

DeKalb County NSP 3

Understanding Markets and Resources to Identify Target Neighborhoods

Neighborhood Stabilization Program -- NSP3 Public Meeting
January 22, 2011
Maloof Auditorium Decatur, GA

Dr. Michael J. Rich

Dr. Moshe Haspel

Emory University, Office of University-Community Partnerships

Acknowledgements

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Please direct any questions or requests for further information to:

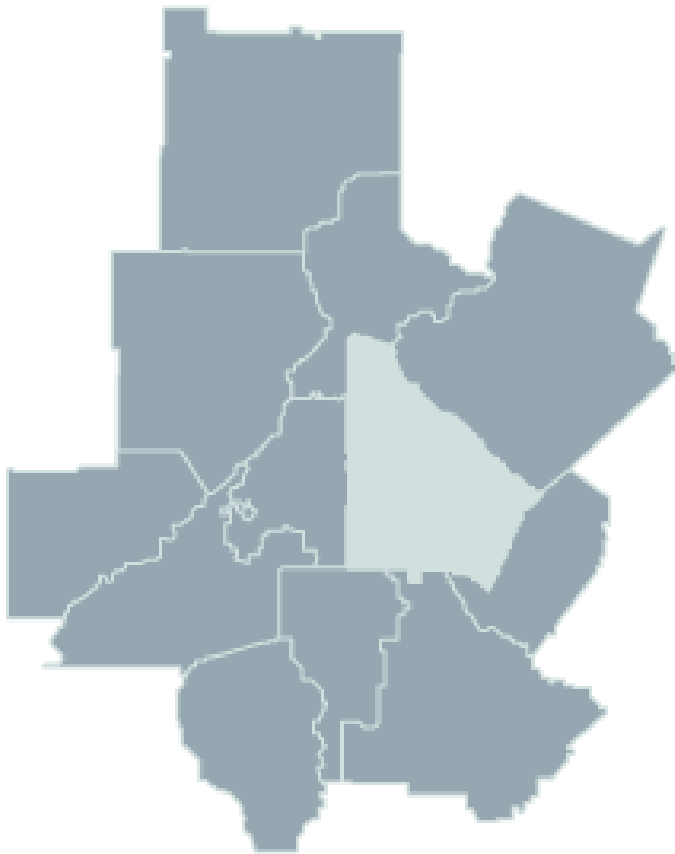
David Wu , Planning Manager
DeKalb County Department of Community Development
150 E. Ponce de Leon Ave. Suite 330, Decatur, GA 30030
Office: 404-286-3349
Fax: 404-286-3337
Email: dmwu@dekalbcountyga.gov

We will compile the questions, group them by category, and post responses on the DeKalb County Community Development Web Site.

<http://www.co.dekalb.ga.us/commdev/index.html>

DeKalb County in Context

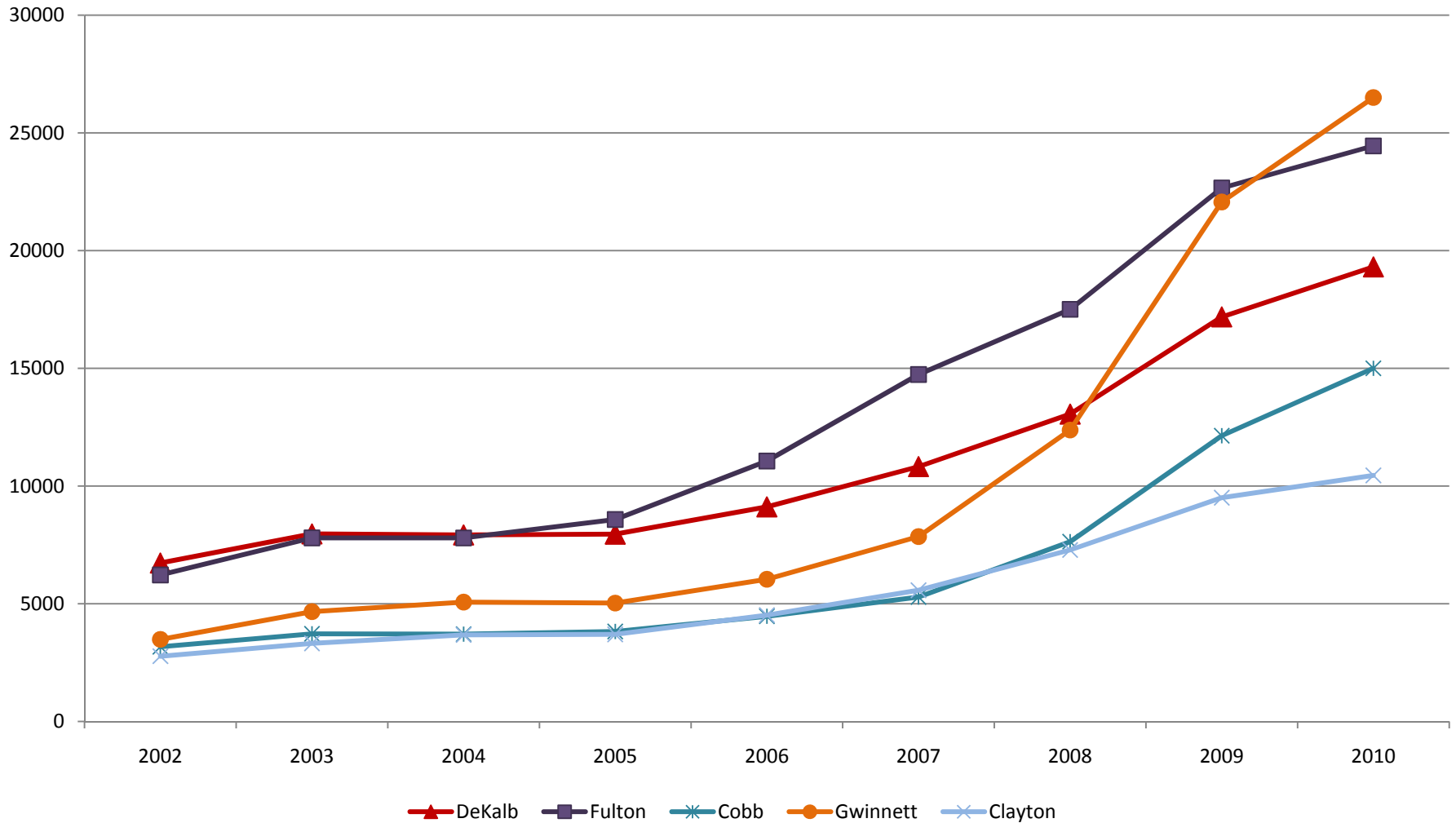
Understanding the Foreclosure Crisis in Metropolitan Atlanta



	DeKalb County	ARC 10-County
Population, 2009 (thousands)	731	4,124
Population change, 2000-09	9.8%	20.3%
Employment change, 2000-09	-15.3%	-4.8%
Employment Forecast, 2000-30	24%	55%
Housing units, 2000-09	16%	27%
Home prices, 2008-09		
New homes	-44%	9 of 10
Existing homes	1.39%	7 of 10

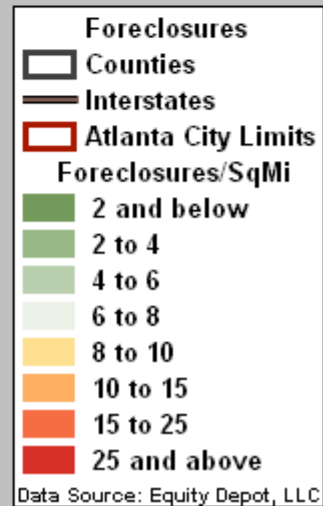
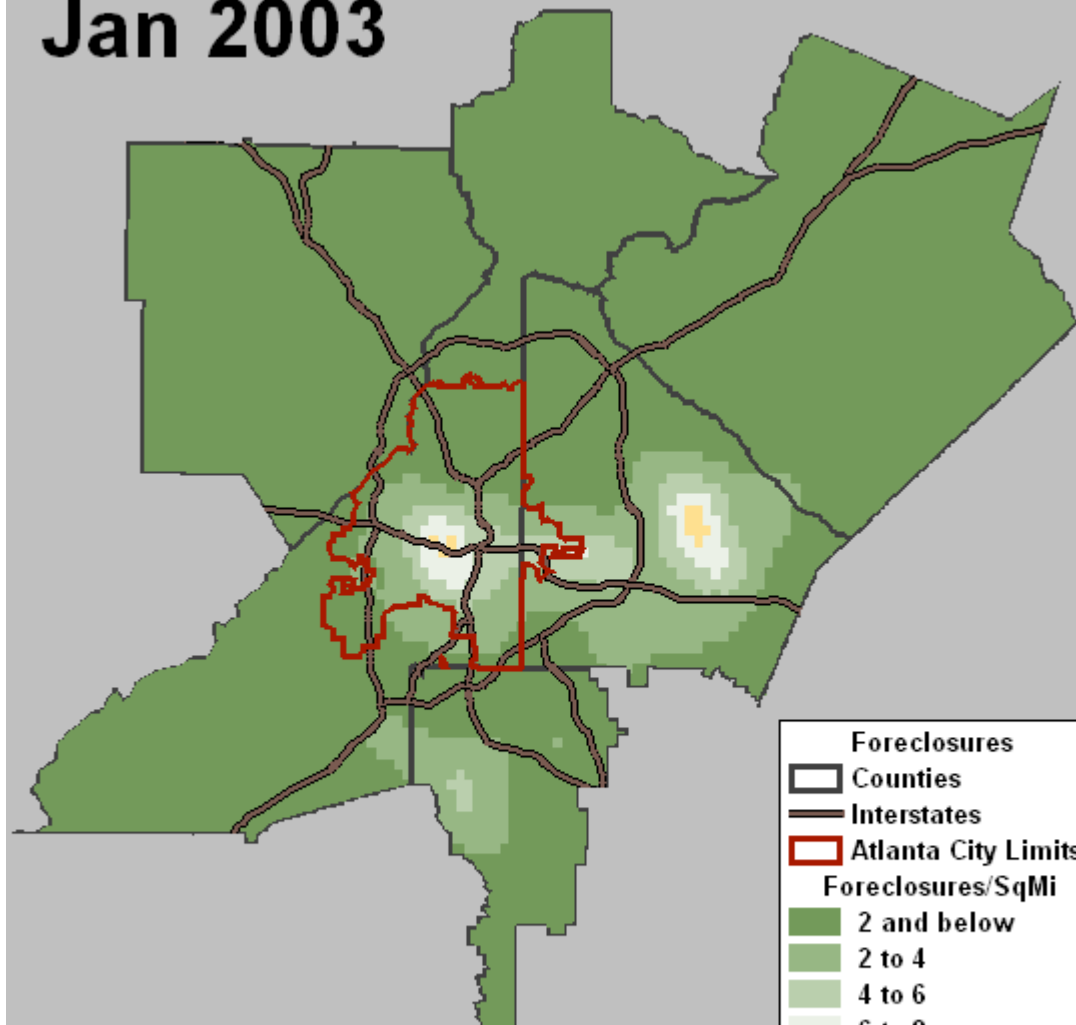
Source: Atlanta Regional Commission

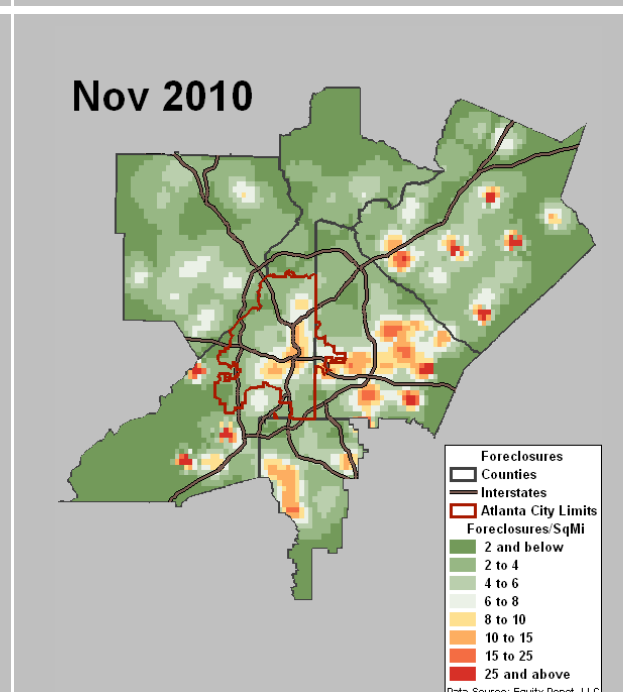
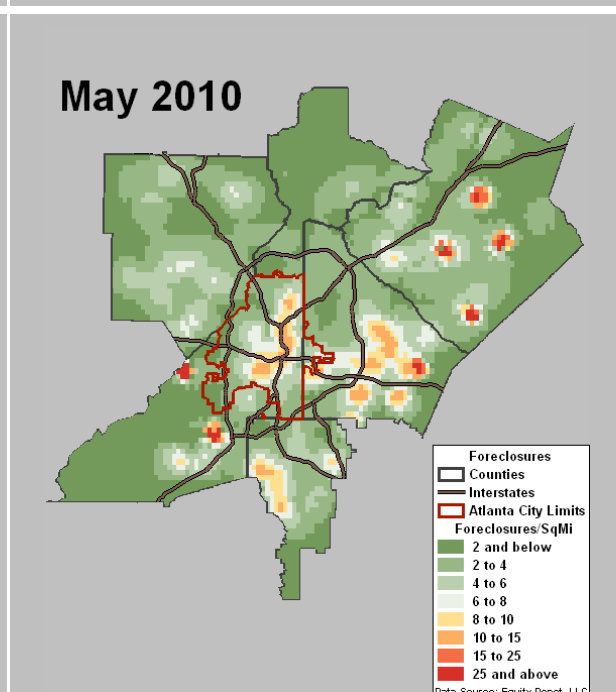
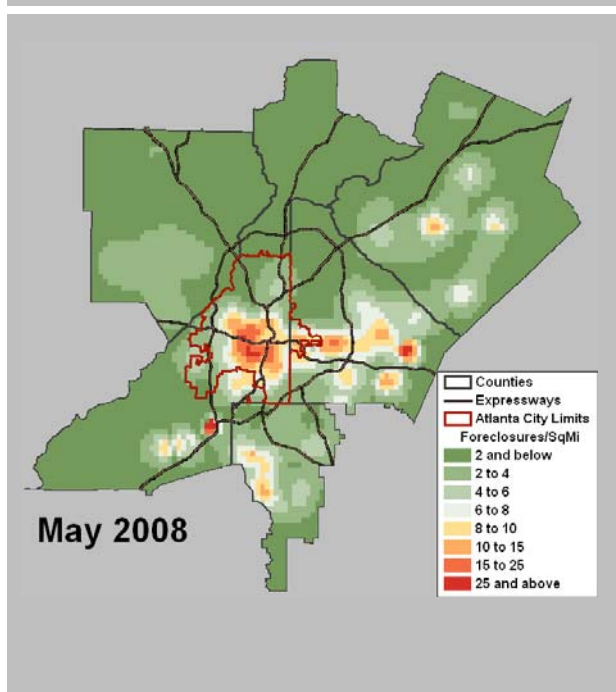
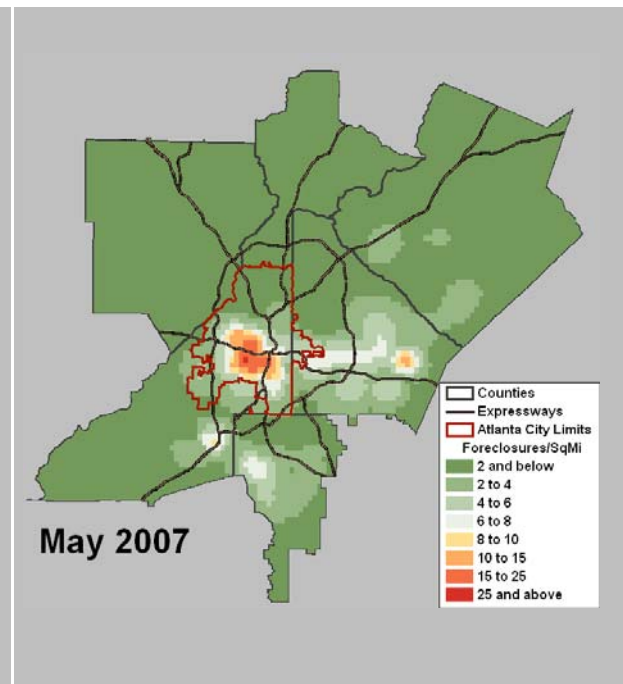
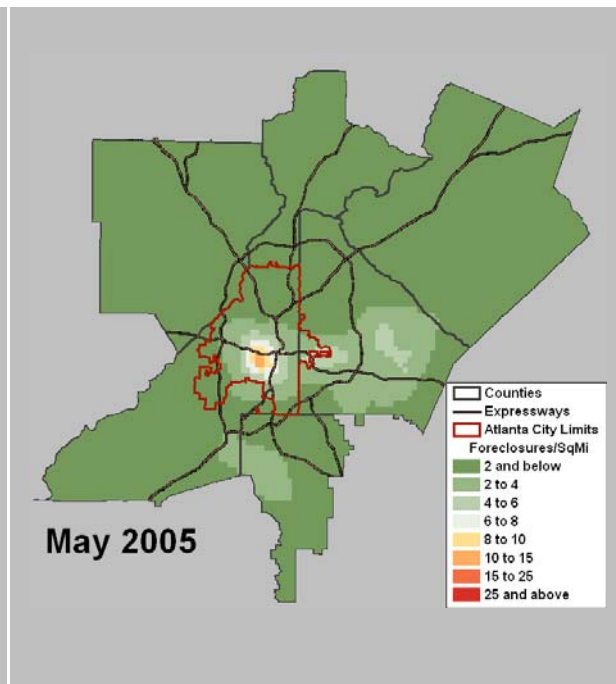
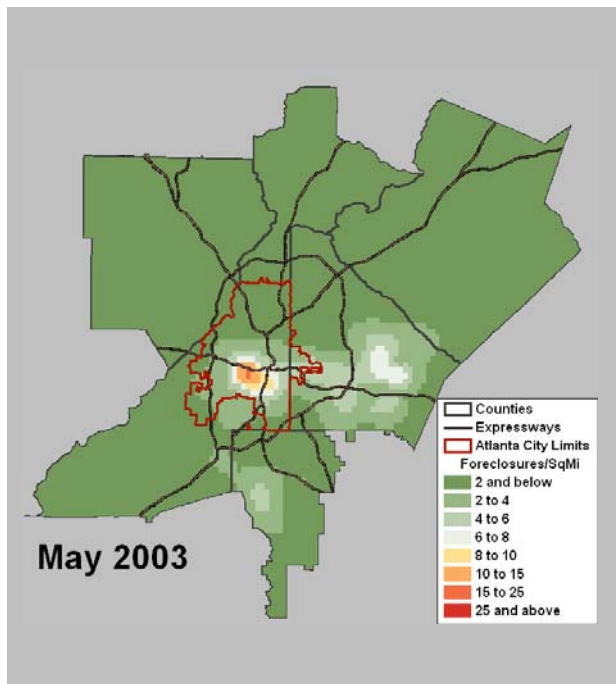
Foreclosure Filings, 2002 - 2010



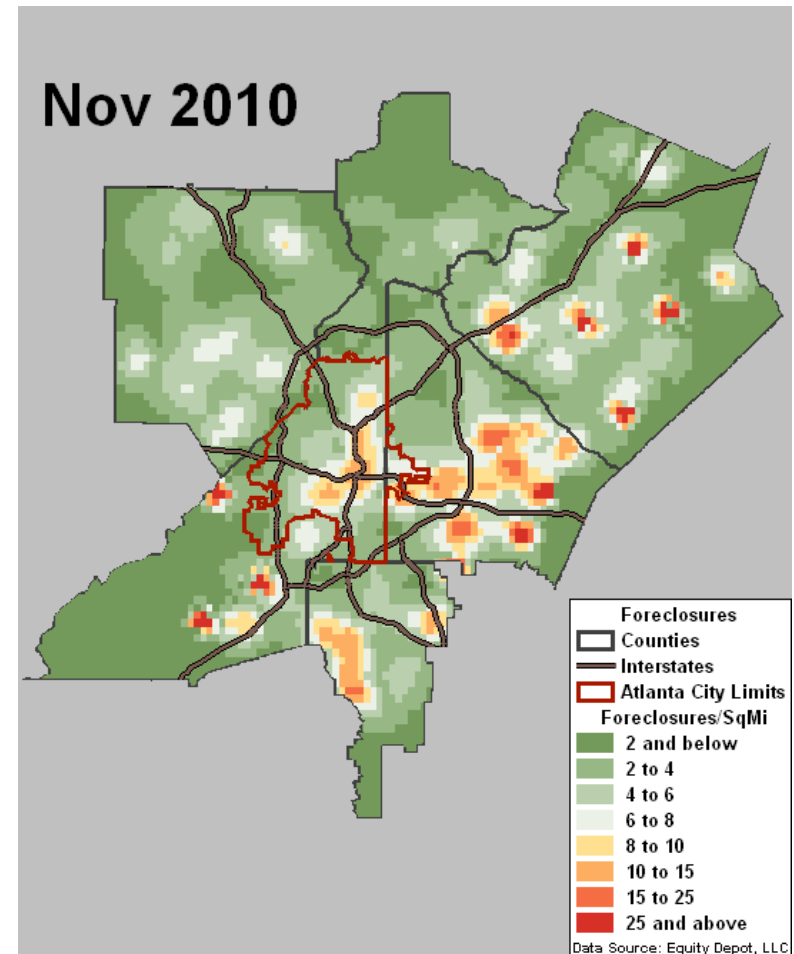
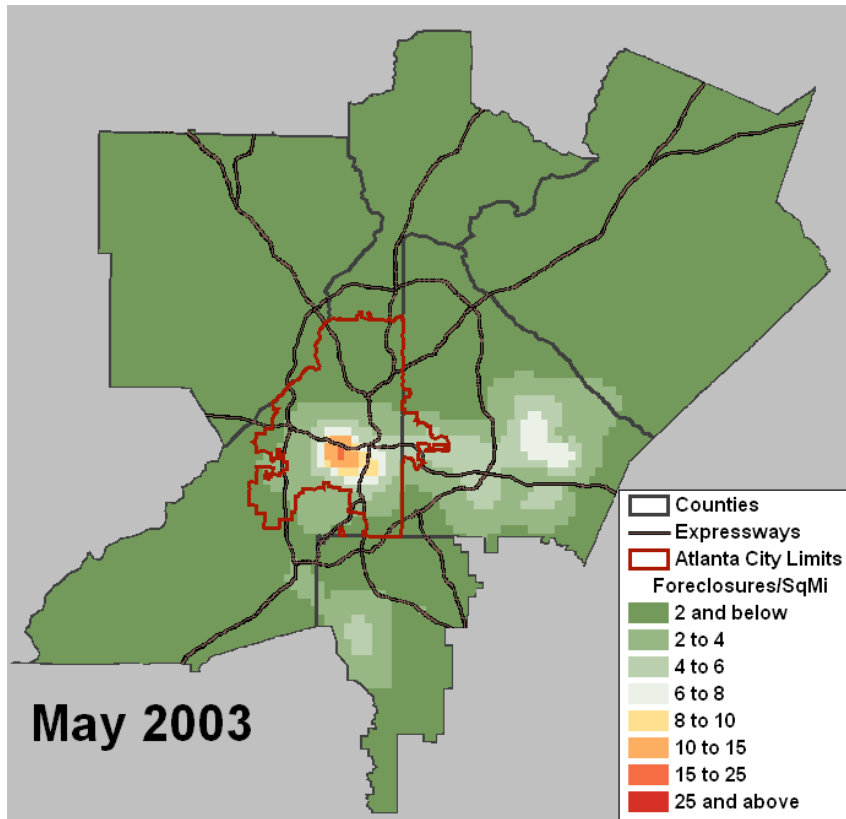
Source: Equity Depot, Atlanta Foreclosure Report

Jan 2003

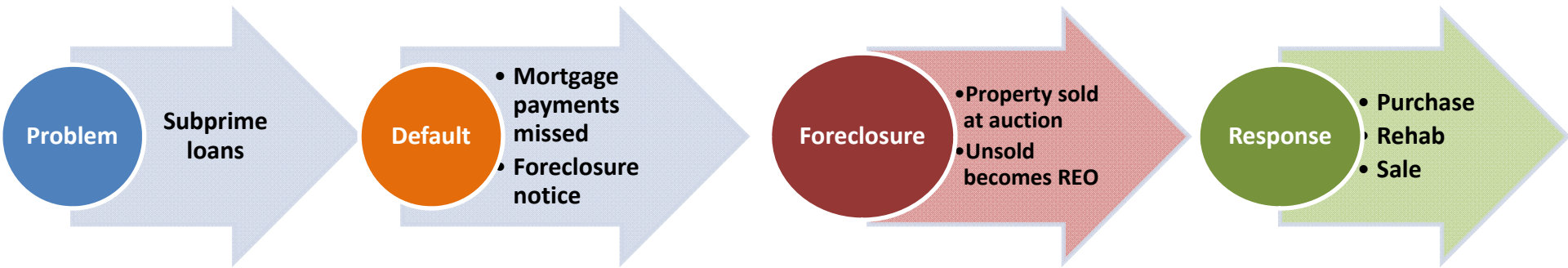




Foreclosure Crisis in Metro Atlanta: Then and Now



Steps in the Foreclosure Process



Bank-Owned Properties, 2009

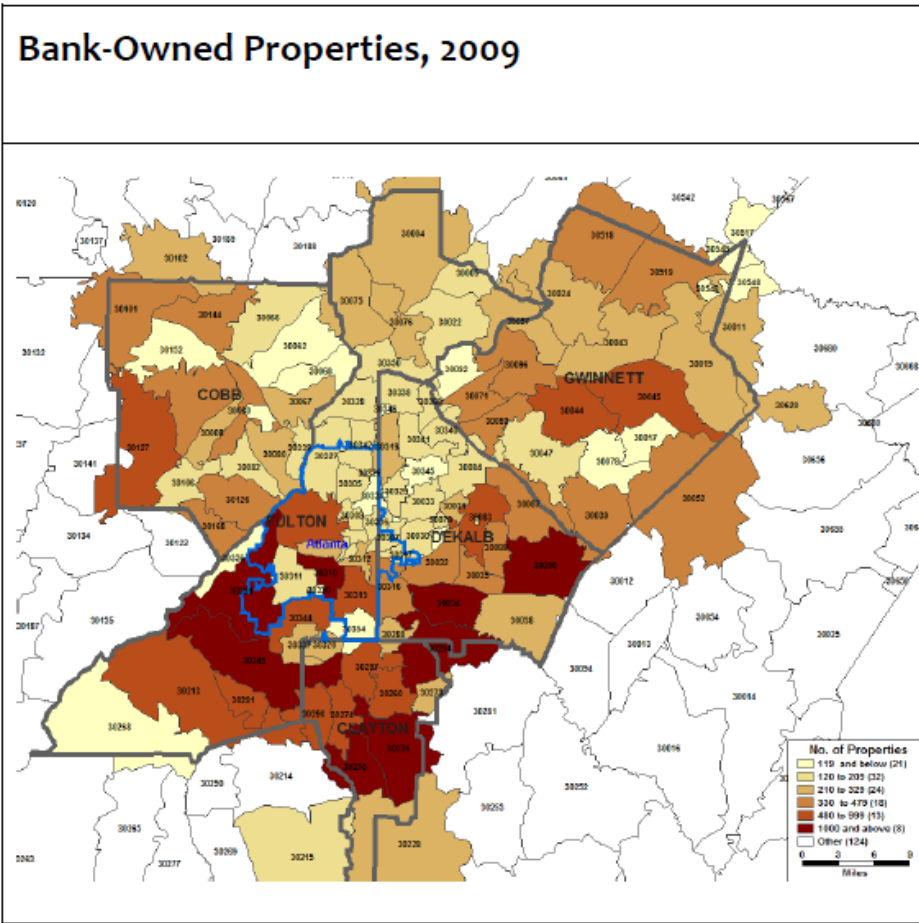
Percentage Change, Bank-Owned Properties, 2008-2009

No. of Properties

- < 100 (21)
- 100 to 200 (32)
- 200 to 300 (24)
- 300 to 400 (10)
- 400 to 500 (13)
- 500 to 600 (8)
- 600 and above (124)

Percent Change

- Declined (16)
- 0 to 49.99 (22)
- 50.0000 to 99.9999 (23)
- 100.0000 to 199.9999 (24)
- 200.0000 to 299.9999 (10)
- 300.0000 and above (10)
- Other (128)



Proposed Uses of Federal NSP 1 Funds

Metro Atlanta Jurisdictions

Dollar amounts in thousands

	City of Atlanta	DeKalb County	Fulton County	Clayton County	Cobb County	Gwinnett County
Financing and funding mechanisms	1,250 (10.1%)	7,500 (40.4%)	120 (1.2%)	600 (6.2%)	400 (5.8%)	0
Purchase and rehabilitation of properties	8,900 (72.3%)	7,690 (41.5%)	7,305 (70.7%)	8,159 (83.8%)	5,800 (84.2%)	9,457 (90.0%)
Land banks for foreclosed homes	375 (3.0%)	500 (2.7%)	460 (4.5%)	0	0	0
Demolition	159 (1.3%)	500 (2.7%)	800 (7.7%)	0	0	0
Redevelopment	400 (3.2%)	500 (2.7%)	615 (6.0%)	0	0	0
Administration	1,232 (10.0%)	1,854 (10.0%)	1,033 (10.0%)	973 (10.0%)	689 (10.0%)	1,050 (10.0%)
Total	12,316	18,545	10,333	9,732	6,889	10,507

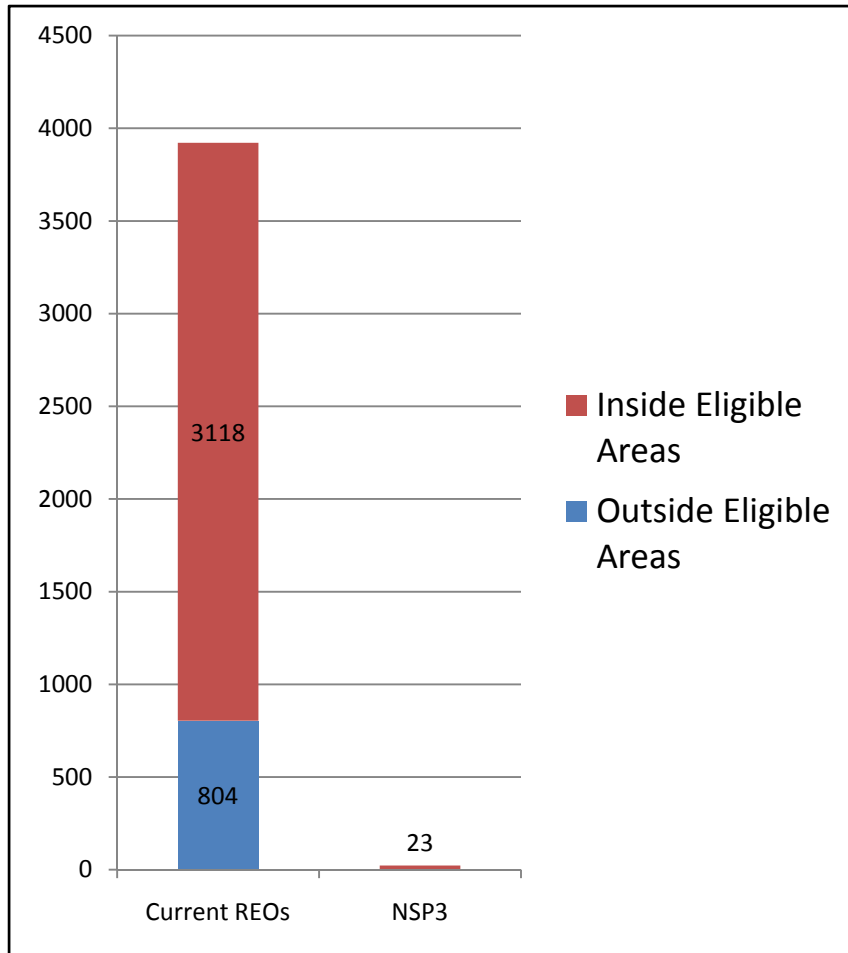
Sources: NSP Applications.

HUD NSP 3 Requirements

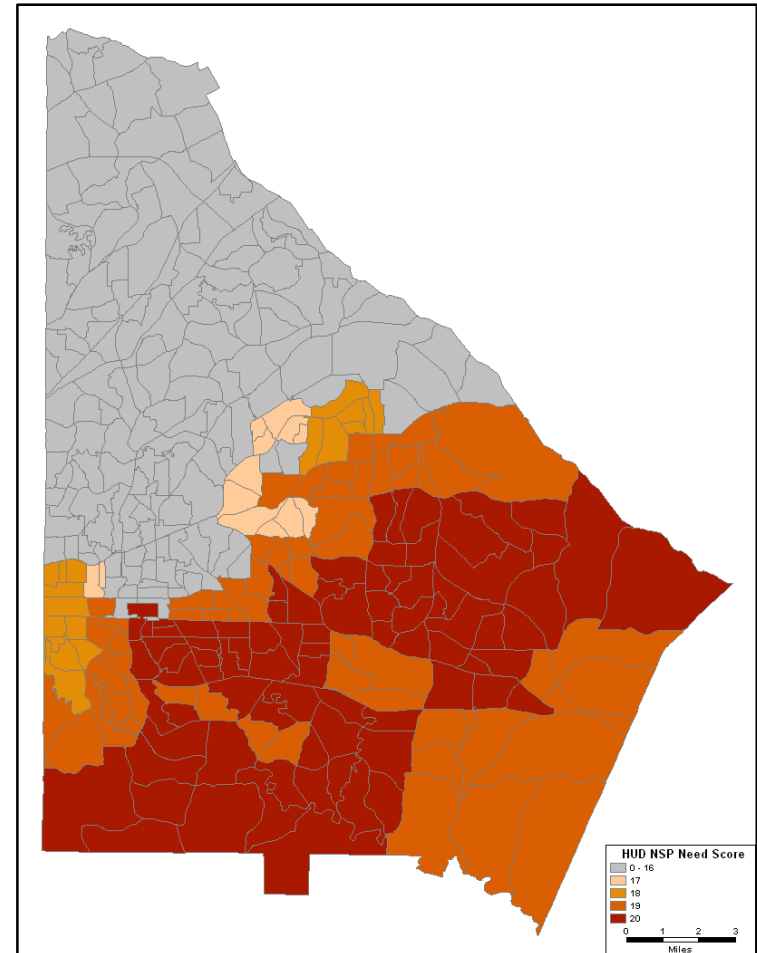
- Must target NSP 3 funds to one or more areas of greatest need
- Target areas must be located in the top 20% of foreclosure need scores AND
- NSP3 programs should treat at least 20% of the REO units in those areas
- ***HUD imposes strict expenditure deadlines:***
 - ***50% of NSP3 funds must be expended within two years***
 - ***100% must be expended within three years***

Why Target NSP3 Funds?

Current Inventory of REO Properties



NSP 3 Eligible Block Groups



Source: RealtyTrac. Current REO properties as of January 12, 2011

HUD Foreclosure Need Index

Primarily relies on estimated data for block groups

Indicator	Derivation
REO properties	Estimate from statewide REO totals (or foreclosure starts) based on each block group's share of a state's estimated number of seriously delinquent loans
Seriously delinquent loans	Estimate based on rate of seriously delinquent loans times the number of mortgages made between 2004 and 2007. Block group estimates derived from census tract estimates.
USPS vacancies	Estimate based on census tract count of vacancies assigned to block groups based on block group's share of tract's estimated housing units, 2007
High cost mortgages	Census tract level rate assigned to block group— No variation across block groups in the same census tract

See HUD's Methodology for Allocating the Funds for Neighborhood Stabilization Program 3 (NSP3) and NSP3 Downloadable Data Files—Data Dictionary. Available at <http://www.huduser.org/portal/datasets/NSP3%20Methodology.pdf> and <http://www.huduser.org/NSP/docs/Data%20Dictionary%20for%20NSP3%20Data.pdf>

**Constructing a Composite Need
Index to Better Capture Variations
in Foreclosure Need Across
DeKalb County Neighborhoods**

Key Criteria

- **Five dimensions of need**
 1. Characteristics of the Population
 2. General Market Conditions
 3. Foreclosure Risk
 4. Foreclosures
 5. Blight and Abandonment
- **Level, Concentration, and Trend**
- **Use neighborhood-level data wherever possible**

1. Characteristics of the Population

Indicator	Level	Concentration	Trend
Percent less than 80% AMI		2000	
Food stamp recipients	2008		2005-2008



	2000	2010
Areawide median income	\$63,100	\$71,800
80% AMI		
3-person family	\$45,200	\$51,750
4-person family	\$50,200	\$57,450

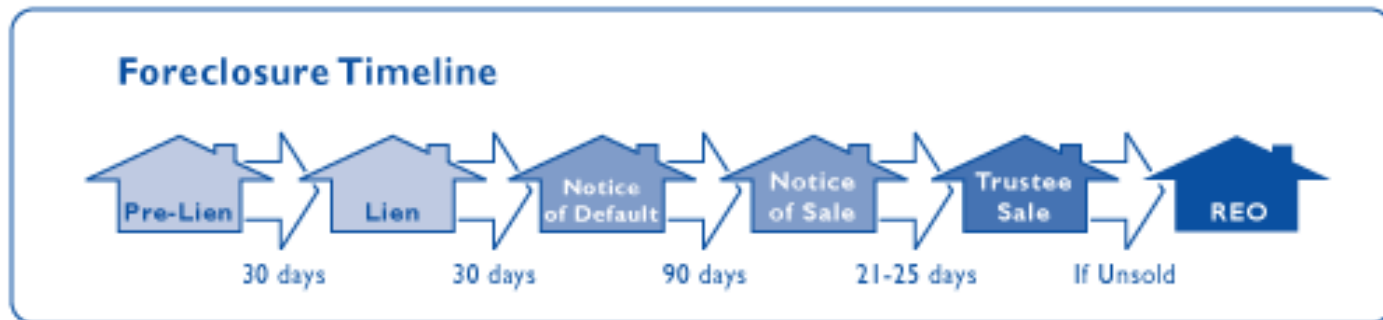
2. General Market Conditions

Indicator	Level	Concentration	Trend
Properties sold	2010		2005-2010
Median sales price	2010		2005-2010
Ratio block group median to county median		2010	2005-2010
Absorption rate		2010	
Age of listings (median days on market)	2010		2005-2010



3. Foreclosure Risk

Indicator	Level	Concentration	Trend
High cost mortgages as percent of all mortgages		2007	2004-2007
No. of delinquencies	2010		
Foreclosure filings	2010		2005-2010
Ratio: delinquencies to foreclosure filings		June 2010	



Source: RealtyTrac, "Foreclosure Overview & Foreclosure Process,"
<http://www.realtytrac.com/foreclosure/overview.html>

4. Foreclosures

Indicator	Level	Concentration	Trend
REO Properties	2010		2005-2010
REOs as percent of housing units		2010	



5. Blight and Abandonment

Indicator	Level	Concentration	Trend
Abandoned/vacant units 90+ days	2010		
Percent of addresses abandoned/vacant		2010	
Properties with delinquent taxes	2009		
Properties with code enforcement action	2008-2010		
Serious Crime	2010		2008-2010



Calculating Composite Need Index

1. Combine standardized scores for each need dimension

1. Population Characteristics
2. General Market Conditions
3. Foreclosure Risk
4. Foreclosures
5. Blight and Abandonment

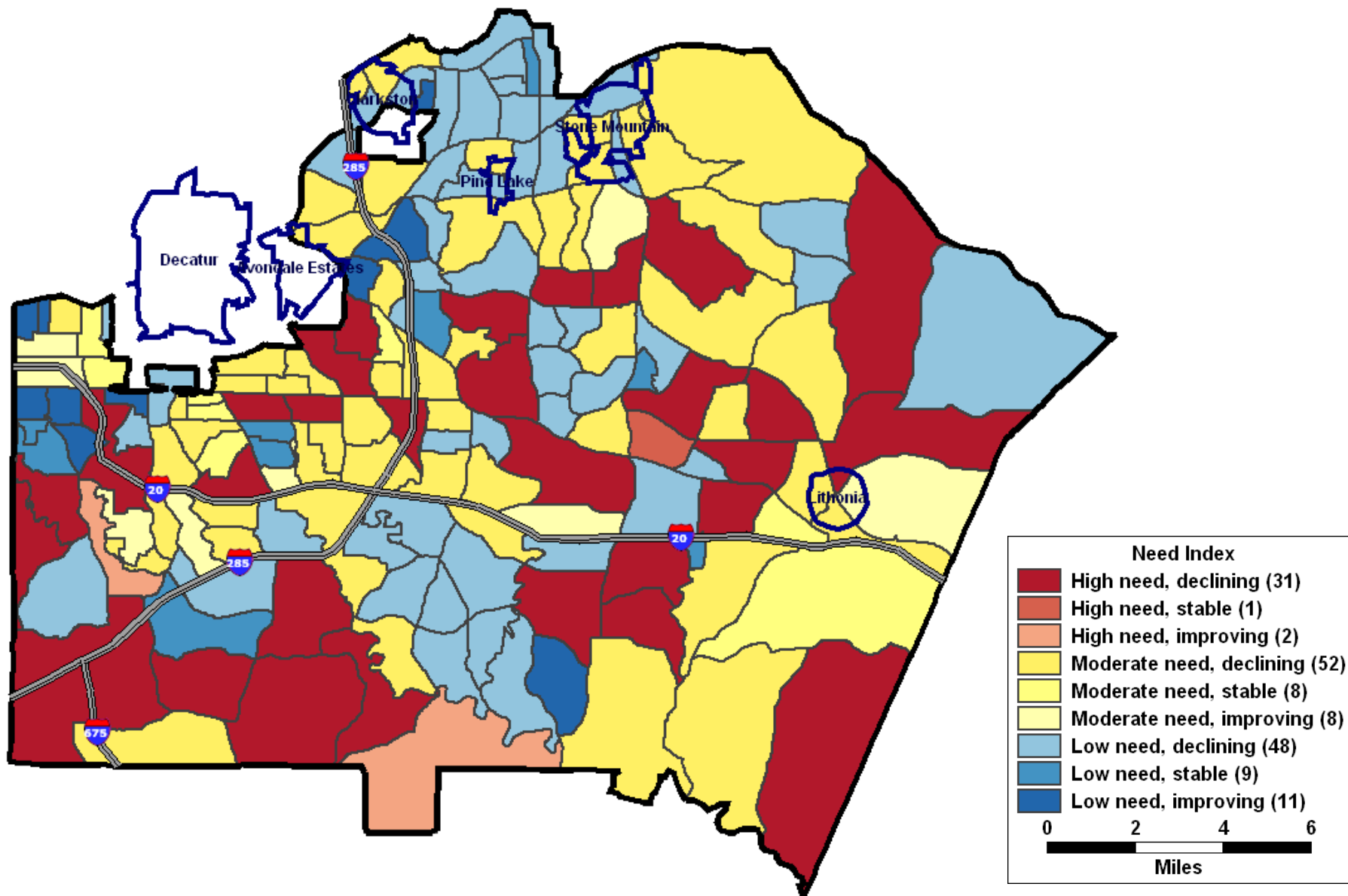
2. Rank block groups on composite score; group into quintiles

3. Determine Direction of Neighborhood Change

- Food Stamps
- Property Sales
- Ratio Median Block Group Sales Price to County Median Sales Price
- Foreclosures
- Crime

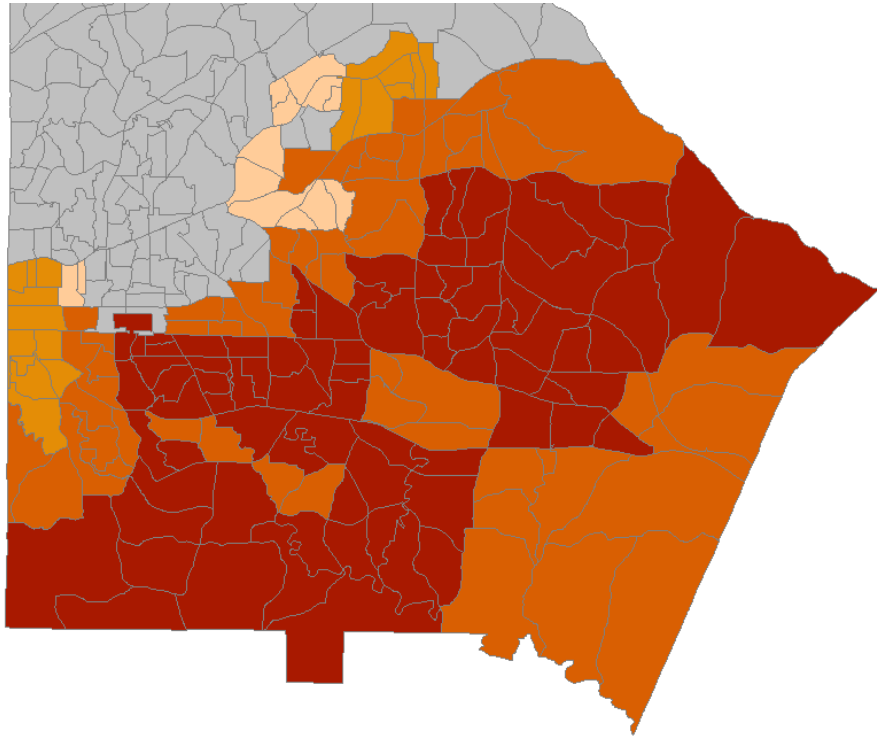
4. Combine quintile rank and direction of change into composite need index score

Composite Need Index

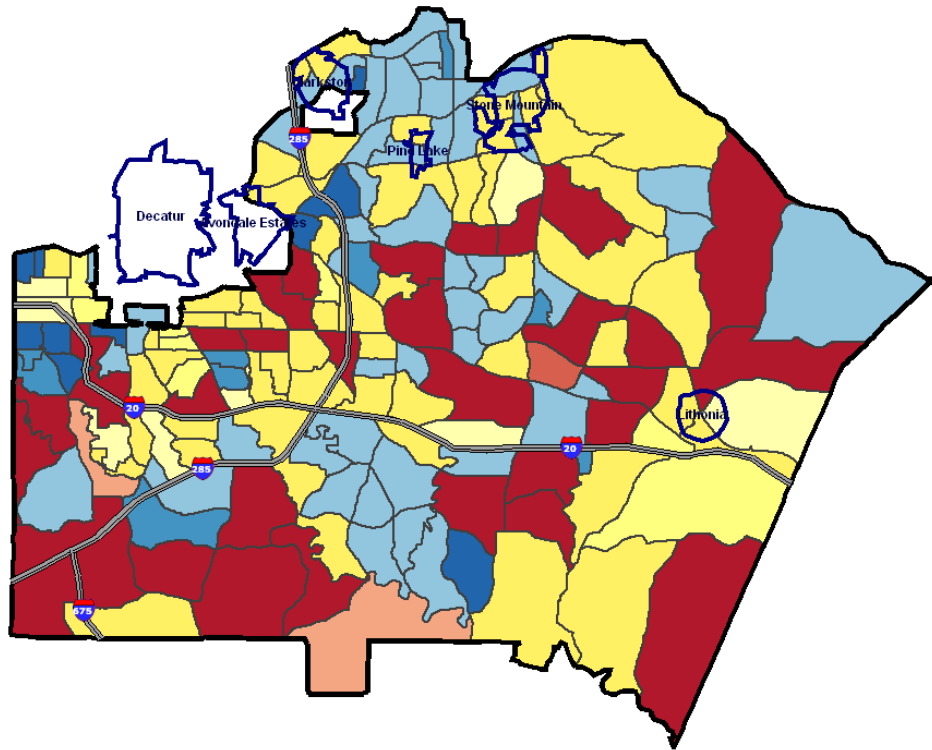


Composite Need Index Allows for Greater Differentiation Among Eligible Block Groups

HUD Foreclosure Need Score



Composite Need Score

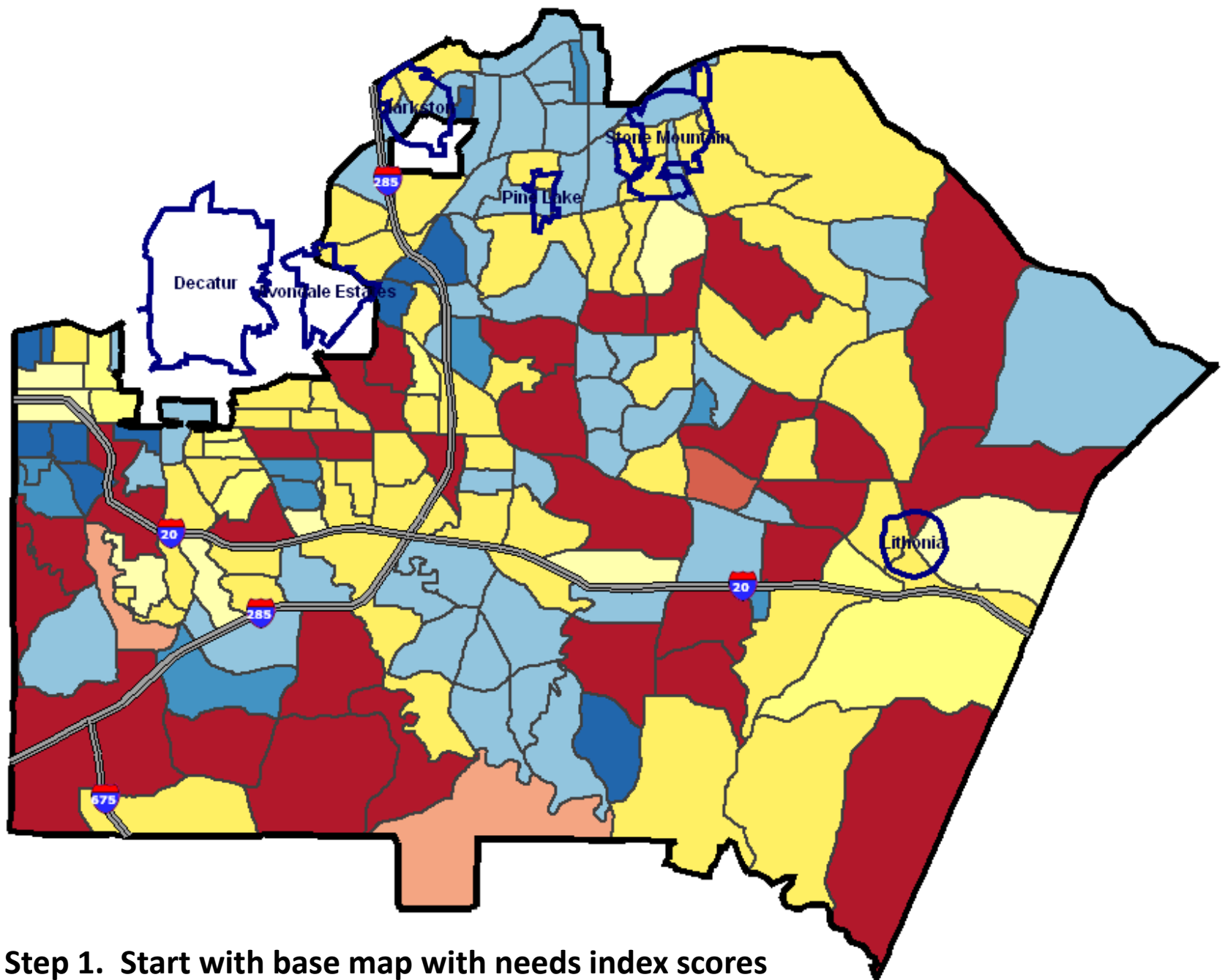


Composite Need Index Captures Broader Dimension of Foreclosure Need

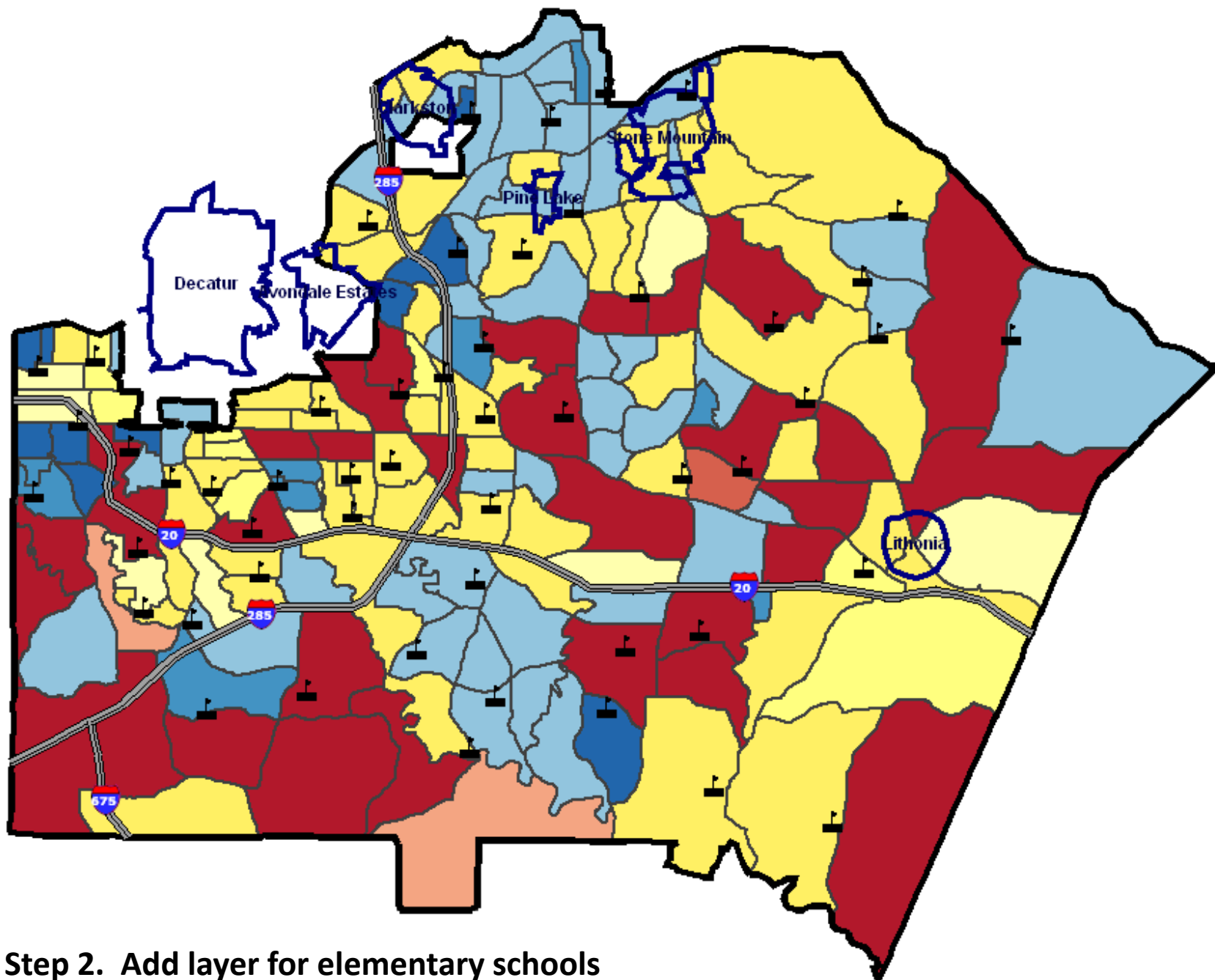
Pearson correlation coefficients – Selected Indicators

Indicator Red text indicates factor used in HUD Need Index	HUD Need Index	Composite Need Index
I. Characteristics of the Population		
Percent less than 80% of Areawide Median Income, 2000	-.341	.115
Number of Food Stamp recipients, 2008	.085	.619
II. General Market Conditions		
No. of property sales, 2010	.305	.551
Median sales price, 2010	-.423	-.281
Ratio median sales price, block group to county median, 2010	-.356	-.230
Absorption rate, 2010	.183	.432
III. Foreclosure Risk		
High cost mortgages as a percent of total mortgages, 2004-07	.884	.393
Number of mortgages serious delinquent, 90+ days, June 2010	.295	.661
Number of foreclosure filings, 2010	.134	.328
IV. Foreclosures		
Number of current REOs, January 2011	.237	.733
Trajectory of REOs, 2005-2010	.240	.621
V. Blight and Abandonment		
USPS Vacancies, 90+ days, March 2010	-.090	.567
Number of tax delinquent properties, 2009	.141	.589
Serious crimes, 2009-2010	.170	.537

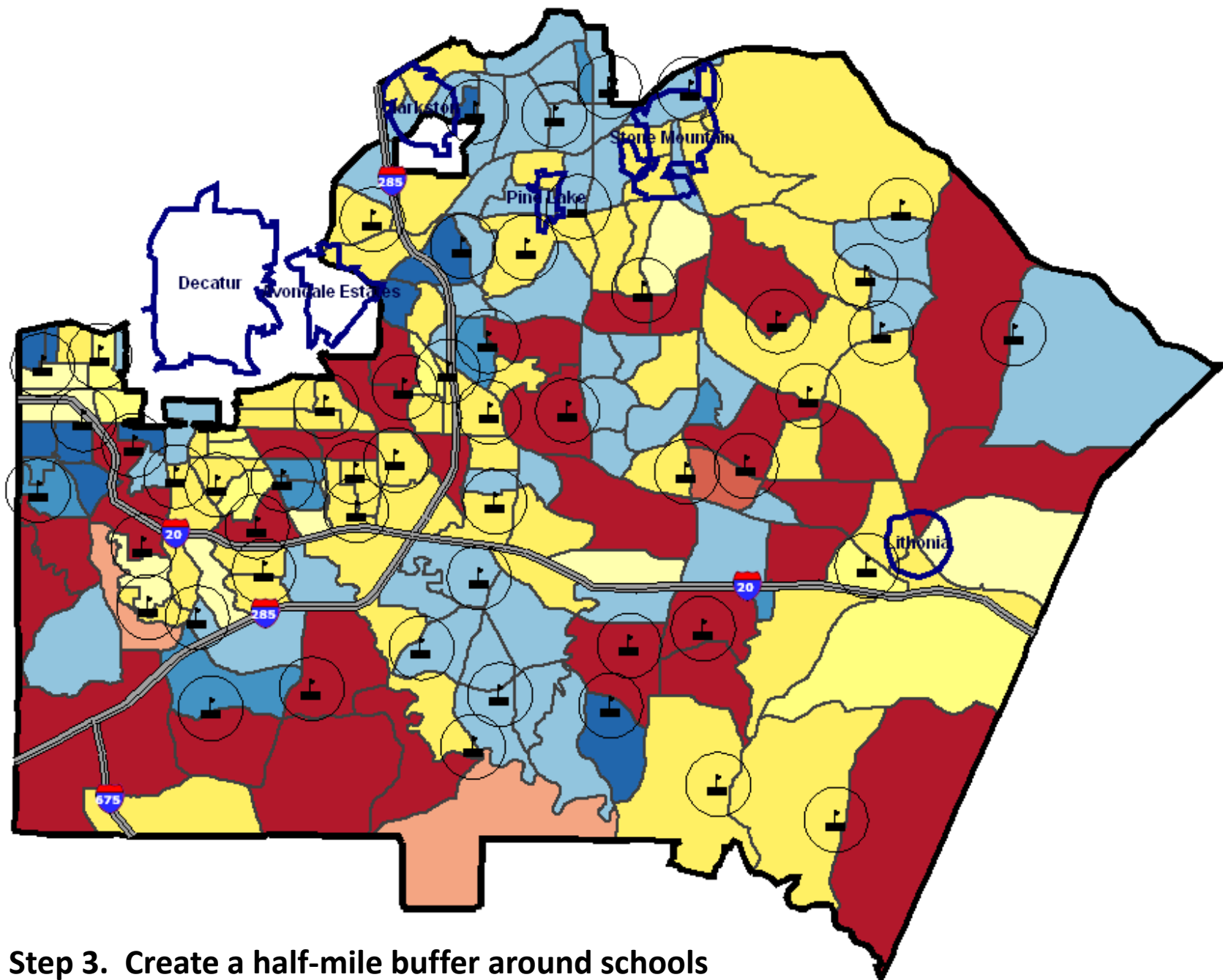
Illustration:
**Using Neighborhood-Level Data on
Foreclosure Need to Identify
NSP3 Target Block Groups**



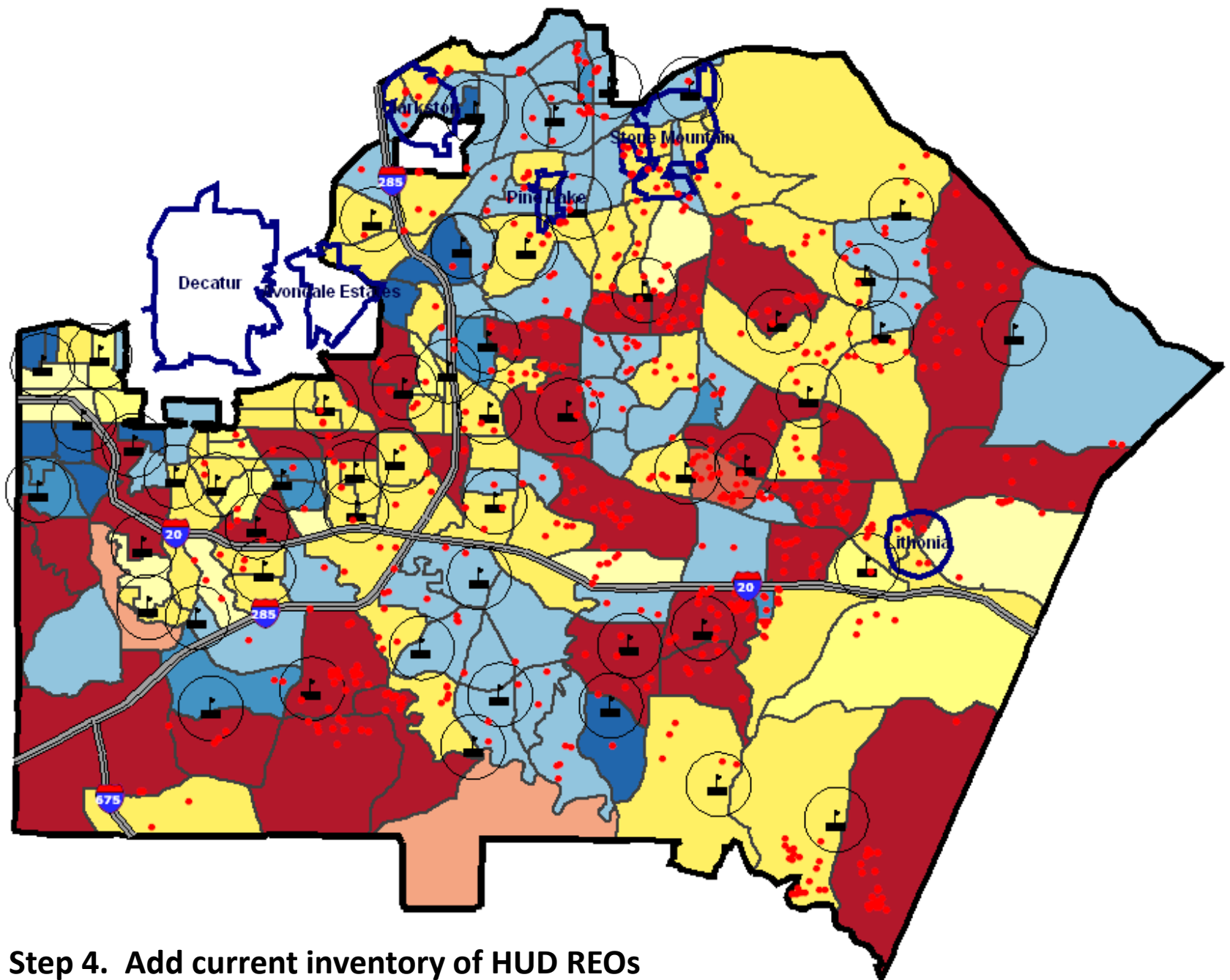
Step 1. Start with base map with needs index scores



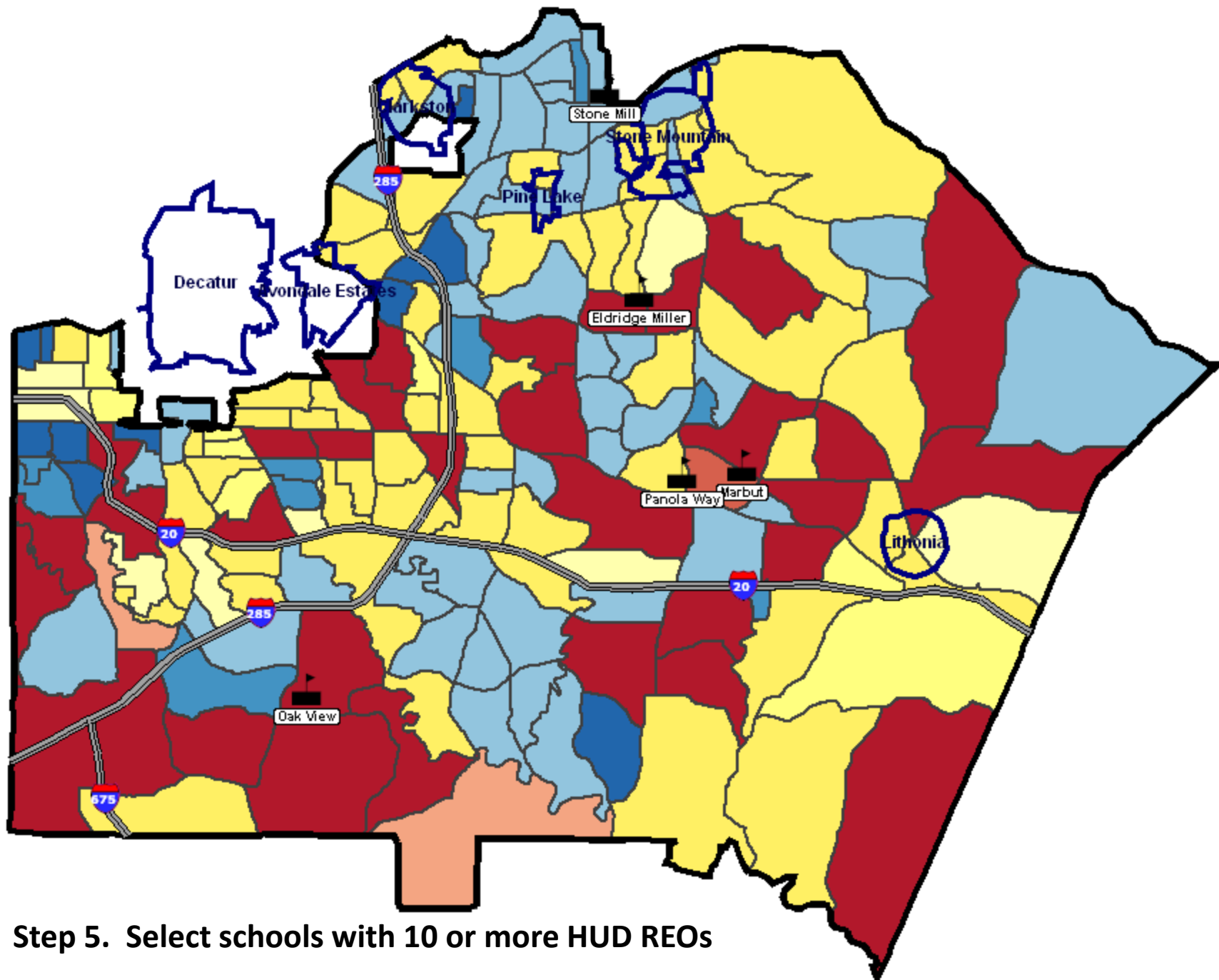
Step 2. Add layer for elementary schools



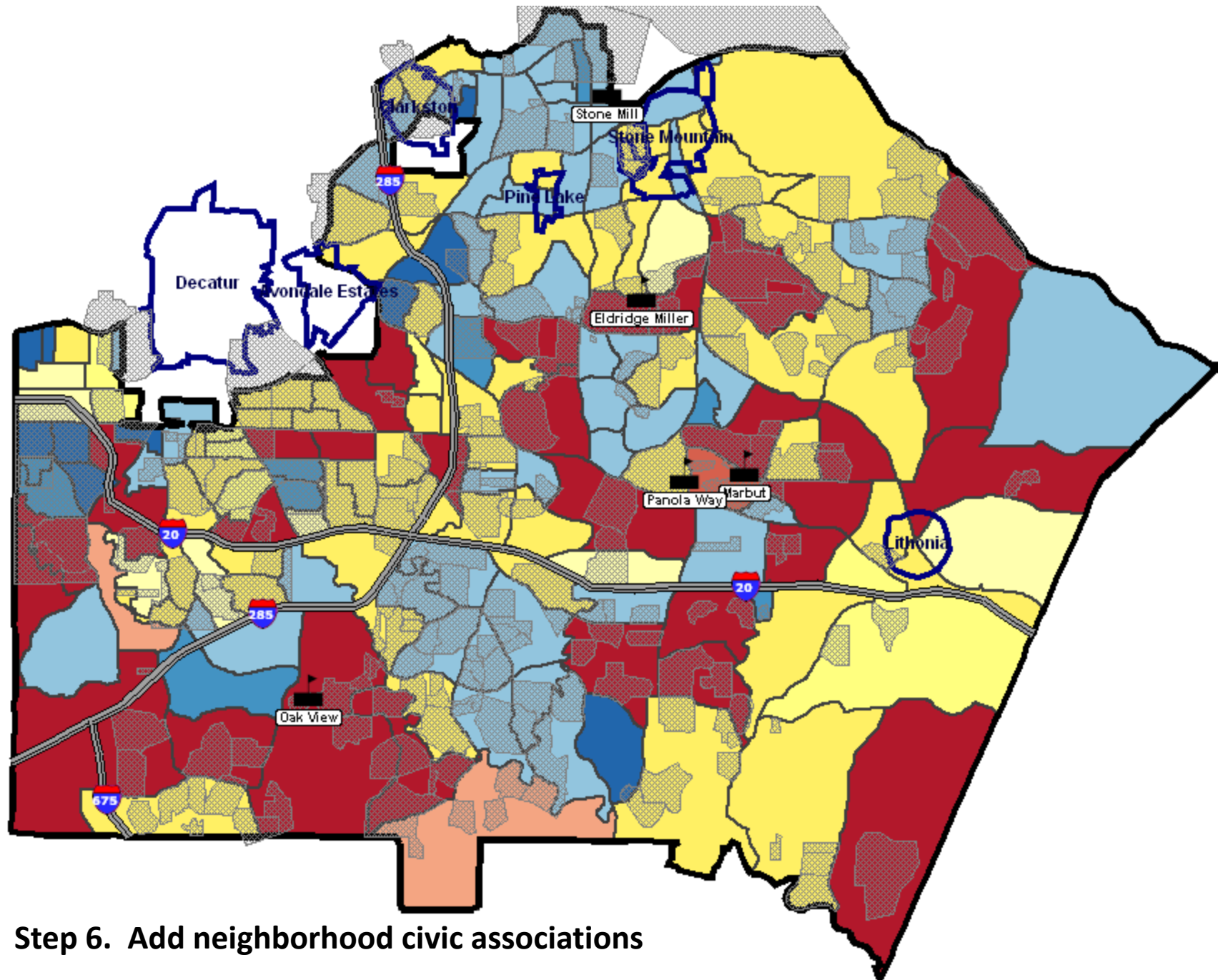
Step 3. Create a half-mile buffer around schools



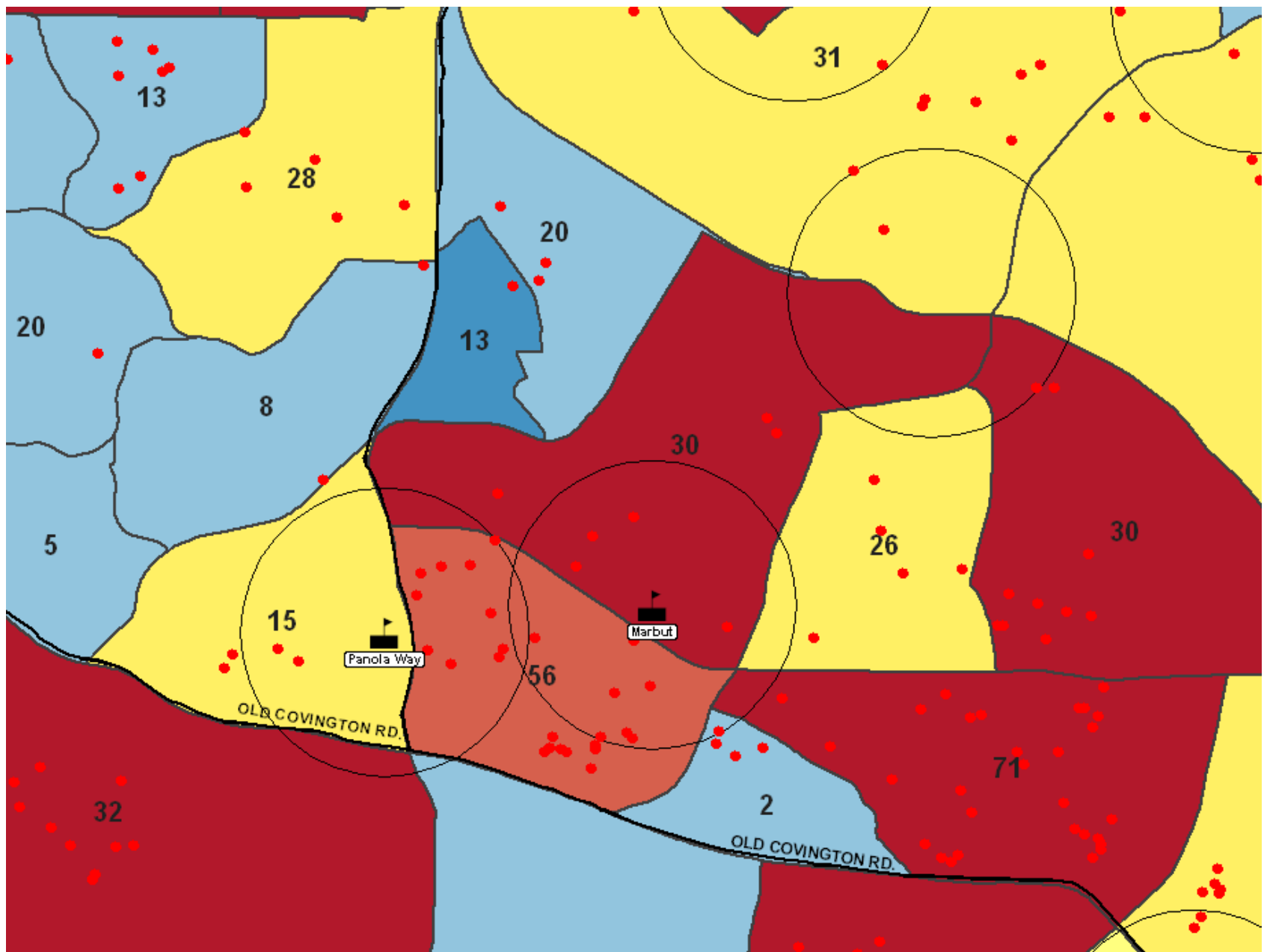
Step 4. Add current inventory of HUD REOs



Step 5. Select schools with 10 or more HUD REOs



Step 6. Add neighborhood civic associations



Step 7. Estimate if area meets concentration requirement
Numbers indicate current inventory of REOs in block group

Next Steps

- Neighborhood context
- Neighborhood assets and amenities
- Civic engagement
- Related Public investments
- Assess feasible impact