



August 15, 2018

Stabilizing Middle Neighborhoods, Pennsylvania Buyer Success, Policy Corner, Freddie Mac Free Workshops, Reports & Articles to read, and more

NCST Community Buyers Play Critical Role in Stabilizing Middle Neighborhoods



Since our founding in 2008, NCST has aimed to stabilize neighborhoods by getting distressed properties into the hands of mission-driven, on the ground partners that rehab these properties and who then return them to low- to moderate-income families via affordable homeownership or rental opportunities.

Recently, a lot of attention has been focused on the need for stabilization efforts in so-called "middle neighborhoods." These neighborhoods, also referred to as "tipping point" or "edge" neighborhoods, are where the housing market still has a chance to rebound, where some neighborhood assets still exist, and where incomes are in the 80 to 120 percent of area median income (AMI) range. Stabilizing neighborhoods meeting this description can stop the spread of blight and over time, decrease the footprint of the more distressed areas.

NCST and our Community Buyers have always focused on these neighborhoods, even before it was trendy. For example, in the past nine months, 41% of the property offers NCST has received have been in middle neighborhoods and 433 of these property offers were accepted by our Community Buyers.

Unfortunately, NCST sees too many properties located in these middle neighborhoods pass through REOMatch® without finding a buyer. In some cases, the homes are not of a desirable size or layout for easy marketability, jobs have been relocated to suburban areas, or the area and its residents don't qualify for the housing programs and subsidies that focus largely on under-80 percent AMI.

Some NSI markets have active efforts underway to focus on middle neighborhoods with marketing efforts, rehab and down payment assistance programs and community revitalization, including [Baltimore](#), [Milwaukee](#), [Chicago](#), and [Cleveland](#), to name a few. NCST has Community Buyers working on each of these efforts, along with a

block-by-block pilot program with Freddie Mac as part of the **Greater Chatham Initiative**.

How is your organization working to stabilize middle neighborhoods? What can NCST do to help you focus on these important areas? For example, NCST can help you identify which properties fall into middle neighborhoods in your target area by creating shapefile overlays enabling you to target acquisitions in specific neighborhoods without limiting your overall target area. If you would like to learn more, please email us: buyer@stabilizationtrust.org.

To learn more about what is being done in middle neighborhoods across the country or talk to others about starting something in your community, visit <http://midlneighborhoods.org>.

Erin Persons serves as Vice President, Program Operations for NCST.

Single Mom with Four Children Owns Affordable Home in Pennsylvania Thanks to Habitat for Humanity of Bucks County

Habitat for Humanity of Bucks County Pennsylvania purchased this property through the NSI *First Look* program, and it is now home for Susan* and her four children.

Unfortunately, Susan's husband left her after years of marriage, and she was also left with massive debt. She and her four children moved in with her mom while she regained full-time employment, paid down her debt, and improved her credit standing.

Habitat for Humanity invested more than \$170,000 in renovations, including new windows and exterior doors, new flooring throughout, fresh paint throughout, a fully-renovated kitchen, a fully-renovated powder room, updated electrical system and lighting fixtures, a new HVAC system, and a repaired garage roof.

Susan was thrilled to have the opportunity to buy an affordable home in the community where she grew up and works - even though her income is just at 80% AMI. She completed homebuyer counseling, and she and her oldest son worked together on the home's renovation; he took great pride in his work and ownership of their new home.

Divorce leaves many families financially broken, but Susan worked through these issues and is now in a safe, affordable home along with her children.

*name changed to preserve anonymity

Thank you to the Habitat for Humanity Bucks County team and volunteers for your great work in restoring and preserving affordable housing for your community!

Before



After



Home Team Advantage™ - FREE One Day Training Events



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Get the Advantage on 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. 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 > New NCST Report - Fast Track Foreclosure Laws: Not a Silver Bullet for Fighting Blight



Despite an overall housing recovery, many communities are still held back by high numbers of vacant and abandoned homes. Increasingly, states are experimenting with expedited foreclosure processes for these properties to prevent blight – but are those laws producing results?

A new report by the National Community Stabilization Trust, which focuses on stabilizing neighborhoods and eliminating blight, finds that the expedited foreclosure laws in four states – Illinois, New Jersey, New York, and Ohio – appear to have produced minimal results. Rather, these legislative efforts are more useful as policy vehicles for other changes to foreclosure laws.

“Unfortunately, the lack of data on expedited filings in places that have passed a fast-track foreclosure law makes it hard to determine what, if any, effect these laws have had,” said Julia Gordon, NCST’s Executive Vice President. “Additionally, in most jurisdictions, the majority of vacant properties are not in the foreclosure pipeline, so speeding up the process is not a silver bullet for solving the problem of blight.”

The report is based on analysis of available complaints and filings data from New Jersey as well as original interviews with attorneys, lobbyists, lending industry and consumer finance advocates in all four states. It includes the following recommendations for policymakers exploring fast-track foreclosure legislation as well as those in states that have already begun implementation:

- Ensure that both proposed and existing statutes require the collection of detailed data about the use of expedited foreclosure provisions;
- Consider how to ensure that expedited foreclosure provisions are used to protect neighborhoods from blight;
- More effectively engage consumer, neighborhood, and housing advocacy groups in the legislative process;
- Break down silos among advocates working in foreclosure prevention and neighborhood stabilization;
- Enforce servicers’ obligation to protect and preserve properties.

Julia Gordon serves as Executive Vice President for NCST.

[Read the Foreclosure Fast Track Report](#)

Buyer Resources

Free Webinar:

Creative Placemaking on Vacant Properties: Lessons Learned from the Field

Grant Opportunity:

CDFI Fund Opens FY 2018 Funding Round for Capital Magnet Fund

The U.S. Dept. of the Treasury’s Community

Date: Thurs, August 23, 2018

Time: 12:00-1:00 pm EDT,
What is “creative placemaking,” and how can it be used to support the equitable revitalization of vacant properties? In this webinar, the CCP will discuss how arts and culture can be integrated into community planning and development, and highlight key findings from the new report, Creative Placemaking on Vacant Properties: Lessons Learned from Four Cities. The report explores how four cities used creative placemaking on vacant properties, and details the impacts of their efforts, challenges faced, and lessons learned.

Hosted by: Center for Community Progress.

- [Click here to register for webinar](#)
- [Click here to download the free report](#)

Interactive Game:

What are the "Right Moves" for your Family?

Choosing the right move is hard when there isn't enough decent affordable housing for low-income families. Check out this interactive game in which you're the head of your family, with limited income and no government assistance. You have to navigate tough choices to prioritize your family's education, health, and finances as the head of a low-income family, and see how the scenario might have been different if you'd had a housing voucher.

- [Click here to access this game](#)

Development Financial Institutions Fund (CDFI Fund) has opened the fiscal year (FY) 2018 funding round for the Capital Magnet Fund, through which funds are competitively awarded to CDFIs and qualified non-profit housing organizations. These awards can be used to finance affordable housing activities, related economic development activities, and community service facilities. The objective is to attract private capital to economically distressed communities, including underserved rural areas.

Application Materials: [Click here](#) to find the application, instructions, and related guidance.

Reports to Read:

Home Matters for Florida Report

The Florida Housing Coalition released “Home Matters for Florida Report 2018” in support of a national “Home Matters” initiative to educate the public and policymakers about the value of housing when it comes to health, education and the economy.

Quick Facts from the Report:

- > 912,967 very low-income Florida households—which include hardworking families, seniors, and people with disabilities—pay more than 50% of their incomes for housing.
- > Low-wage jobs are prevalent in Florida's economy. In many occupations, workers do not earn enough to rent a modest apartment or buy their first home.

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

Digging Deeper: Ten Striking Findings from Our Latest State of the Nation's Housing Report

This year marked 30 years since the Joint Center for Housing Studies released its first report in 1988 and this year's report includes a number of statistics that surprised even the experienced researchers who prepare it. Here are 10 particularly notable stats from the 2018 report:

1. The average number of single-family homes for sale during 2017 was lower than at any point since 1982.
2. One in three homeowners is age 65 or over.
3. Only one in three renters has more than \$10,000 in assets.

Read the article for item #s 4-10 ...

- [Read the full article here](#)



Racquel Reddie, an NCST Community Development Director for the Southeast U.S., will serve as a panelist at the Florida Housing Coalition's conference this month in Orlando, Florida. She'll also be a panelist at the Florida Redevelopment Association Conference in October.

Hope to see you on the road in 2018!

August:

- 20-24 - NeighborWorks America NTI, Louisville, KY
- 27-29 - Florida Housing Coalition's Annual Conf., Orlando FL

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, CA
- 16-18 - [The Five Star](#), Dallas, TX

October:

- 3-5 - [Ohio CDC Association Conference](#), Columbus, OH
- 8-11 - [Opportunity Finance Network Conference](#), Chicago, IL
- 14-17 - [MBA Annual Convention](#), Washington, DC
- 18-20 - [AREAA National Conference](#), Las Vegas, NV
- 24-27 - [Florida Redevelopment Association Conference](#), Ft. Myers, FL

November:

- 6-9 - [National Community Development Assoc. – SE Region VI Conference](#), Birmingham, AL
- 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.

Wells Fargo accidentally foreclosed on more homes—what you should do in a similar situation

- <https://on.mktw.net/2KChmhK>
- A computer glitch at Wells Fargo may have caused more than 400 people to lose their homes, the company admitted on Friday. Between April 2010 and October 2015, a malfunctioning Wells Fargo tool miscalculated whether homeowners would qualify for a federally-backed program to modify mortgage payments and keep their homes. As a result, 625 qualified customers were denied a loan modification, causing at least 400 to lose their homes. A spokesman for Wells Fargo said the people whose homes were lost



- after being denied a modification may have been foreclosed on regardless.
- “All of the customers impacted were in foreclosure prior to the modification review and many were able to avoid foreclosure,” he said. “Customers were denied a modification in error and ultimately lost their homes to foreclosure.”
- **Life-altering mistakes like this are actually fairly common, Julia Gordon, executive vice president at the National Community Stabilization Trust, said. She’s expressed surprise that the number wasn’t higher. “Throughout the housing crisis, servicers made innumerable errors. It’s hard to imagine these people were the only ones foreclosed upon mistakenly.”**
- **People who are facing foreclosure should seek help from a qualified intermediary, Gordon said. The U.S. Department of Housing and Urban Development offers a list of mortgage insurance programs and legal help by state on its website and the Consumer Financial Protection Bureau also has a service that allows people to look up services by zip code. ...**
- For the error that caused some 400 foreclosures, Wells Fargo is offering customers \$8 million, amounting to around \$20,000 per customer, assuming all 400 were foreclosed upon in error. **Gordon called the \$20,000 “insulting,” noting that the loss in value from a house in the years since 2010 would be worth far more than \$20,000 — and the cost to homeowners goes beyond the financial. ...**
- **“Losing your home is one of the most traumatic things that can happen to a family,” Gordon said. In a situation where a home was foreclosed upon in error, she said the homeowner should be compensated for “pain and suffering” as well.**

Both renters and homeowners could benefit from better housing policy

- <https://brook.gs/2MiiqMs>
- American families have been feeling the pinch of rising housing costs for several years. State and federal policymakers have therefore started to propose new interventions to help. Senators Kamala Harris and Cory Booker—both representing states with high housing costs and both presumed Democratic presidential candidates—have put forward separate proposals for a federal tax credit for cost-burdened renters. ... This past spring, California state Senator Scott Wiener caused seismic ripples in the Golden State’s politics by proposing to override local zoning and allow higher density development around transit stations throughout the state. Housing issues will be on state ballots this November, including a referendum to expand rent control in California and New York gubernatorial candidate Cynthia Nixon’s proposed tenant protections.
- These proposals draw more attention to housing affordability. Yet the suggested policies are mostly partial fixes that do not address the underlying problems in U.S. housing markets and policies. In two previous pieces, I have outlined broad housing policy goals and discussed limitations of our current policies. This final piece in the series offers some recommendations on how federal, state, and local governments could work together to improve the affordability, availability, and equity of housing outcomes for U.S. families.
 - **Level the playing field between renters and owners.** Current policies are heavily stacked in favor of owners, from federal tax subsidies for homeowners to local zoning that favors single-family houses over apartments. Using public policy to penalize tenure choice is both unfair and economically inefficient. ...
 - **Stop strangling supply in high-demand locations.** In well-functioning housing markets, supply will expand to accommodate population and job growth. But there is widespread evidence that housing supply in some high-demand regions—like California and much of the Northeast corridor—is artificially constrained by excessive local land use regulation. ...
 - **Help poor families bridge the gap between income and rent.** Reducing zoning constraints and building more market-rate housing will ease affordability problems for middle-class families. But the poorest 20 percent of families don’t earn enough to pay the rent on even modest apartments. Current federal assistance falls well short of helping those families afford a safe, stable, decent place to live: About one in five eligible families receive federal housing assistance. ...
- Housing policies alone cannot save places harmed by past policy failures. High-cost, supply-constrained locations currently draw the most public attention. Yet some communities suffer from the reverse problem: excess housing supply, which translates into vacant housing and blighted neighborhoods. Many large cities with high vacancy rates are casualties of past policy failures, such as redlining that starved black neighborhoods of mortgage capital. ...

Housing affordability reaches 10-year low

- <https://bit.ly/2vyGNfi>
- Housing affordability has now reached a 10-year low in the second quarter of 2018, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index. "Tight inventory conditions and rising construction costs are factors that are holding back housing and putting upward pressure on home prices," NAHB Chairman Randy Noel said. "Meanwhile, tariffs on Canadian lumber imports into the U.S. are further eroding housing affordability." Homebuilders are struggling to ensure pricing does not outpace expected gains in wage growth, according to Noel.
- In fact, only 57.1% of new and existing homes sold between the months of April and June were affordable to families earning the U.S. median income of \$71,900.
- This is the lowest reading since mid-2008 and is down from the 61.6% of homes sold in Q1 that were affordable to median-income earners, according to the report. ...

How to Save the Troubled American Heartland

- <https://bloom.bg/2AU0raP>
- Many books have been written about East Asian industrial policy — government efforts to pick winning industries and nurture economic development. There has been some attention to European initiatives as well. In comparison, relatively little has been written about modern U.S. industrial policy. Advocates of a more purposeful government role in American economic development often hearken back to the age of Alexander Hamilton or Franklin Roosevelt, contrasting them with the modern era of laissez-faire policy and finance-driven capitalism.
- But at the local level, it's a different story. Even as the U.S. federal government has largely refused to pick winners (except perhaps for the financial sector), cities and towns have been vigorously working to promote specific business and industrial clusters. Those local efforts have received relatively little attention, but they could be key to the revival of many of the country's struggling regions.
- Veteran journalist James Fallows and writer Deborah Fallows (a married couple) document this process in **their recent book**, "Our Towns: A 100,000-Mile Journey into the Heart of America." The book is billed as a Tocquevillian quest to rediscover the heart of American small-town civic cooperation and democracy — a pushback against claims by people like sociologist Robert Putnam that the country is falling into a state of isolation and anomie. But it's also an insightful and penetrating exploration of how American cities can get back on their feet after devastating blows from the Great Recession, the China trade shock and the deindustrialization of the Rust Belt.
- Traveling across the country in a light aircraft, the authors avoided the big coastal cities that tend to capture headlines and attention. Despite the title, they actually visited only a few small towns and rural areas — most of their targets are medium-sized cities like Allentown, Pennsylvania, or Greenville, South Carolina. These tend to be places with populations numbering in the tens of thousands — large enough to sustain a downtown, but not large enough to become major industrial clusters. ...

Finding Affordable Housing Is A Struggle For Americans Across Income Levels

- Listen to the story or read: <https://bit.ly/2MtekxT>
- Almost half of all renters spend more than 30 percent of their income on rent, and with the lack of affordable housing, it's no wonder more than 500,000 Americans spend the night on the streets. There's nowhere in this country where there's enough housing for people who need to afford it at the bottom of the income scale. We used to have a surplus of affordable housing for lowest-income Americans back in the 1970s. Right now, there's a 7.2 million unit deficit. That's really hard to overcome. It's a game of musical chairs where there are not enough chairs.
- We see people coping by sometimes doubling up; people will cram multiple families into one unit or a unit with a couple of bedrooms. People will spend far too much money on a unit well above what's considered affordable and sacrifice other places just so they have a roof over their head. ...
- The benchmark that is widely accepted is 30 percent of your income, it should be the ceiling above which you shouldn't be going. If you're spending more than about a third of your income on rent that's considered to be unaffordable or a strain on your budget. Of course, across the country about half of renters are spending more than that to afford somewhere to live. ...
- Considering we have a deficit of 7.2 million rental homes for the very lowest-income Americans — that's people at the bottom of the income scale — if we added just that number, we would start to fill the hole. ... This is a problem that is reaching up the income

scale. A lot of people are struggling, particularly in the wake of the housing crisis when a lot of people were foreclosed on or lost their houses and were pushed back into the rental market. ...

The \$1,300 U.S. Rental Home Is So Hot the Canadians Are Bidding for It

- <https://bloom.bg/2rNq7y0>
- Last quarter, Tricon Capital Group Inc. used proprietary software to scrape 100,000 house listings in the U.S. Sunbelt states. It put offers on 1,500 and ended up buying about 400. This quarter, the Canadian firm expects to buy up to 600 more. Tricon has become the third-largest publicly listed landlord of U.S. single-family rentals by snapping up homes from Arizona to Florida. It now ranks behind Invitation Homes Inc., backed by Blackstone Group LP, and American Homes 4 Rent in a market it says is valued at about \$3 trillion and is still largely owned by individual investors.
- The demand “feels like it’s insatiable,” Tricon Chief Executive Officer Gary Berman said in an interview in Bloomberg’s Toronto office. “Sixteen million American households rent single-family homes. So put that into perspective. That’s bigger than the entire Canadian housing market.”
- Tricon is aiming to double its assets under management to \$10 billion by 2023, attracting capital from institutional investors and bringing corporate efficiency to the market. The Toronto-based company owns 15,500 rental homes in the U.S., with a value of about \$2.9 billion. That compares with more than 80,000 for Invitation Homes and about 52,000 for American Homes 4 Rent.
- The U.S. market for rentals has boomed as banks tightened credit standards for mortgages after the housing crash, Berman said. In today’s sharing economy, there’s also less stigma associated with renting, Berman said. Then there’s technology, which has made it possible for businesses to buy homes and manage their properties at scale. “I mean, we’re buying 400 homes, and we could be buying 800 homes per quarter, one at a time,” Berman said. “You can’t do this without technology. This is a technology business.”
- Tricon is also building out its maintenance capabilities, with a fleet of trucks Berman calls a “Home Depot store on wheels.” ... Tricon targets workforce housing -- for police officers, teachers and the like -- that rents for an average \$1,300 per month. ...

Special Report: Spiders, sewage and fees - the other side of renting from Wall Street

- <https://reut.rs/2mUeKIS>
- The rental home seemed so beautiful when McKayla Ferreira first laid eyes on it. The roof had three gables, fruit trees grew in the backyard, and the front porch gleamed with a fresh coat of paint. Then Ferreira moved in. First, she noticed water leaking through the bathroom and kitchen ceilings. Then she found a furry black mold spreading across the walls and raw sewage sluicing through the crawl space. Worst, to her, were the black widow spiders swarming her kitchen cupboards and linen closets. ...
- Ferreira called her landlord, Invitation Homes Inc (INVH.N), a creation of private equity giant Blackstone Group LP (BX.N). The spiders were a “housekeeping issue,” the company representative told her, and she should “clean the place up.” Invitation Homes wasn’t enthusiastic about fixing the leaks, either. Two months passed before it sent someone to cut through the ceiling and fix the pipes, Ferreira said. Then the company took seven more months to patch it all up. .
- After Whitney Hurst and her family moved into the property last year, Hurst said, she immediately called in a work order for a long list of complaints, including leaky pipes, vermin and a broken garage door that nearly fell on her children. She said the repairman who showed up to fix one of the leaks told her that he didn’t have the right wrench for the job and to “have your husband fix it.” ...
- An Invitation Homes spokeswoman acknowledged that the house had some problems when Ferreira rented it, including roof and plumbing leaks and “a spider issue.” The company said it compensated Ferreira \$887.30 for maintenance and utility billing issues caused by the plumbing leak, plus two weeks’ rent. It said its records show that other issues with subsequent tenants have been “minimal” – termites and a problem with the heating and cooling system – and they were addressed.
- Invitation Homes pitches itself as a singular landlord providing unprecedented ease and comfort for renters of its tens of thousands of single-family homes. But in interviews with scores of the company’s tenants in neighborhoods across the United States, the picture that emerges isn’t as much one of exceptional service as it is one of leaky pipes, vermin, toxic mold, nonfunctioning appliances and months-long waits for repairs. Tenants also complain

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](#)