

DeKalb County NSP 3

Local Market Analysis and Recommendations for NSP 3 Target Neighborhood

DeKalb County Board of Commissioners
Committee of the Whole Meeting
February 1, 2011
Maloof Auditorium Decatur, GA

Dr. Michael J. Rich

Dr. Moshe Haspel

Emory University, Office of University-Community Partnerships



Business

YESTERDAY ON WALL STREET

▲ Dow Jones	11,989.83 (+4.39)
▲ Nasdaq	2,755.28 (+15.78)
▲ S&P 500	1,299.54 (+2.91)
▼ 10-year T-bond	3.38%

THE HOUSING CRISIS

Foreclosure activity up in metro Atlanta, nation

Region ranks third for homes in jeopardy; hike linked to job losses.

By **Alex Veiga**
Associated Press

LOS ANGELES — Metro Atlanta was near the top of foreclosure activity in 2010, with a 21 percent bump since 2009, according to a report released Thursday.

Only the Houston and Seattle areas rank ahead of metro Atlanta in the number of reported

foreclosure activity, according to RealtyTrac Inc.

The firm tracks notices for defaults, scheduled home auctions and home repossessions — warnings that can lead up to a home eventually being lost to foreclosure.

All told, foreclosure activity jumped in 149 of the country's 206 largest metropolitan areas last year, the report said.

In Seattle, Houston and Chicago, cities that were relatively insulated from foreclosures early on in the housing bust, a growing number of homeowners are falling behind on

mortgage payments and finding themselves on the receiving end of foreclosure warnings.

Others, like those in the Atlanta area, have already seen their homes repossessed by lenders.

The Houston area saw its foreclosure rate jump 26 percent from 2009, the largest increase among the top 20 biggest metro areas, the firm said.

The Seattle area ranked second with an increase of nearly 23 percent, while the Atlanta area was third with the 21 percent hike.

In the metro Atlanta area,

38,535 homes were repossessed by lenders in 2010, an 8 percent increase from 2009, according to RealtyTrac.

The data company counts foreclosure filings as notices for defaults, scheduled home auctions and actual home repossessions.

Job loss has become the main driver behind this trend, according to the report.

"We've actually had a sea change in what's causing foreclosures, from the overheated home prices and bad loans to a second wave of foreclosures actually caused by unemploy-

How metro Atlanta fares

Across the 28-county metro area, more than 95,000 homes experienced some level of foreclosure activity, according to RealtyTrac.*

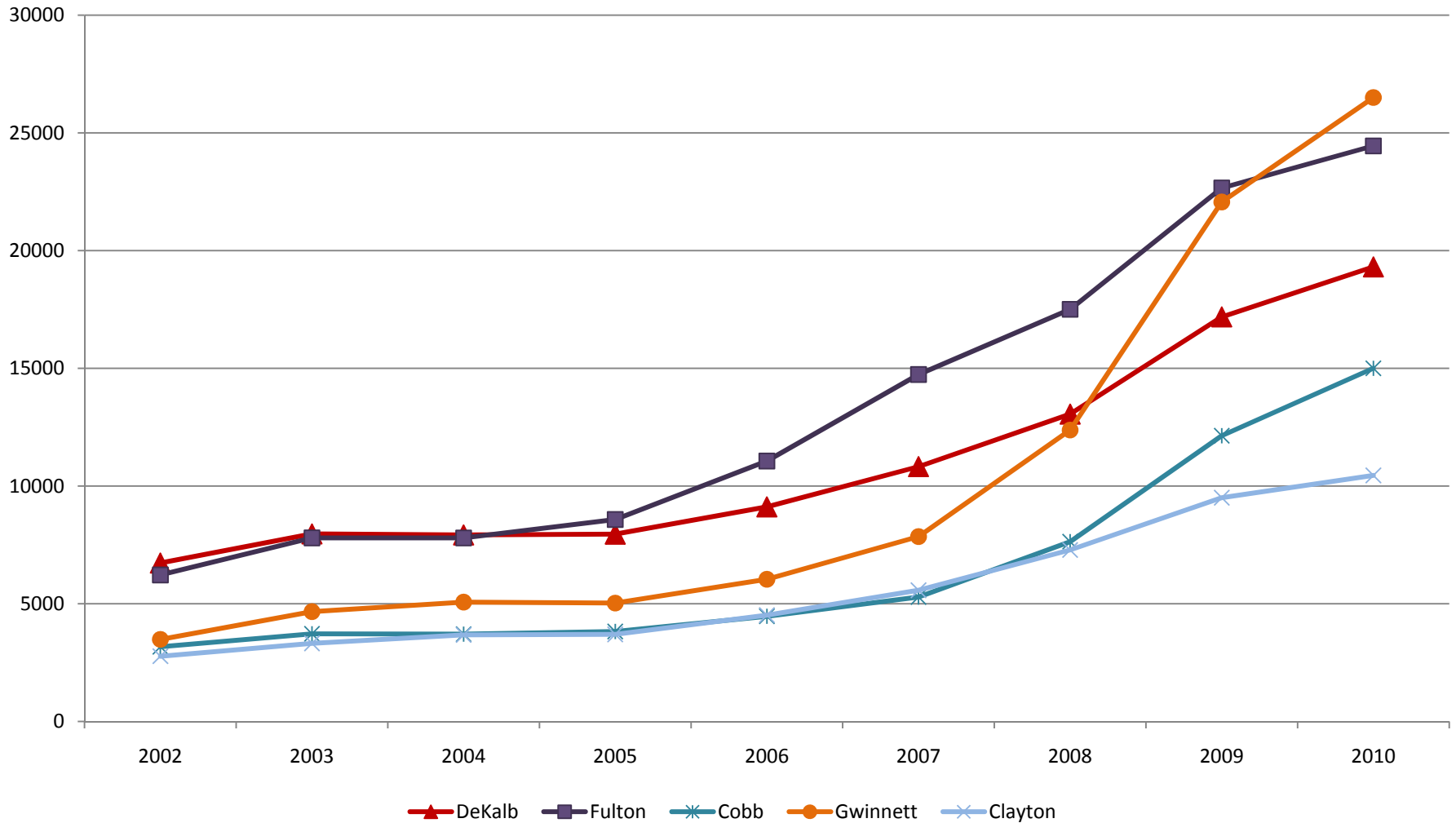
Clayton	5,737, up 15.4 percent from 2009
Cobb	9,998, up 33.2 percent from 2009
DeKalb	12,774, up 26.4 percent from 2009
Fulton	17,415, 15.7 percent from 2009
Gwinnett	15,017, up 25.7 percent from 2009

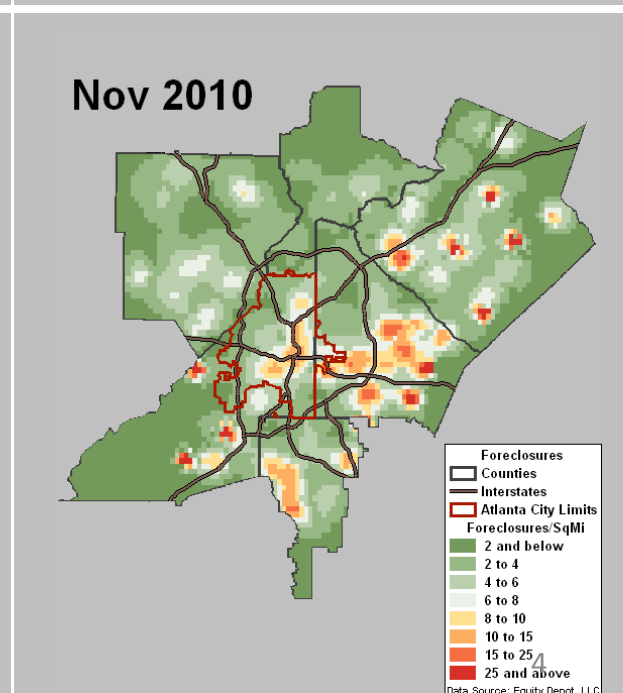
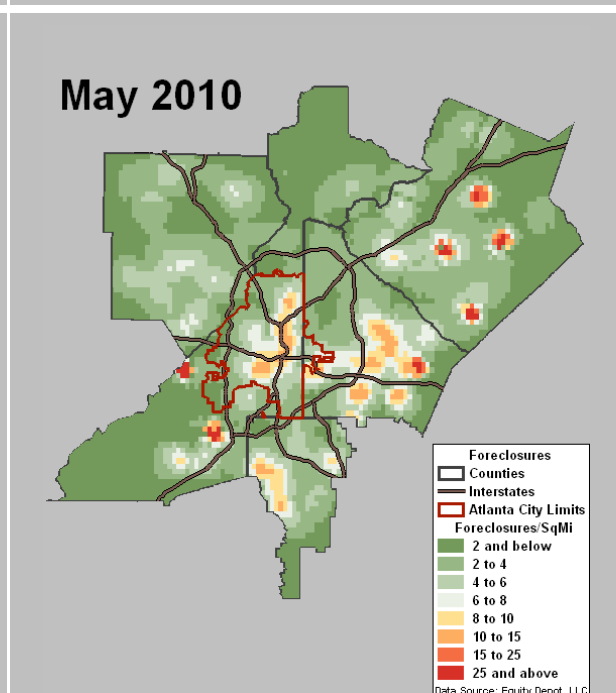
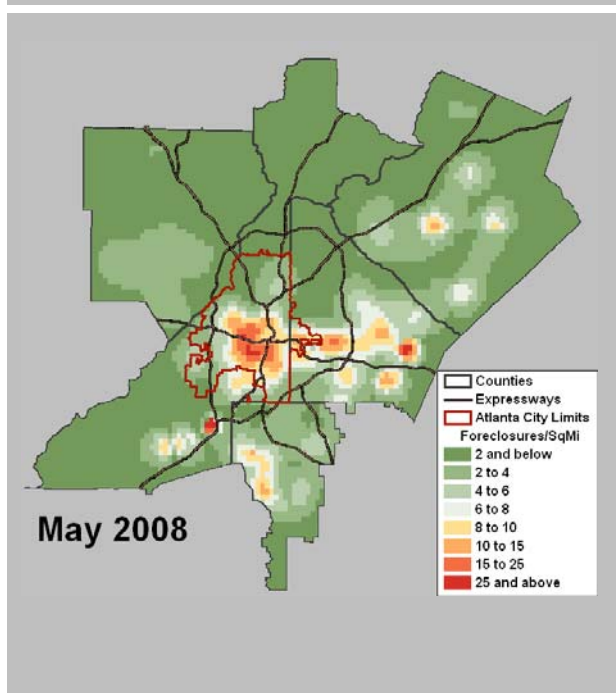
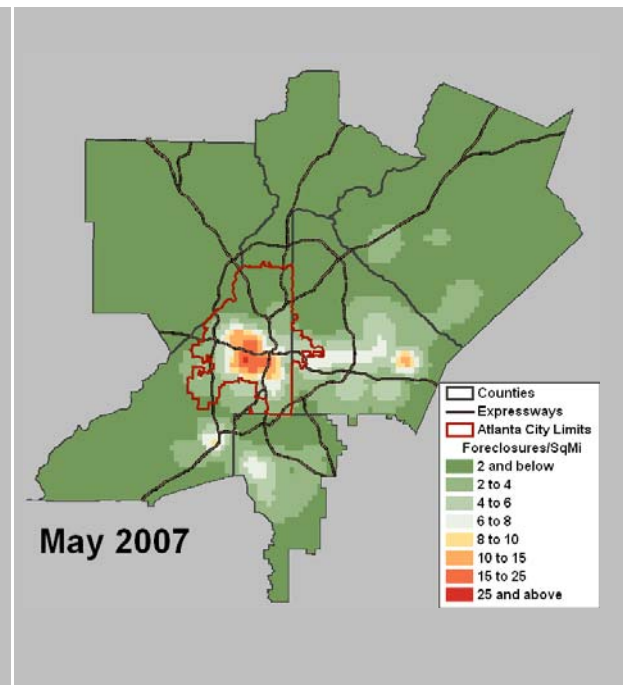
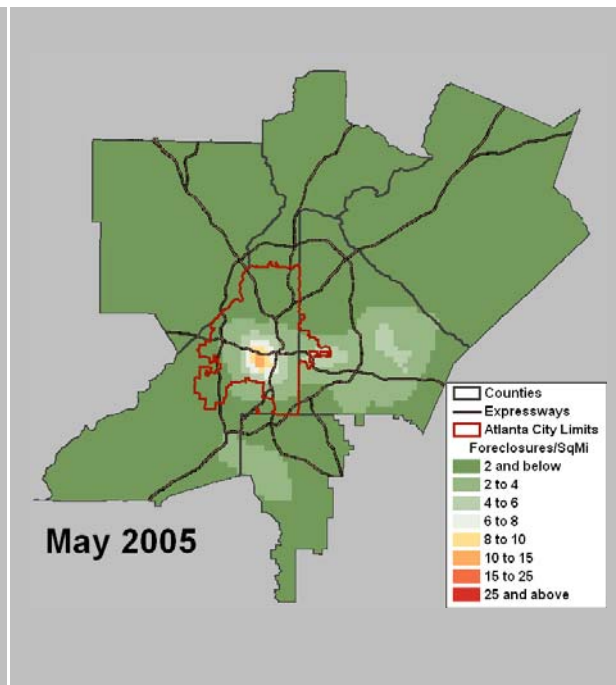
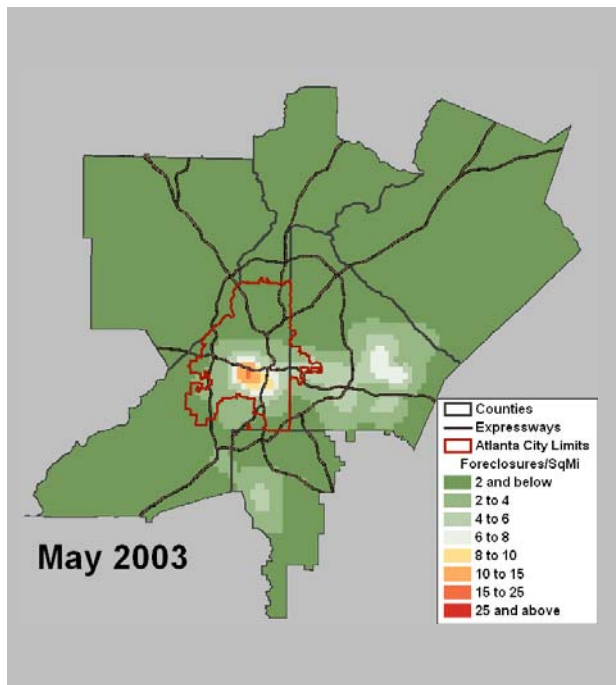
*Note: The data company counts foreclosure filings as notices for defaults, scheduled home auctions and actual repossessions. RealtyTrac counts the number of properties, not the number of property receives a notice.

ment and economic displacement," says Rick Sharga, senior vice president at RealtyTrac.

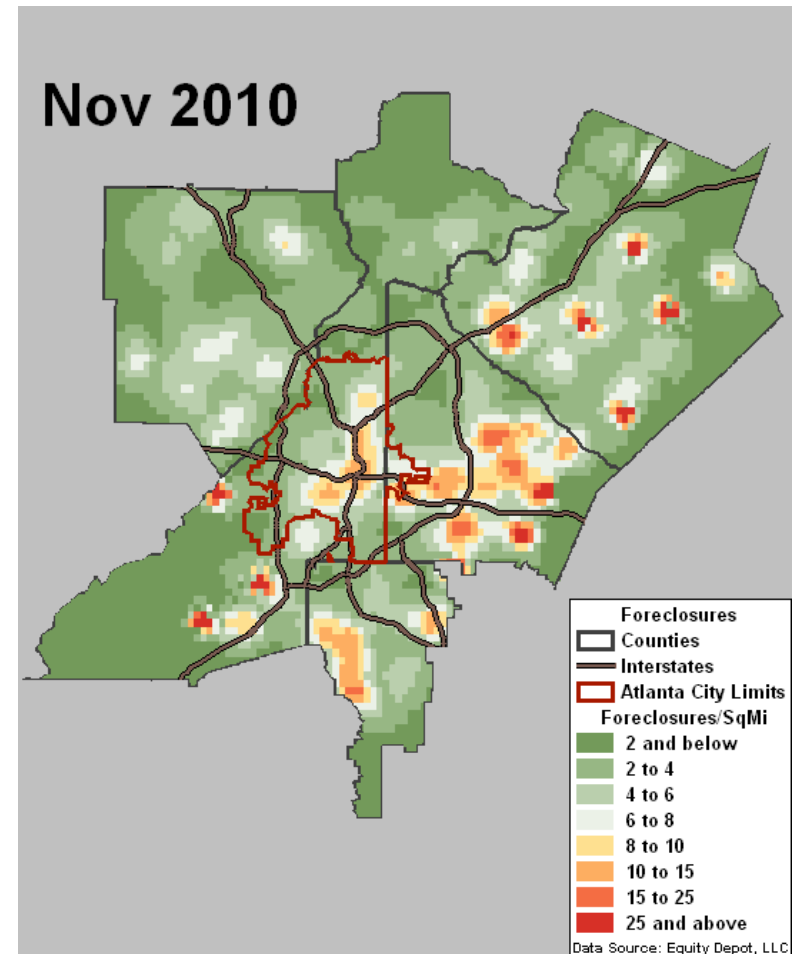
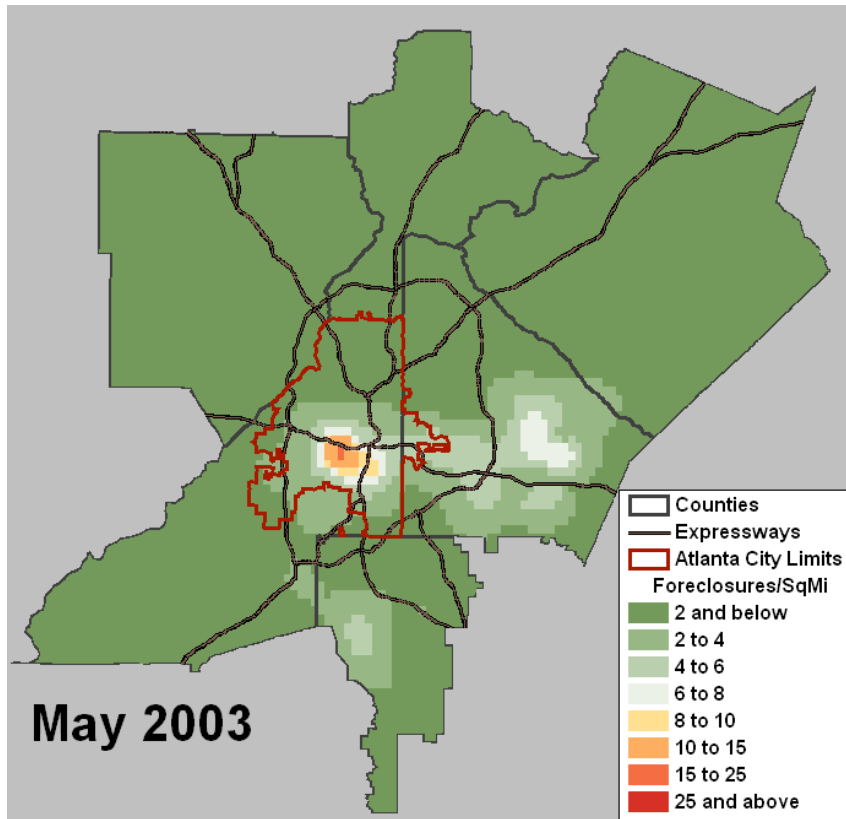
Staff writer Michelle E. Shaw contributed to this article.

Foreclosure Filings, 2002 - 2010



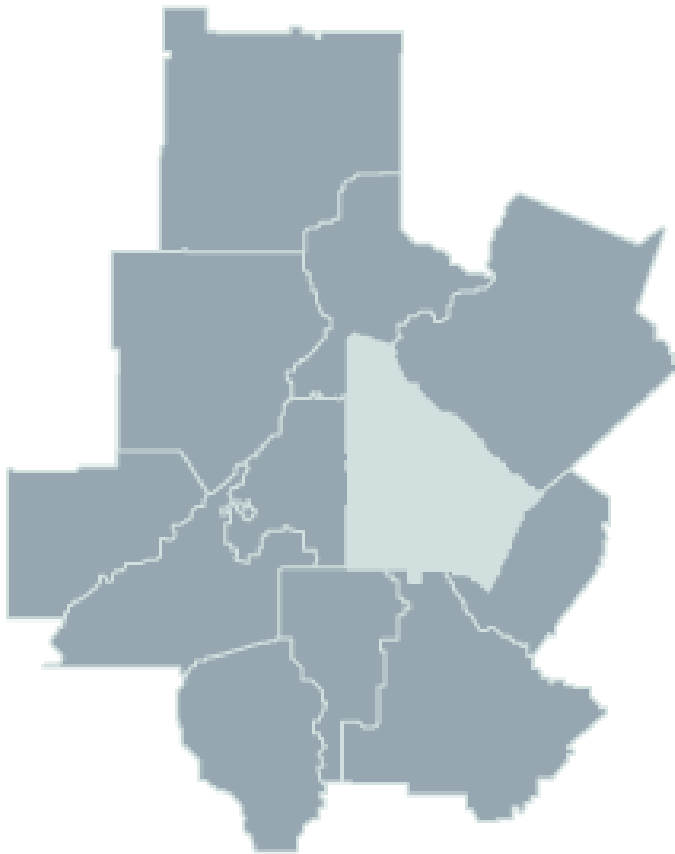


Foreclosure Crisis in Metro Atlanta: Then and Now



DeKalb County in Context

Understanding the Foreclosure Crisis in Metropolitan Atlanta



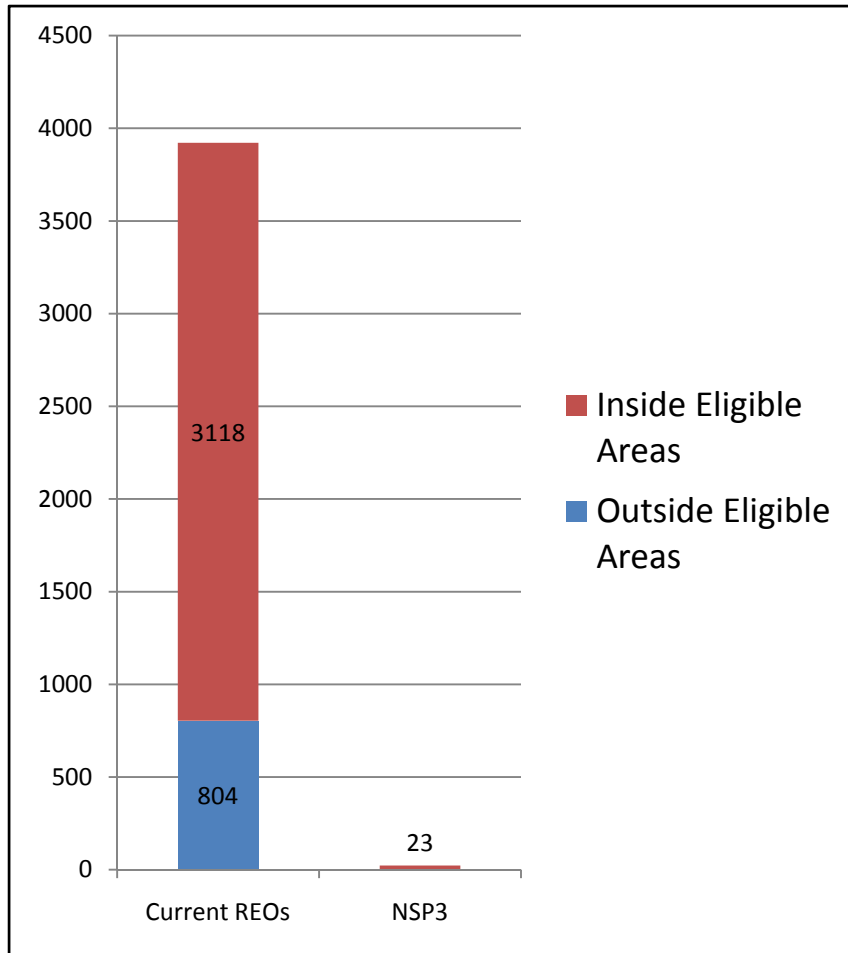
	DeKalb County	ARC 10-County
Population, 2009 (thousands)	731	4,124
Population change, 2000-09	9.8%	20.3%
Employment change, 2000-09	-15.3%	-4.8%
Employment Forecast, 2000-30	24%	55%
Housing units, 2000-09	16%	27%
Home prices, 2008-09		
New homes	-44%	9 of 10
Existing homes	1.39%	7 of 10

HUD NSP 3 Requirements

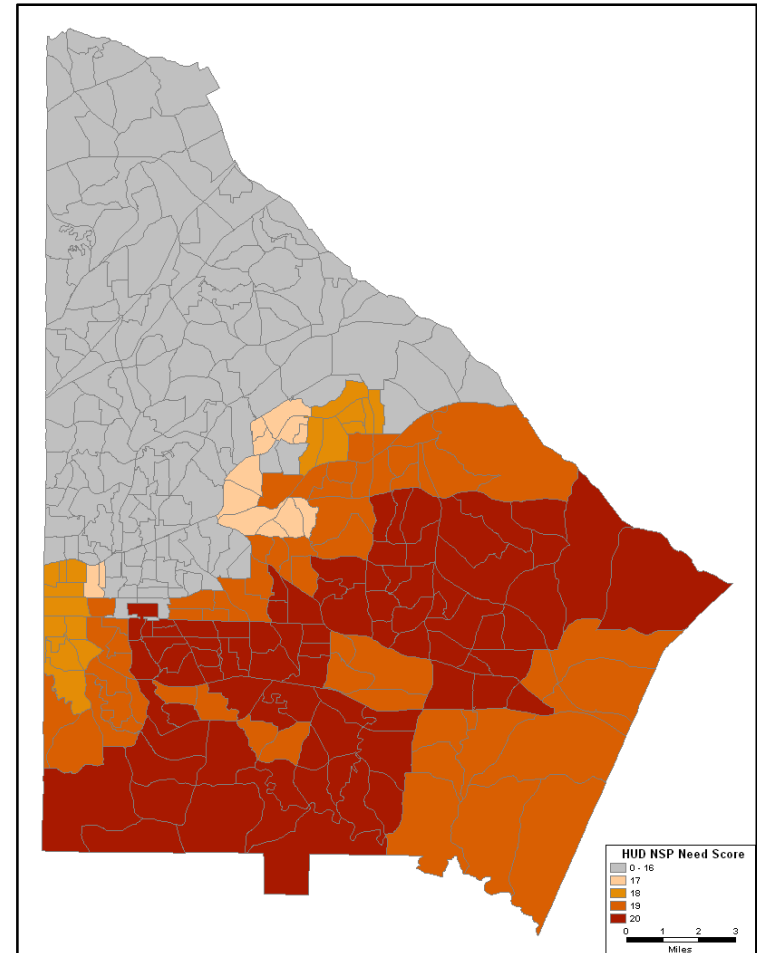
- Must target NSP 3 funds to one or more areas of greatest need
- Target areas must be located in the top 20% of foreclosure need scores AND
- NSP3 programs should treat at least 20% of the REO units in those areas
- ***HUD imposes strict expenditure deadlines:***
 - ***50% of NSP3 funds must be expended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

Composite Need Index

1. Characteristics of the Population	Level	Concentration	Trend
Percent less than 80% AMI		2000	
Food stamp recipients	2008		2005-2008
2. General Market Conditions	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	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	
4. Foreclosures	Level	Concentration	Trend
REO Properties	2010		2005-2010
REOs as percent of housing units		2010	
5. Blight and Abandonment	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

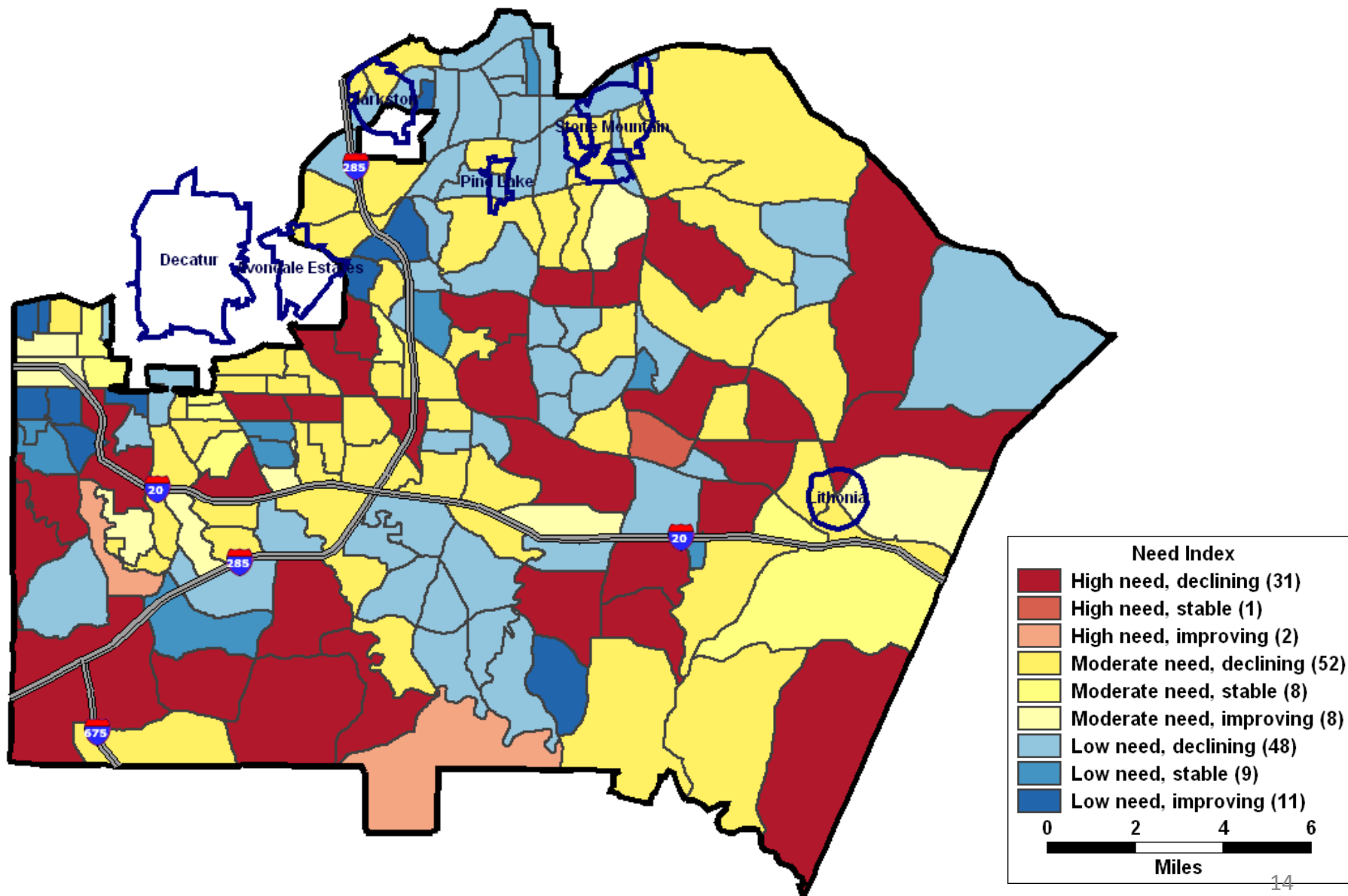
2. Rank block groups on composite score; group into quintiles

3. Determine Direction of Neighborhood Change

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

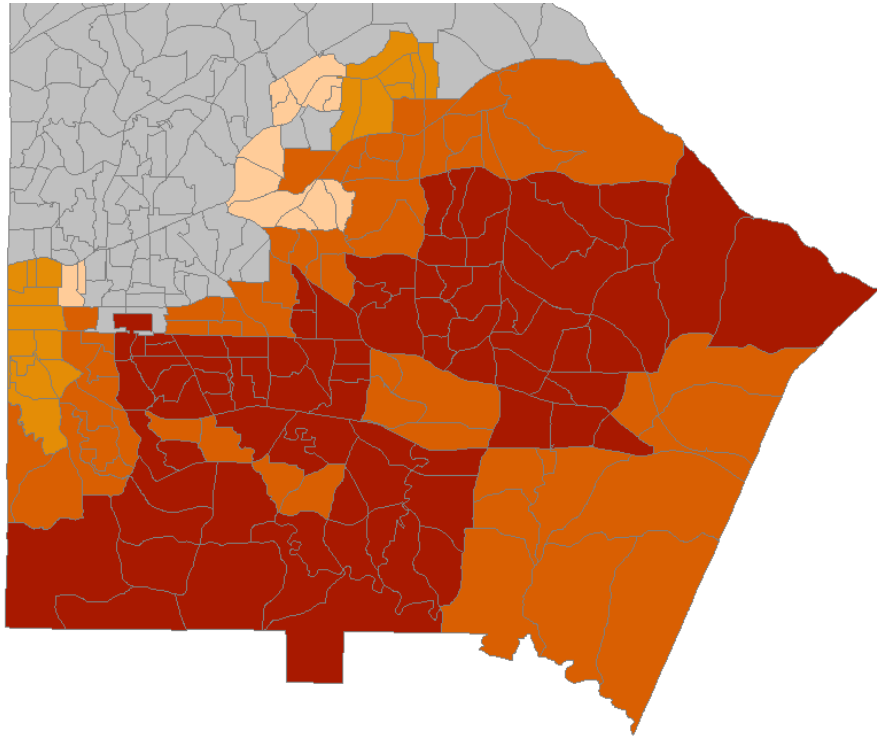
4. Combine quintile rank and direction of change into composite need index score

Composite Need Index

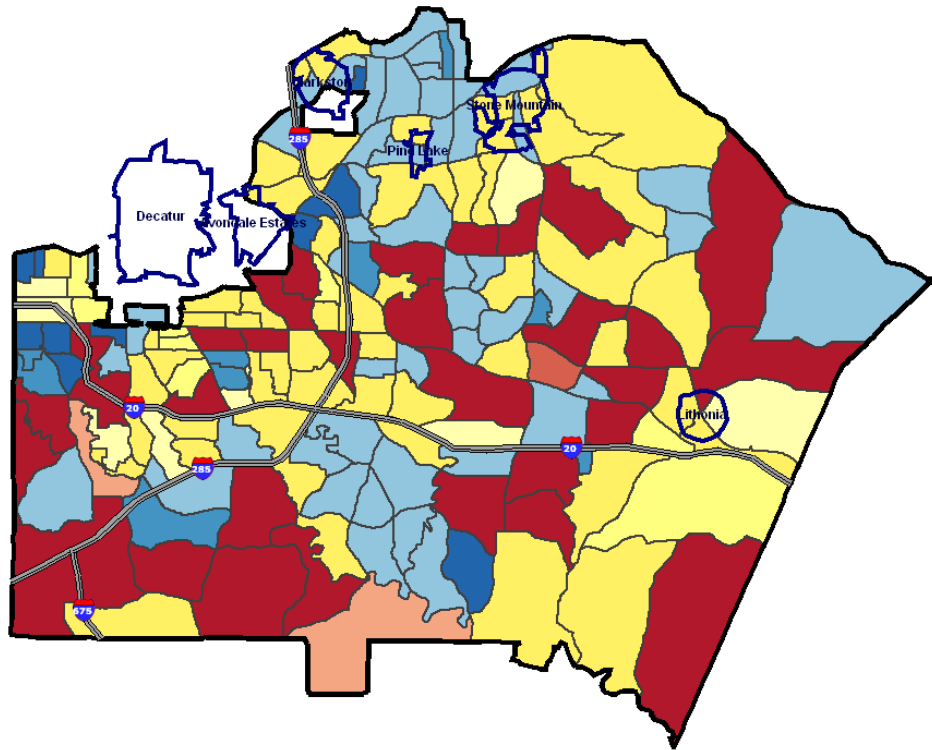


Composite Need Index Allows for Greater Differentiation Among Eligible Block Groups

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

Next Steps

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

Recommendation: Hidden Hills Neighborhood Area



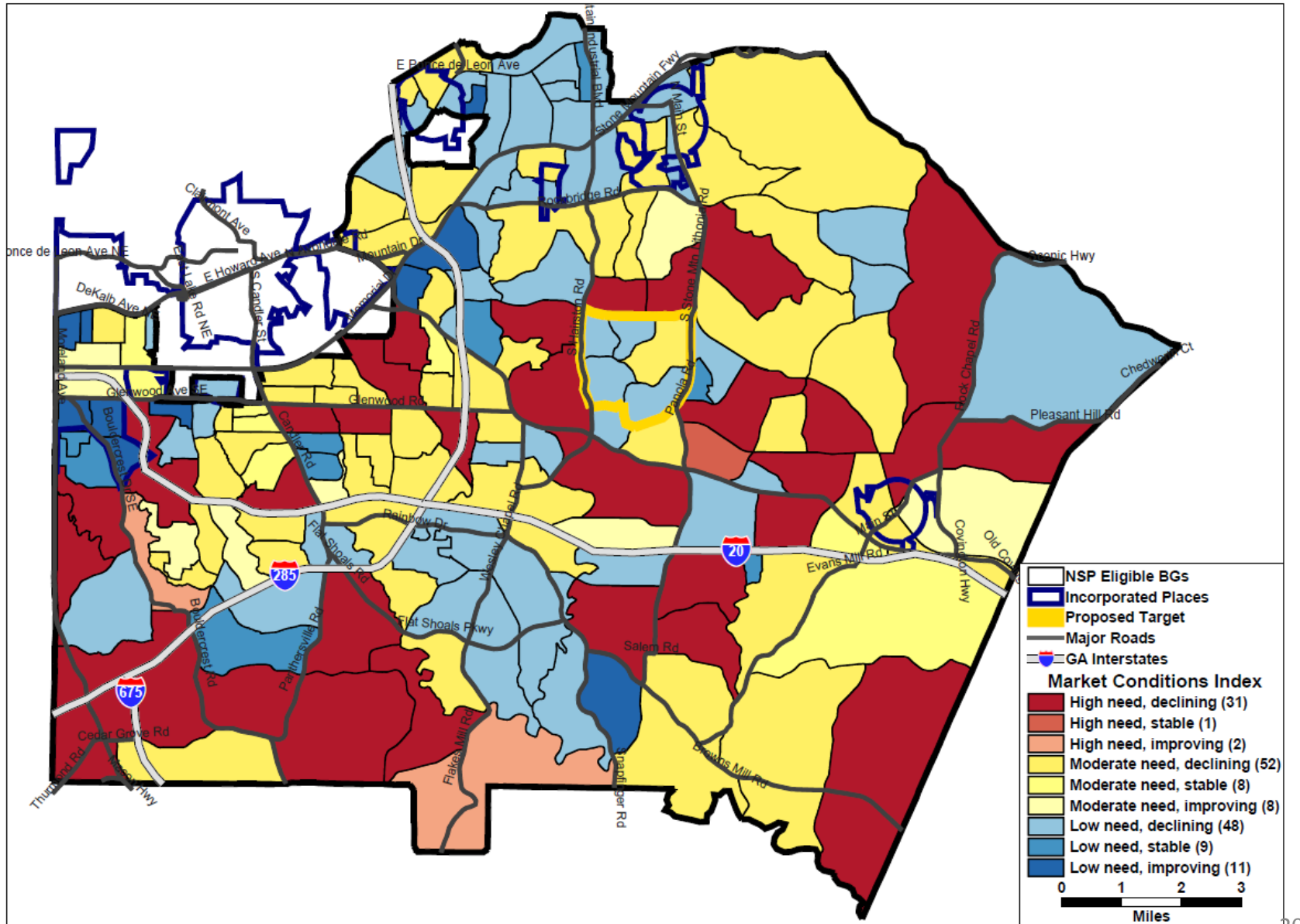
The map displays the HUD Need Score for various census tracts in the Atlanta, Georgia Metropolitan Area. The scores are categorized as follows:

- 17 (13) - Green
- 18 (18) - Light Green
- 19 (57) - Orange
- 20 (82) - Red

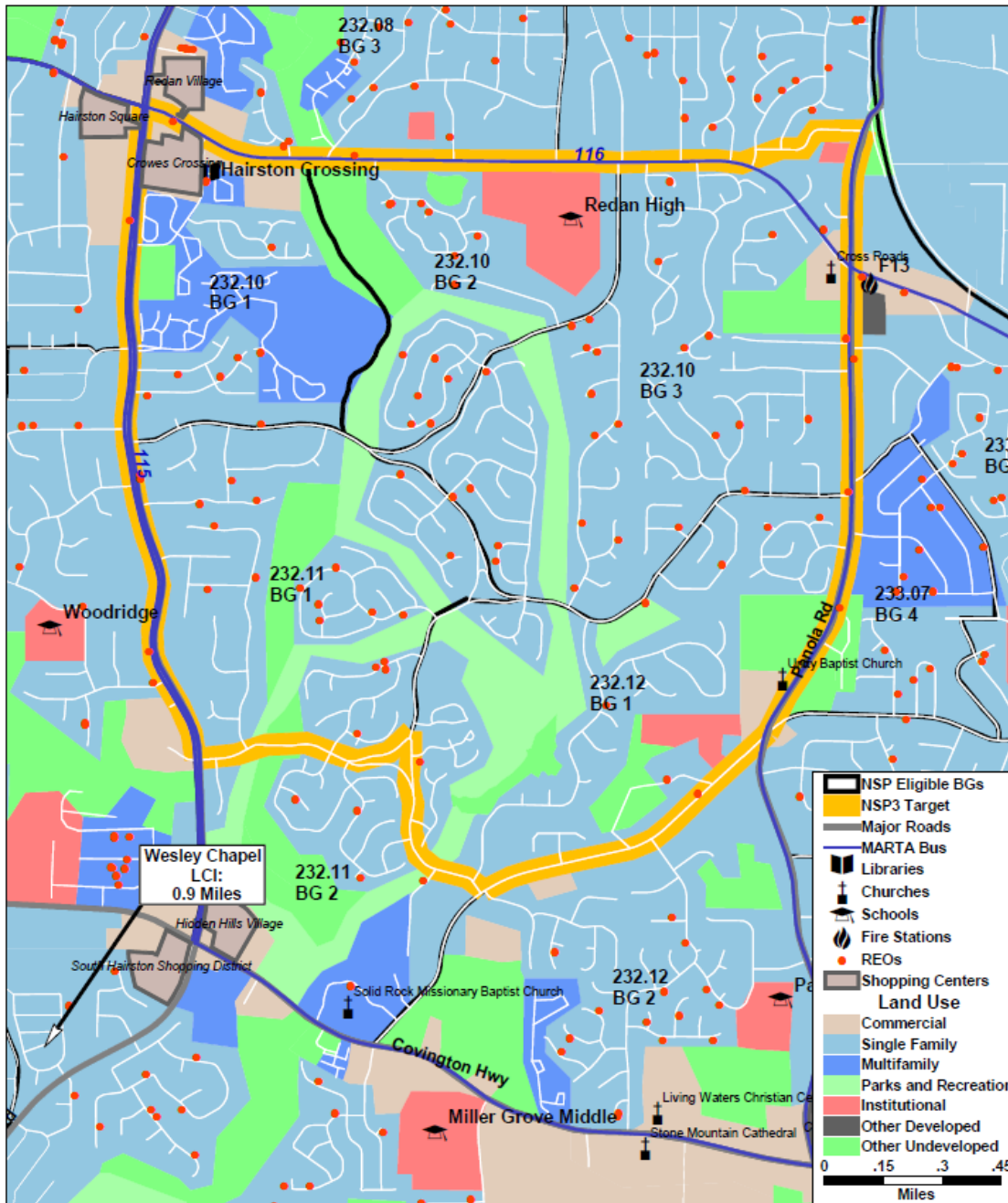
Key features include:

- Legend:**
 - NSP Eligible BGs (Black outline)
 - Incorporated Places (Blue outline)
 - Proposed Target (Yellow outline)
 - Major Roads (Grey line)
 - GA Interstates (Blue and red shield)
- Scale:** 0 to 3 Miles.
- Major Roads and Highways:** I-75, I-285, I-20, Peachtree St, N. Peachtree St, S. Peachtree St, S. Loop East Rd, S. Loop West Rd, S. Loop South Rd, S. Loop North Rd, S. Loop East Rd, S. Loop West Rd, S. Loop South Rd, S. Loop North Rd, S. Loop East Rd, S. Loop West Rd, S. Loop South Rd, S. Loop North Rd.

NSP3 Eligible Block Groups: Composite Need Score



Proposed NSP3 Target Area



Characteristics of Proposed Target Area Block Groups Relative to Eligible Area Average

Indicator	232.10 – 1	232.10 – 2	232.10 – 3	232.11 – 1	232.12 – 1
Number of current REOs, 2011	10	13	28	20	8
HUD Impact Score	13	3	10	7	7
Food Stamp recipients trend, 2005-2010	Worse – 1	Worse – 1	Worse – 1	Better	Worse – 1
Properties sold trend, 2005-2010	Worse – 1	Better	Better	Better	Better
Median sales price, 2010	Worse – 1	Worse – 1	Worse – 1	Worse – 1	Worse – 1
Median sales price trend, 2005-2010	Worse – 1	Worse – 1	Worse – 1	Worse – 1	Worse – 2
Absorption rate, 2010	Better	Better	Worse – 1	Better	Better
Median days on market	Worse – 1	Better	Better	Worse – 1	Better
Foreclosure filings trend, 2005-2010	Better	Better	Worse – 1	Better	Better
REO properties trend, 2005-2010	Better	Better	Worse – 1	Worse – 1	Better
Abandoned/vacant units 90+ days	Worse – 1	Better	Better	Better	Better
Percent of addresses abandoned/vacant	Better	Better	Better	Better	Better
Delinquent taxes	Better	Better	Worse – 1	Better	Better
Code enforcement action	Better	Better	Worse – 1	Better	Better
Serious crime trend	Worse – 2	Better	Better	Worse – 1	Better