (where it was also marked up at the end of June) and [Senate](#) is a partial step in the right direction. The Act commissions a federal study of funding sources for buyouts and paperwork processing timeframes for the [Federal Emergency Management Agency’s](#) property acquisition [programs](#). NCST believes the proposed study should also examine best practices around using buyouts as part of a longer-term strategy to prevent neighborhood blight.

When designed thoughtfully, [home buyouts can offer a structured option for preventing blight](#) by addressing repeatedly flood-damaged properties that owners may be inclined to abandon. Currently, few communities know how to [strategically](#) use buyouts in a way that prevents future destabilization of neighborhoods. Communities do not always have enough [information or funding](#) to create a cohesive buyout strategy, or they [give up after struggling with federal and local bureaucracy](#).

As a result, efforts to address longstanding blight can take place years after the disaster event. For example, local officials in [Minot, North Dakota](#) recently advanced a proposal to address blight caused by a 2011 flood after [struggling with acquisition strategy](#) for years. Similarly, [communities in North Carolina](#) are still grappling with “checkerboards” of vacant lots after Hurricane Matthew in 2016. Such examples should be the exception, not the rule.

Going forward, we are likely to see an [increasing number](#) of flood events, given [climate change](#) as well as the continued use of impervious surfaces in watershed areas, which means the topic of home buyouts will arise with increasing frequency in federal and local policy conversations. However, buyout programs that do not operate within a larger framework of a neighborhood stabilization strategy are missing an important opportunity.

NCST has previously worked with partners to [support communities in flood-affected areas](#), and now we would like to see steps taken to avoid such disasters in the future. The deadline for [reauthorizing the National Flood Insurance Program](#) is July 31. It would be a good idea to include a study such as the one proposed in the Promoting Flood Risk Mitigation Act, which should also examine the use of comprehensive buyout strategies for blight prevention and the re-establishment of healthy neighborhoods.

Theodora Chang is a Senior Policy Associate for NCST. She joined NCST in June from Fannie Mae, where she held a management consulting role. She has previously served on policy teams at nonprofit organizations, and in federal and local government.

Buyer Resources

Free Webinars:

ReClaim Ambassadors: Empowering Residents through Vacant Lot Projects

Date: July 26, 2018

Time: 11am - Noon CDT

Drawing from 11 years of experience of working on the ground in Pittsburgh, this session looks at a model for engaging communities in the transition of vacant lots from liabilities to assets, while at the same time using the process to empower residents.

Through Grounded's *ReClaim Ambassadors* program, residents receive micro-grants and technical assistance for on-the-ground projects on vacant land. **Hosted by:** Center for Community Progress.

- [Click Here to Register](#)

Future Borrowers: Challenges and Opportunities

Date: Thu, Jul 26, 2018

Time: 1pm - 2:30pm CDT

Today's housing market is still struggling to find balance.

Inventory is low, prices are high, and interest rates are rising. There is a tug-of-war between the decision to rent and the decision to buy. How can housing professionals help their clients make informed decisions?

- > Discuss challenges potential homeowners face in the mortgage market
- > Identify opportunities to overcome impediments to homeownership

Hosted by: The Counselor's Corner and Lariece Brown, Freddie Mac.

- [Click Here to Register](#)

Blogs & Reports to Read:

"Where Will We Live" Campaign

The National Housing Trust (NHT), in partnership with Enterprise Community Partners and People's Action, launched [a website for the *Where Will We Live* campaign](#), an effort that aims to elevate housing issues at the federal, state and local level. The campaign captures compelling narratives that highlight how affordable housing directly improves the lives of low-income families, as well as brings together a wide array of groups to help amplify affordable housing as a platform issue in combination with other issues.

- [Click here to view the site](#)

"Even Fully-Employed and Moderate-Income Households Struggle to Pay the Rent"

A new [blog post](#) from the Joint Center for Housing Studies (JCHS) at Harvard University states that rising housing costs continue to outstrip wage growth, and data from the American Community Survey (ACS) 2016 shows that nearly a third of renters who worked 35 hours or more for at least 48 of the previous 52 weeks are cost-burdened. And the nation's almost 21 million cost-burdened renter households are not just low-income or unemployed. Rather, as the Joint Center documented in its latest [America's Rental Housing](#) report, a growing number of moderate-income and fully-employed renter households are also cost-burdened, spending at least 30 percent of their income on rent and other housing costs.

- [Click here to read the blog](#)

"Debt Practices and the Downward Poverty Spiral"

Do debt practices unfairly impact low-income communities? A new report from a four-state collaborative of nonprofits argues the answer to that question is "yes." Entitled "Enforcing Inequality: Balancing Budgets on the Backs of the Poor," the report was compiled in partnership by the California Reinvestment Coalition, the Maryland Consumer Rights Coalition, North Carolina-based Reinvestment Partners, and Illinois-based Woodstock Institute. According to the report, "problematic policies around both consumer debt assignment and debt collection target low-income communities, as well as communities of color."

- [Read the full report here](#)

NSI Community Spotlight: Atlanta

NCST Community Buyer Joins in Wells Fargo Program to Provide \$6 Million Homeownership Boost

Atlanta Neighborhood Development Partnership, Inc. (ANDP), an NCST community buyer, is pleased to be a partner in the NeighborhoodLIFT® program with Wells Fargo, NeighborWorks® America, and NeighborWorks Columbus. This program is expanding in the Atlanta area with a \$6 million commitment by Wells Fargo to boost homeownership in the counties of Clayton, Cobb, DeKalb, Fulton, and Gwinnett.

“This investment by Wells Fargo will create opportunities for hard-working families and individuals to purchase their own home,” said Mayor Keisha Lance Bottoms.

More than 500 homebuyers registered to attend the NeighborhoodLIFT kick-off event in May, when their eligibility to reserve a home purchase grant was determined. To be eligible, annual incomes can't exceed 80 percent of the local area median income, which is about \$55,750 in the Atlanta community for a single household up to a family of four and up to \$60,250 for a family of five.

The 2018 Atlanta NeighborhoodLIFT follows one in 2012 that created 378 homeowners by offering homebuyer education plus \$15,000 down payment assistance grants in an \$8 million commitment by Wells Fargo.



Atlanta Mayor Keisha Lance Bottoms, on the left, attended the May launch event.

Program Highlights:

- \$5 million in down payment assistance was reserved at the launch event
- \$15,000 in assistance per homebuyer, or \$17,500 for first responders, military, or teachers
- Will support approx. 300 new home owners in 5 core counties (Cobb, Clayton, DeKalb, Fulton, and Gwinnett Counties)
- Homebuyers have 60 days to put a home under contract, secure a mortgage pre-approval, and schedule an eligibility determination session
- The average annual gross income of those who have made it through the program to-date is \$43,396

To learn more about this program - visit www.andpi.org/lift

Industry Conferences



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.

September:

- 9-11 - NAHREP National Convention, San Diego

August finds Racquel Reddie, an NCST Community Development Director for the Southeast U.S., serving as a panelist at the Florida Housing Coalition's conference in Orlando, Florida. Hope to see you on the road in 2018!

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

- 16-18 - The Five Star, Dallas, TX

October:

- 3-5 - Ohio CDC Association Conference, Columbus, OH
- 8-11 - Opportunity Finance Network Conference, Chicago, IL
- 18-20 - AREAA National Conference, Las Vegas
- 14-17 - MBA Annual Convention, Washington, DC

November:

- 27-29 - NHC Solutions for Affordable Housing, Washington, DC



Community Buyers - Share Your Property Success Stories

Buyers - we'd like to share your accomplishments - please do brag a little! 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.

The financial crisis still isn't over for homebuyers in rent-to-own deals

- **Listen To The Story** - <https://bit.ly/2Kw8NsQ>
- When the foreclosure crisis hit, there were few places it hit harder than Cleveland and the surrounding suburbs. Between 2006 and 2009, fully half the properties in some neighborhoods were in foreclosure. And real estate investors were snapping them up by the thousands, thinking they'd sell them for a quick profit when the market came back in a couple years. Well, the market took a whole lot longer than that to recover. And as the Great Recession dragged on, investors started looking for ways to squeeze some cash out of all those homes by luring would-be homeowners into risky rent-to-own deals. They thought they were buying into the American dream, but they ended up with anything but.



The American Dream Deferred

- by Senator Cory Booker - <https://brook.gs/2txx47Y>
- In a new Brookings Essay, Senator Booker shares real stories of struggling American workers and outlines how, for them and many others, the great American bargain—that if you work hard, you can make it—fell apart.
- Corporate profits in the United States are at their highest levels in a century, but workers' wages are the lowest they have been in more than 60 years. Stock buybacks, outsourcing, and non-compete clauses are just a few of the ways that companies are chipping away at American workers' upward mobility.

- But it doesn't have to be this way. As Booker writes, "There is no reason that a country as rich and as powerful as ours should have to choose between great wealth for the few and great opportunity for all of its citizens." He outlines several steps that Congress can take to clear the path to economic opportunity and restore and expand the American dream of his father's lifetime.

Trailers, Mapped

- <https://bit.ly/2m3Un5f>
- About 5.6 percent of all U.S. households (6.6 million households, or 17.7 million people) live in manufactured housing, commonly referred to as "mobile homes" or "trailers," according to a new report [<https://bit.ly/2m3Un5f>] from Apartment List. With one in 18 Americans living in a mobile home or trailer, the low-cost housing option is at its lowest share of total housing since the 1980s, after taking off as the Reagan administration slashed federal funding for affordable housing. The map above shows how common mobile homes are in metro areas around the country (larger circles mean more people, redder circles mean larger share of housing stock).
- The top four states with the highest concentration of mobile homes are New Mexico (16.6 percent), South Carolina (15.7 percent), West Virginia (14.4 percent) and Mississippi (14.1 percent).
- Some facts from the Apartment List report:
 - Mobile homes house owners and renters. An estimated 71.1 percent of mobile home households own their homes, while 28.9 percent rent.
 - Although 6.6 million households -- about 5.6 percent of all U.S. households -- live in mobile homes, they receive little attention in part because manufactured homes tend to shelter vulnerable groups of people.
 - Of Americans living below the poverty line, one in ten reside in a manufactured or mobile home, and the median income for living in a mobile homes is 43 percent lower than for households living in traditional real estate.
 - The median cost to live in a mobile home nationwide is \$564 per month, compared to \$1,057 to live in a non-mobile home.
- Read a related story - [The Case for Preserving Mobile Homes](#)

Single-Family Rental Prices Bode Well for Investors

- <https://bit.ly/2M9aOrU>
- Single-family rental (SFR) prices are continuing to rise, with low-end rent price gains outpacing high-end rental price increases, according to the latest [Single-Family Rent Index](#) from CoreLogic. Rental prices in the SFR market increased 2.7 percent year-over-year in March, with the pace holding steady with that recorded a year earlier. Prices in the high-end market rose 2.3 percent, compared to an increase of 3.9 percent in the low-end market, according to CoreLogic's data. CoreLogic considers properties with prices higher than 125 percent of the region's median rent price as "high end," while "low end" encompasses all those with rent prices lower than 75 percent of the regional median rent price. ... Overall, rent prices have been on the rise since 2010. They peaked in February 2016 with a 4.2 percent annual increase and have been slowing since. ...
- Some factors that fuel rent price growth are "limited new construction, low rental vacancies, and strong local economies that attract new employees," according to CoreLogic. Naturally, steadily increasing home values and the ongoing shortages of available housing stock, especially for first-time homebuyers, is also contributing to the uptick of rental prices. People need places to live, but finding them—whether within the purchase or rental space—remains challenging as we approach the halfway mark in 2018. ...
- In addition to finding a correlation between strong employment growth and accelerated rental price growth, CoreLogic also noted that "disaster-struck areas" also tended to have high paces of rental price increases. Rental prices in Houston, for example, are up 3.4 percent on an annual basis in March. Houston experienced its first rental price increase since April 2016 in October of last year, according to CoreLogic. ...

Rent just jumped to an all-time high - New report shows nationwide rent crosses \$1,400

- <https://bit.ly/2m6J6kG>
- We've known that the rent may be too high for quite a while now, but a new report shows that rent has never been this high before. Newly released data from RentCafé and Yardi Matrix shows that nationwide rents just hit an all-time high in June, crossing the \$1,400

threshold for the first time ever. According to the apartment market report, the national average rent for apartments was \$1,405 in June, an increase of 2.9% from the same time period last year and an increase of 0.9% from the month of May.

- In terms of dollar amount, apartment renters now must fork over \$40 more per month than they did one year ago. According to the report, rent increases occurred in nearly all of the nation's largest cities. Per the report, rents rose in 88% of the nation's largest 250 cities in June when compared to last year. Rents remained the same in 10% of the top 250 cities and dropped in just 2% of them. ...

Fannie Mae: Both renters and homebuyers feel pessimistic about affordable housing availability

- *Affordability concerns could be keeping people in their homes and contributing to inventory shortage*
- <https://bit.ly/2IKLwW8>
- Renters and owners are more likely to be concerned about housing affordability when they have to find a new place to live compared to the affordability of where they already live, according to a report from Fannie Mae. Basically, people feel more comfortable paying what they pay now and are concerned that their payment (whether it's rent or a mortgage) will be less affordable than what they currently have. This may explain why people are moving less frequently and, by extension, explain some of the shortage of homes on the market.
- According to a new survey from Fannie Mae, just 8% of owners with a mortgage said their mortgage was not affordable, whereas as a whopping 45% of owners overall feel that it is difficult to find affordable housing in their area.
- The same trend is evident in renters. They are much more likely to feel okay about their current dwelling's rent level than they are about the prospect of finding a new affordable place to live in their area. Additionally, two thirds of renters say that owning a home makes more financial sense, but these same renters also express a fear that getting a mortgage would be difficult, citing low credit scores or inability to afford a down payment. ...
- More than half of the survey respondents, especially the renters, said they have put a chill on non-housing expenditures, skipping vacations, taking it easy on daily spending and living with roommates to help with the cost of living. According to Fannie Mae, some of these issues may take "years" to address.

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.

[View as Webpage](#)