Housing Foreclosures in the Metro Atlanta Region

Regional Leadership Institute
September 14, 2011
Foreclosure

- Know someone or home in neighborhood?
- Home underwater?
- Toxic Asset?
- Secondary mortgage market/Fannie Mae?
- Collateralized debt obligation?

Two buckets
1. Real estate/construction/home ownership
2. Finance/banking (Layoffs BOA, U.S. files lawsuits)
Foreclosure Facts

2010
• 2,871,891 Properties with filings
• 1 in every 162 U.S. homes

2011 - Midyear
• 1,170,402 Properties w/ Filings
• -25% from Previous 6 months
• "Paperwork problems continue to cause delays"

Source: RealtyTrac.com
Foreclosure Facts

• 2010 – Georgia 6th in properties with foreclosure filings (RealtyTrac)

• 2011 (Jan-Jun) – Georgia 5th in properties with foreclosure filings (RealtyTrac)

• July 2011 – Despite national 44 month low, Georgia has 18% increase, 3rd in nation (RealtyTrac)

• Georgia 2nd highest consumer financial distress: unemployment, housing, credit, managing household budgets, net worth. (CredAbility)
Foreclosure Facts

• Atlanta 3rd in # of properties with filings (RealtyTrac, Jan-Jun 2011)

• Atlanta 1st in "Cheaper to buy than rent" (Deutsche Bank, 2011)

• Atlanta, Detroit, Cleveland and Vegas only cities with housing price indexes below 2000 levels (Standard & Poor's/Case-Shiller Index)

• Metro Atlanta 3rd Highest Increase in foreclosure activity among 20 largest metro areas (RealtyTrac)
Foreclosure Facts

20-County Foreclosure Filings

- January: 2011 (10,000), 2010 (12,000), 2009 (14,000)
- February: 2011 (12,000), 2010 (14,000), 2009 (16,000)
- March: 2011 (14,000), 2010 (16,000), 2009 (18,000)
- April: 2011 (16,000), 2010 (18,000), 2009 (20,000)
- May: 2011 (18,000), 2010 (20,000), 2009 (22,000)
- June: 2011 (20,000), 2010 (22,000), 2009 (24,000)
- July: 2011 (22,000), 2010 (24,000), 2009 (26,000)
- August: 2011 (24,000), 2010 (26,000), 2009 (28,000)
- September: 2011 (26,000), 2010 (28,000), 2009 (30,000)
- October: 2011 (28,000), 2010 (30,000), 2009 (32,000)
- November: 2011 (30,000), 2010 (32,000), 2009 (34,000)
- December: 2011 (32,000), 2010 (34,000), 2009 (36,000)
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<td>134</td>
<td>1,102</td>
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**Total: 11,785, 12,535, 12,554, 9,038, 11,025, 8,596, 9,882**

**2010 Total: 75,415, 80,995, 5,580**

Source: Equity Depot
## A Closer Look

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<th>Fulton</th>
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<tr>
<td><strong>Total Housing Units</strong></td>
<td>425,921</td>
<td>279,851</td>
<td>70,180</td>
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<tr>
<td><strong>2010 Filings</strong>*</td>
<td>24,449</td>
<td>26,507</td>
<td>6,984</td>
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<td>% of Total Units</td>
<td>5.7%</td>
<td>9.5%</td>
<td>9.9%</td>
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<td><strong>2011 Filings YTD</strong>*</td>
<td>13,729</td>
<td>15,709</td>
<td>4,469</td>
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<td>% of Total Units</td>
<td>3.2%</td>
<td>5.6%</td>
<td>6.3%</td>
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<td><strong>Foreclosures For Sale</strong></td>
<td>22,573</td>
<td>16,807</td>
<td>4,774</td>
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<td>% of Total Units</td>
<td>5.3%</td>
<td>6.0%</td>
<td>6.8%</td>
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<td>**Vacancy ***</td>
<td>70,469</td>
<td>25,336</td>
<td>7,524</td>
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<td>% of Total Units</td>
<td>16.5%</td>
<td>9.1%</td>
<td>10.7%</td>
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*Equity Depot, **RealtyTrac, ***Census Bureau
Causes

- Homeowner Speculation (Flip my house)
- Community Reinvestment Act
- Investor Speculation - Rating companies
- Supercharged Homebuilding
- Mortgage Fraud
- Predatory Lending - Sub-prime loans
- Job loss
- Values - Underwater loans
The Great Recession has wiped out all of the employment gains of the past decade in the Atlanta Region.
Implications

- Jobs lost - unemployment
- Loss of value
- Families displaced
- Local and state revenues
- Neighborhood impacts
- Need to retool, realign, retrench
Going Global

Home market gets foreign aid

By Christopher Quinn
The Atlanta Journal-Constitution

Foreign accents and real estate agents representing foreign buyers have become common at foreclosure auctions in metro Atlanta.

Georgia has long been a top-10 state for foreign real estate investors, the National Association of Realtors says, but low home prices and strong foreign currencies have made the U.S. and Georgia even more attractive to investors. What is new in this round of buying is that individuals, not just investment firms, are getting involved, and they are dropping money into Atlanta houses, condos and apartments rather than stocks or bonds back home.

Foreign residential investments in the U.S. grew from $66 billion to $82 billion in the 12 months between March 2010 and 2011, the NAR says. Two percent of the $82 billion came to Georgia, it says.

In addition to Georgia and US investors in real estate...

• Global investing increasing
• $66B to $82B in last year
• 2% ($1.6B) in Georgia
• NAR: Georgia a Top 10 state
• Prices attracting small investors
Implications

Absentee/Investor Ownership of Low-to-Moderate Income Neighborhoods

**Pro's**
- Increased Affordability
- Cash infusion into market

**Concerns**
- Homes left unoccupied
- Lack of tenant screening
- Poor property management
- Little rehab
- Code enforcement concerns
- Lack of accountability
Local Response

Local Governments
• NSP Program
• Property registries
• Land banking
• Code enforcement

Nonprofits
• Pittsburgh Community
• Habitat for Humanity
• ANDP

Housing Counseling Orgs.
• Foreclosure Prevention
• Pre-Purchase Counseling
• Post-Purchase Counseling

Others - Collaborations
• Douglas County PBP
• Clayton "Kitchen table"

Despite efforts – a better, coordinated response needed
• Initiative conceived in 2010 by nine local, regional, national organizations!

• More than 140 partner organizations including (counselors, governments, builders, lenders, neighborhood groups, nonprofits, researchers, funders and more!)

• Partners participating in dialogue and promoting best practices in foreclosure prevention, mitigation and response.
Piece by Piece Partners

(1) Participate in thoughtful discussion around solutions

(2) Give careful consideration to making a public commitment as an independent organization or as part of a larger collaborative effort to stem the tide of foreclosure.
"The most exciting grassroots effort – You have inspired us all."

-Shaun Donovan, Secretary of U.S. Housing & Urban Development addresses Piece by Piece Midyear Update
Leaders from five counties discuss local government response to the foreclosure crisis in their communities.
PBP in Action

Douglas County PBP

"Save A Home" Task Force

Members: Clergy, Loan Officers, County, Realtors, Remodelers, Appraisers, Bankers

Education/Assistance: CredAbility, Local Businesses

Legal Support: Pro Bono Legal Task Force

Homeowner Options: Modification, Reverse Mortgage, Refinance, Hardest Hit Fund, Rental, Sale/Short Sale, Bankruptcy

Initiative Task Force

Westside HBA, West Georgia Board of Realtors
Douglas County Development Authority
Douglas County Government, City of Douglasville
Douglasville Development Authority
Douglas County Housing Authority
Greystone Power
First Methodist Church of Douglasville
Douglas County Chamber of Commerce

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PBP in Action

Iron Gate Neighborhood

Southern Crescent's Neighborhood Reinvestment Initiative (NRI)

• 70 Homes rehabbed for low income families
• Buyers must complete training on home maintenance and financial education
• Homes have energy efficiency included in renovations
Regional Housing Summit

• 2-day event featuring Senator Johnny Isakson, Ron Sims - Deputy Secretary of HUD, Eldrin Bell – Chairman, Clayton County Board of Commissioners

• Special presentations on: foreclosures, senior housing, special needs housing, Veterans housing, workforce housing

• Nearly 250 attendees
PBP in Action

Rehab Mortgage Training

Training for Realtors, Lenders & Housing Counselors

• Half-day session

• Rehab Mortgage Products
  • HUD: 203k, Streamline
  • Fannie Mae: HomePath, HomeStyle

• Training provided by HUD Atlanta Homeownership Center, Fannie Mae

• 150 attendees
Best Practices

- NSP Program
  - Convened NPO/Gov
  - Promoted Best Practices
- Piece by Piece
  - Founding Organizer
  - Convening Local Govts
- Focus on Recovery/Growth
  - Plan 2040
  - Regional Transportation
What's Next?

Are You A Part of the Solution?
Join Piece by Piece!

www.AtlantaRegionalHousing.org/pbp
(Coming Soon www.pbpinitiative.org)

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Carter  NorSouth  APD Solutions