

Understanding Foreclosure and Strengthening Housing Markets in a Post-Subprime Environment

Neighborhood Housing Markets Modeling Memphis, Tennessee

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CBANA: Linking Research with Action

- Research on neighborhoods, housing, poverty, equality of opportunity, and disparities in health and quality of life for women, families and children
- Partnering with community-based organizations to implement data-driven strategies for social change
- Community-based student internships
- InfoWorks for a Greater Memphis

InfoWorks Memphis

- To create and disseminate actionable knowledge and stimulate community-based problem-solving
- Neighborhood-level drill down
 - housing and neighborhoods
 - education
 - income and employment
 - families and children
 - community safety
 - health and mental health
 - economic development
 - environment and transportation
 - culture and amenities
 - social capital

Our Work on Foreclosure

- HMDA Lending Study with the Community Development Council of Greater Memphis
- SouthEast Memphis Initiative
- Parcel-based analysis with The Urban Institute
- Property Transaction Database with The Brookings Institution Urban Markets Initiative

Property Transaction Database

- Brookings Pilot Neighborhoods
- Drill down: chain of title research at local and neighborhood level
- Theorize up: implications for housing policy
- Time to foreclosure from sale
- Time to foreclosure from re-finance
- Cash-out refinance
- Bankruptcy
- Owner-occupant or investor
- Non-local investor
- High volume investor
- Individual or corporate investor
- Evidence of flipping
- Lenders/servicers
- Tax arrears

SouthEast Memphis Initiative

- Comprehensive community initiative in southeast Memphis Hickory Hill annexation area and beyond
- Data-driven interventions in partnership with the Southeast Memphis CDC
- UMI: Property Transaction Database
- ***Contextualizing*** foreclosure and rethinking ***local*** housing markets in a post-subprime environment

Post-Subprime Coalition

- Picking up where Anti-Predatory Lending Coalition left off
- CBANA as research partner
- Community Development Council of Greater Memphis
- Memphis Area Legal Services
- Memphis DEBTS Collaborative
- Federal Reserve Memphis Branch
- HUD Memphis Field Office
- Seedco Housing Counseling Network
- United Housing/Neighborworks
- Memphis Area Association of Realtors
- Better Business Bureau
- NAACP
- AARP
- New Partners?

Local Data: Foreclosure in Context

- *Parcel-based systems integrate neighborhood-level data*
- *Summarize and differentiate* neighborhood-level issues
- *Contextualize* contributing factors within neighborhoods
- Refine AND counter anecdotal understanding
- *Illuminate* leverage points for intervention
- Theorize up to drive policymaking

Doing More with Neighborhood Level Analysis

- Creating “actionable knowledge” through *context*
- Issue framing: what is driving foreclosure in *this* neighborhood and what *can be done* about it?
 - Intervention: dealing with the fallout for homeowners and for neighborhoods
 - Prevention: rethinking home ownership and housing equity for low to moderate income families, households with credit problems, and households in overpriced markets
- Mobilizing non-profit and grassroots involvement
 - Asset mapping

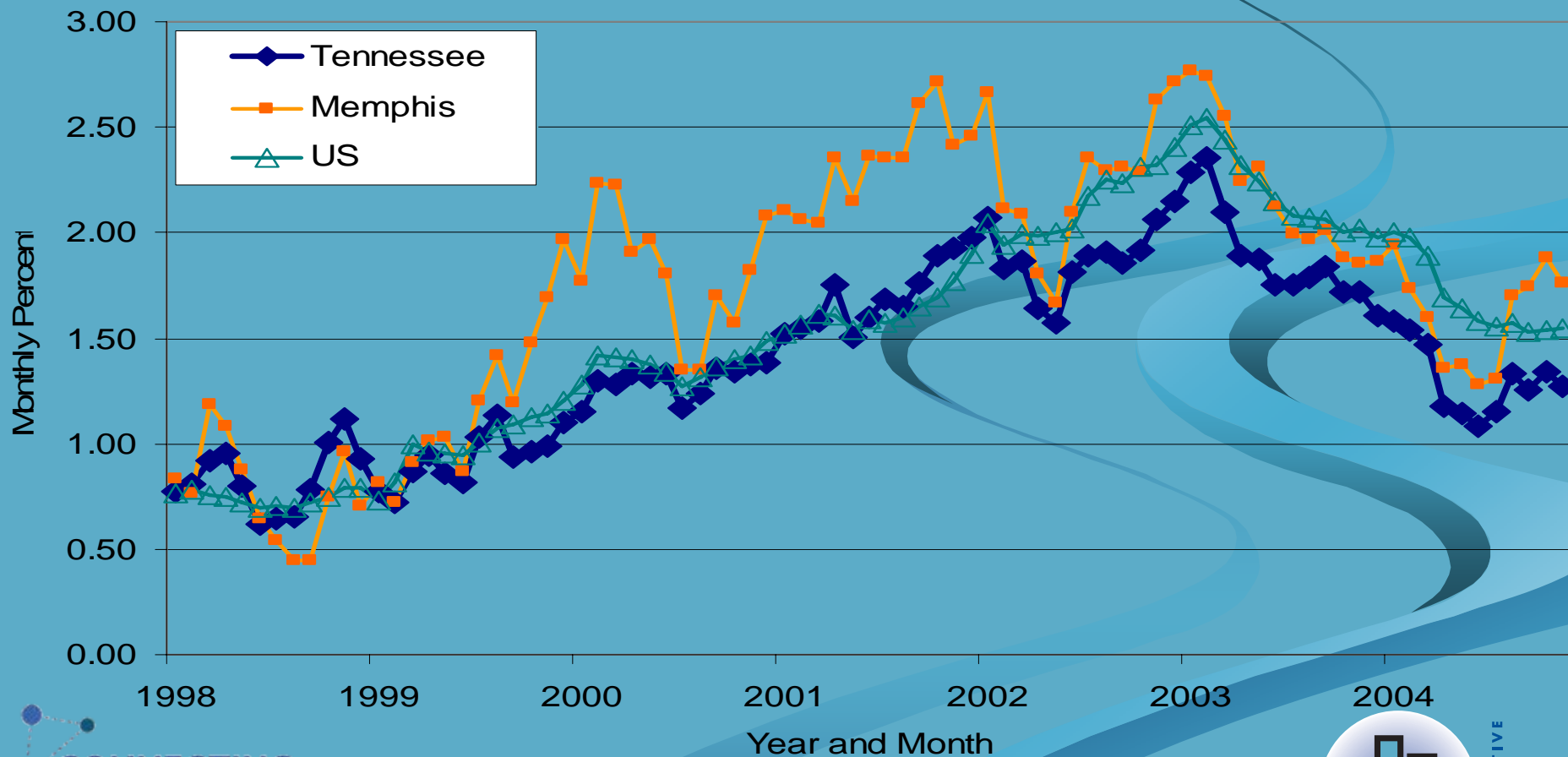
Beyond Rescue: Re-establishing Healthy Housing Markets

- What is effective post-subprime demand likely to look like in the absence of intervention?
- How much home ownership can be realistically supported with appropriate market interventions?
- What would those market interventions look like?

Data Sources are Critical

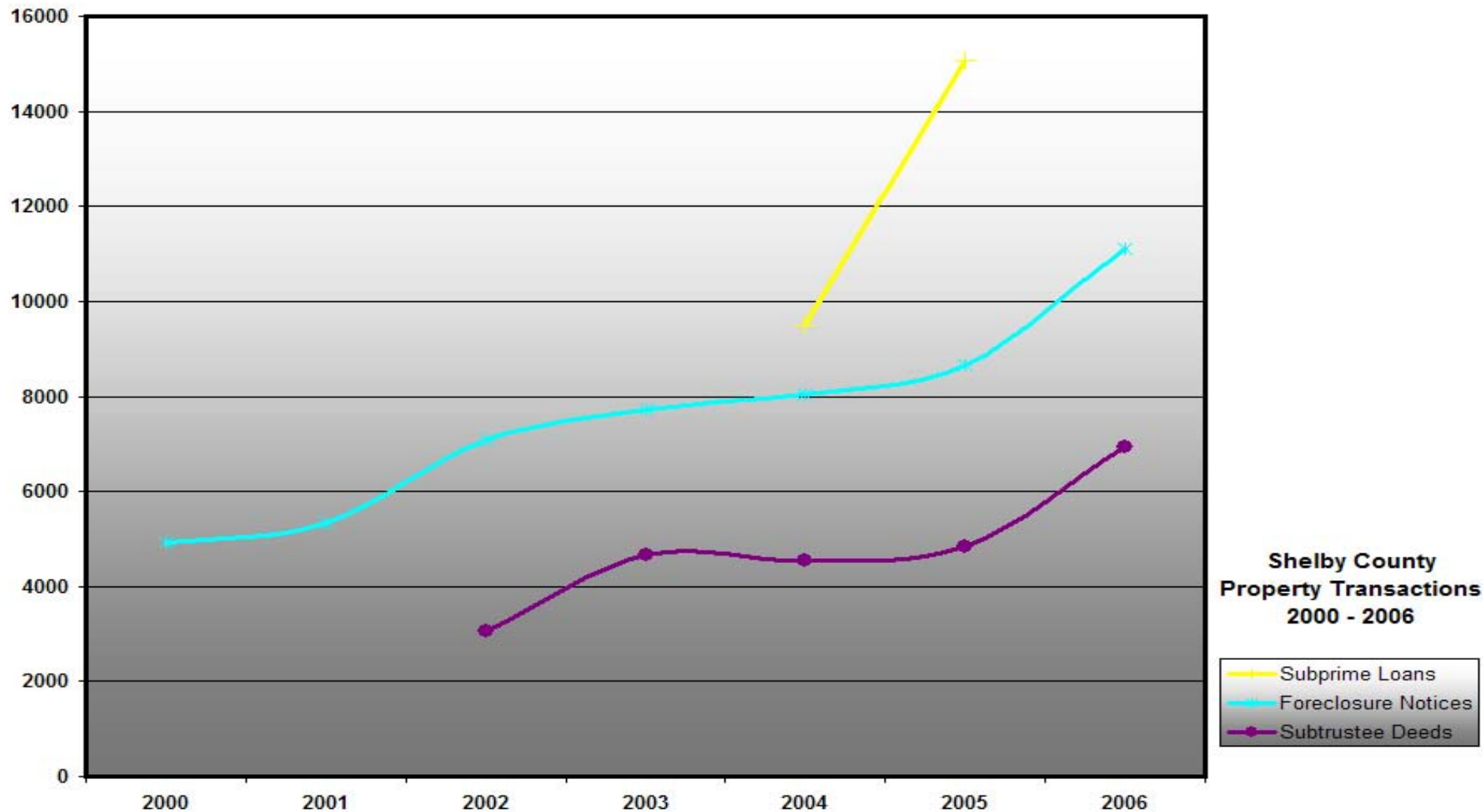
Loan Performance Database

Subprime Foreclosure in Progress Rate



Local Sources and Local Knowledge

Memphis Daily News and Register of Deeds



Foreclosure Facts

Memphis and Shelby County

- 2000-2007: 60,000+ Shelby County foreclosure notifications
- 2007 (estimate) up 151% from 2000 – more than doubling from 4609 to 11,000+
- Local high volume neighborhoods may be 50% failure rate on subprime loans

Subprime Lending Targets Shelby County

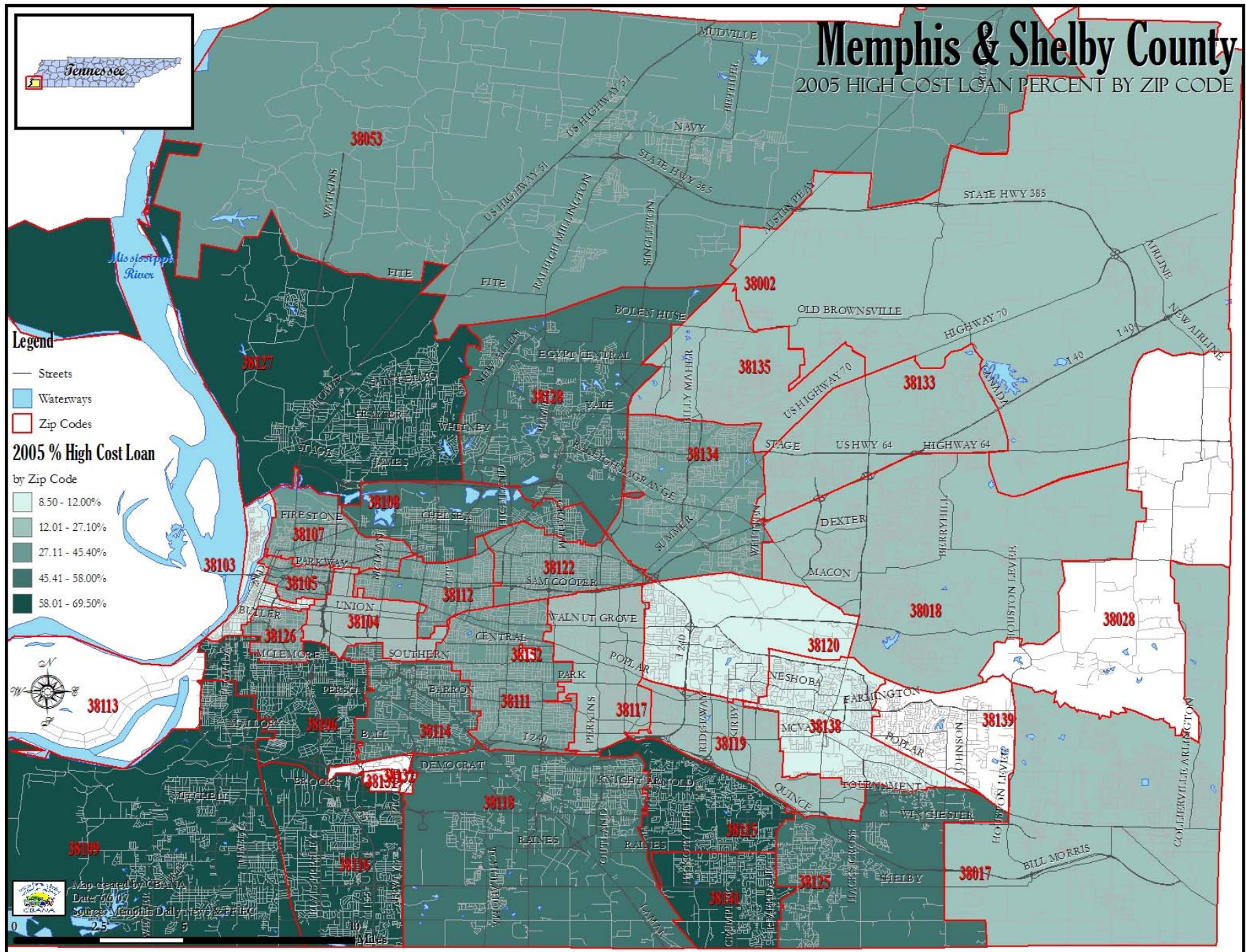
- HMDA 2006. 35% subprime
 - Down from 38% 2005
 - Up from 25% in 2004 and prior
 - Targets African Americans
- Twenty of 32 Shelby County zipcodes have subprime rates of at least one-third
 - 60% of all zipcodes
 - Targets African American and integrated neighborhoods
- Eleven zipcodes at least 50% subprime
 - One of every three zipcodes county-wideLocal high volume neighborhoods may be 50% failure rate on subprime loans
 - Local high volume neighborhoods ~ 50% failure rate on subprime loans

Suburban Foreclosures 2000-2005

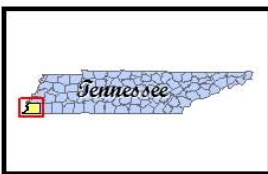
Year	2000	2001	2002	2003	2004	2005	TOTALS	% INCRS
								00:05
38002	20	48	74	69	98	102	411	410%
38016	52	82	104	149	153	201	741	287%
38017	59	88	115	123	139	136	660	131%
38018	59	93	140	147	202	234	875	297%
38028	2	5	7	11	10	12	47	500%
38053	63	82	114	134	133	150	676	138%
38133	69	82	128	129	113	151	672	119%
38134	105	129	171	191	233	216	1045	106%
38135	73	75	132	118	148	183	729	151%
38138	27	48	61	69	84	63	352	133%
38139	13	17	29	18	36	28	141	115%
Memphis-Shelby Totals								
TOTALS	542	749	1075	1158	1349	1476	6349	172%
Legend								
Lakeland/Arlington						Millington		
Partial Memphis/Cordova - County						Memphis City		
Collierville						Bartlett		
Eads/Fisherville						Germantown		

2005 HIGH COST LOAN PERCENT BY ZIP CODE

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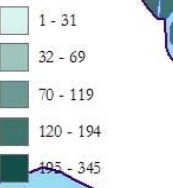
Memphis & Shelby County

2005 HIGH COST LOANS BY CENSUS TRACT

Legend

- Streets
- Census Tracts
- Waterways

High Cost Loans
by Census Tract

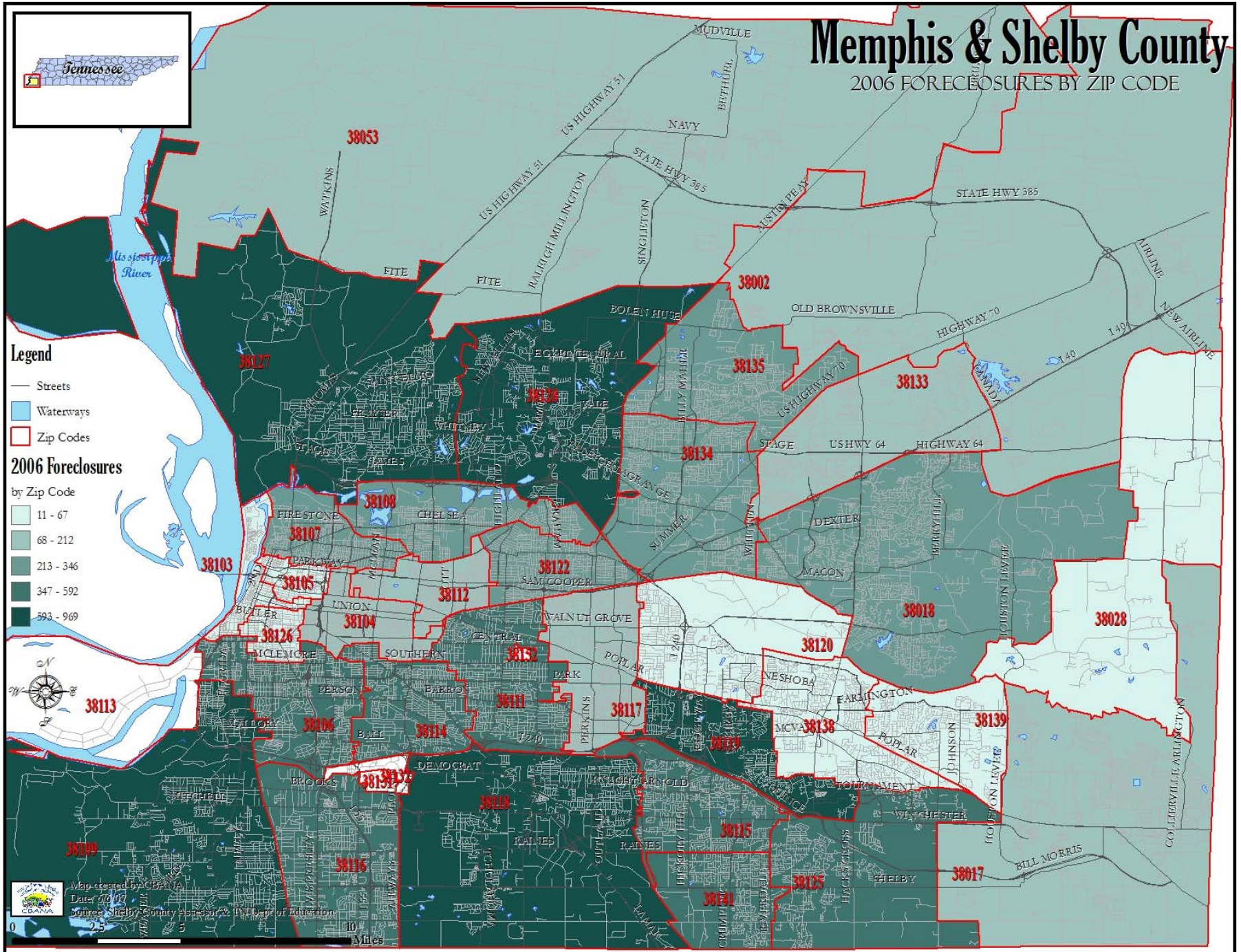


Map created by CEANA
Date: 09/07
Source: Shelby County Assessor & TN Dept. of Education

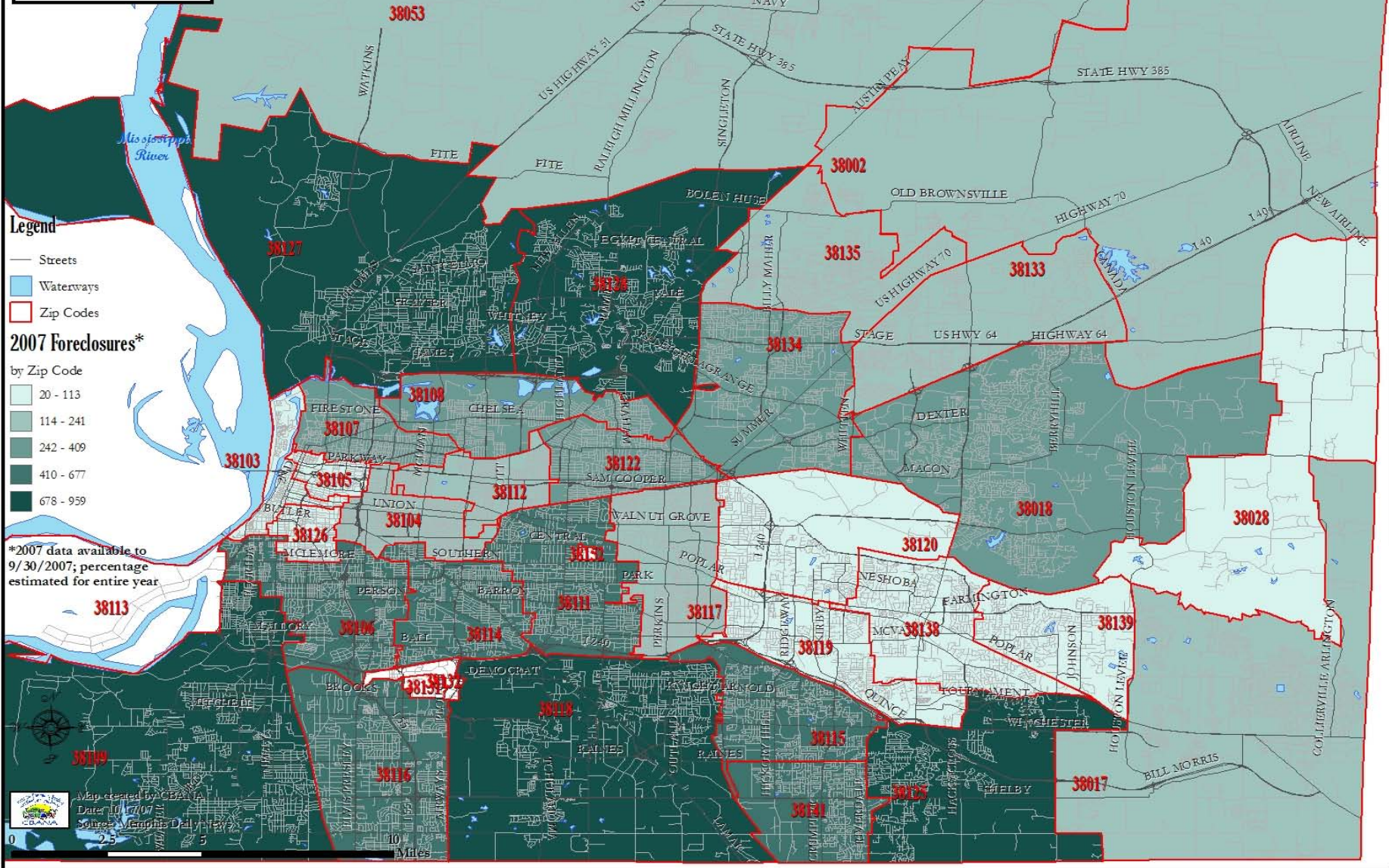
Legend

- ## 2006 Foreclosures

11 - 67
 68 - 212
 213 - 346
 347 - 592
 593 - 969



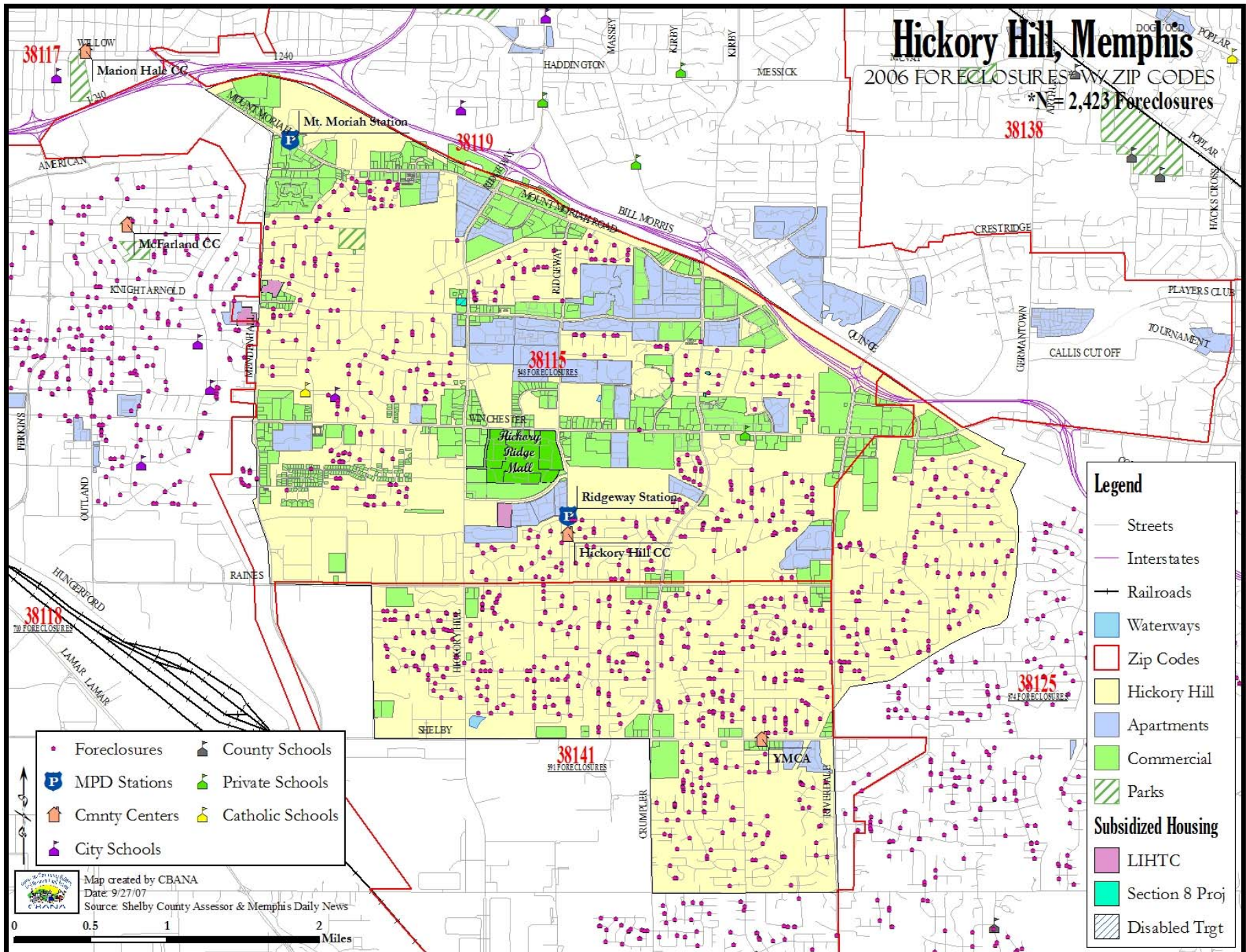
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Source: Shelby County Assessor & TN Dept. of Education



Hickory Hill, Memphis

2006 FORECLOSURES BY ZIP CODES

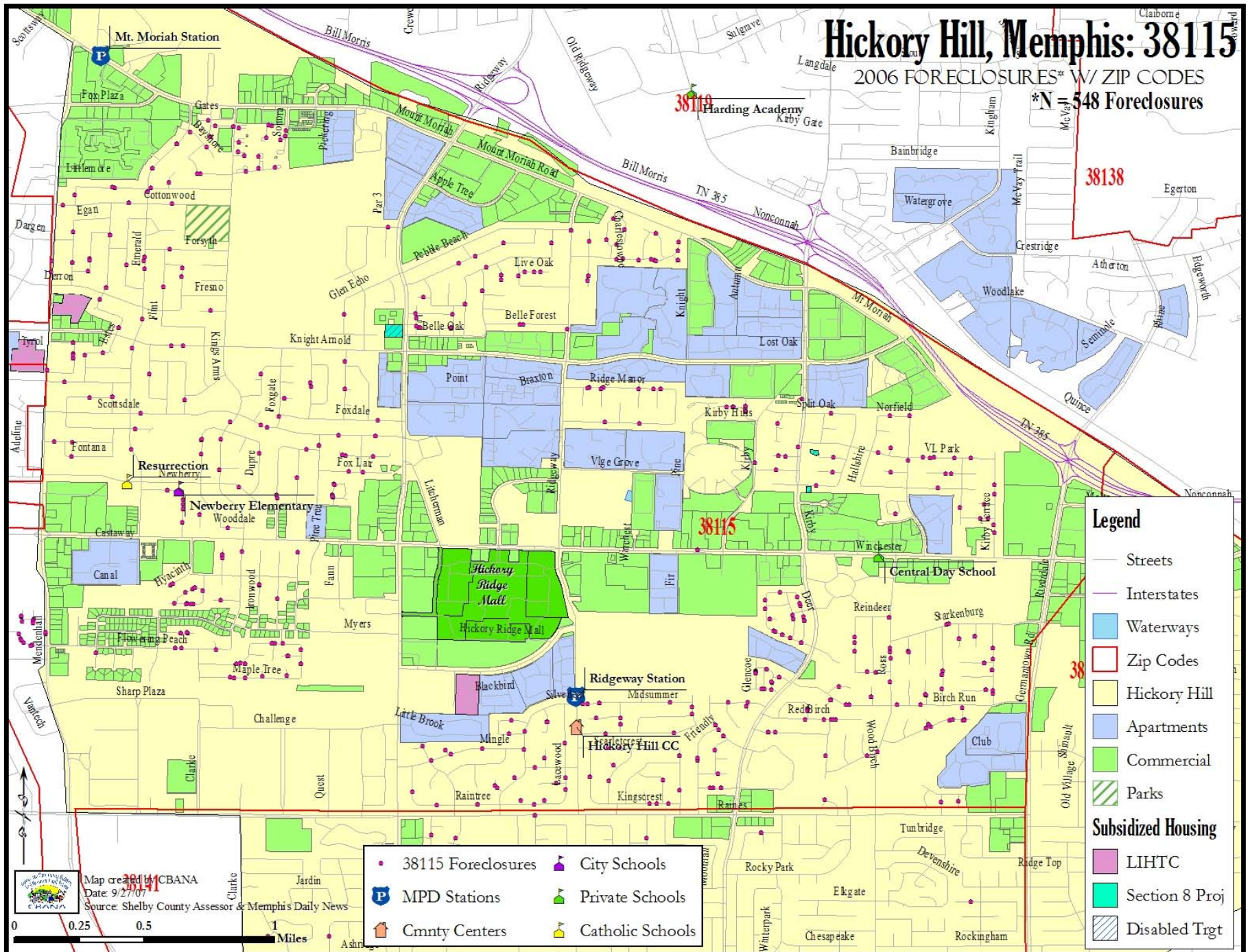
*N 2,423 Foreclosures

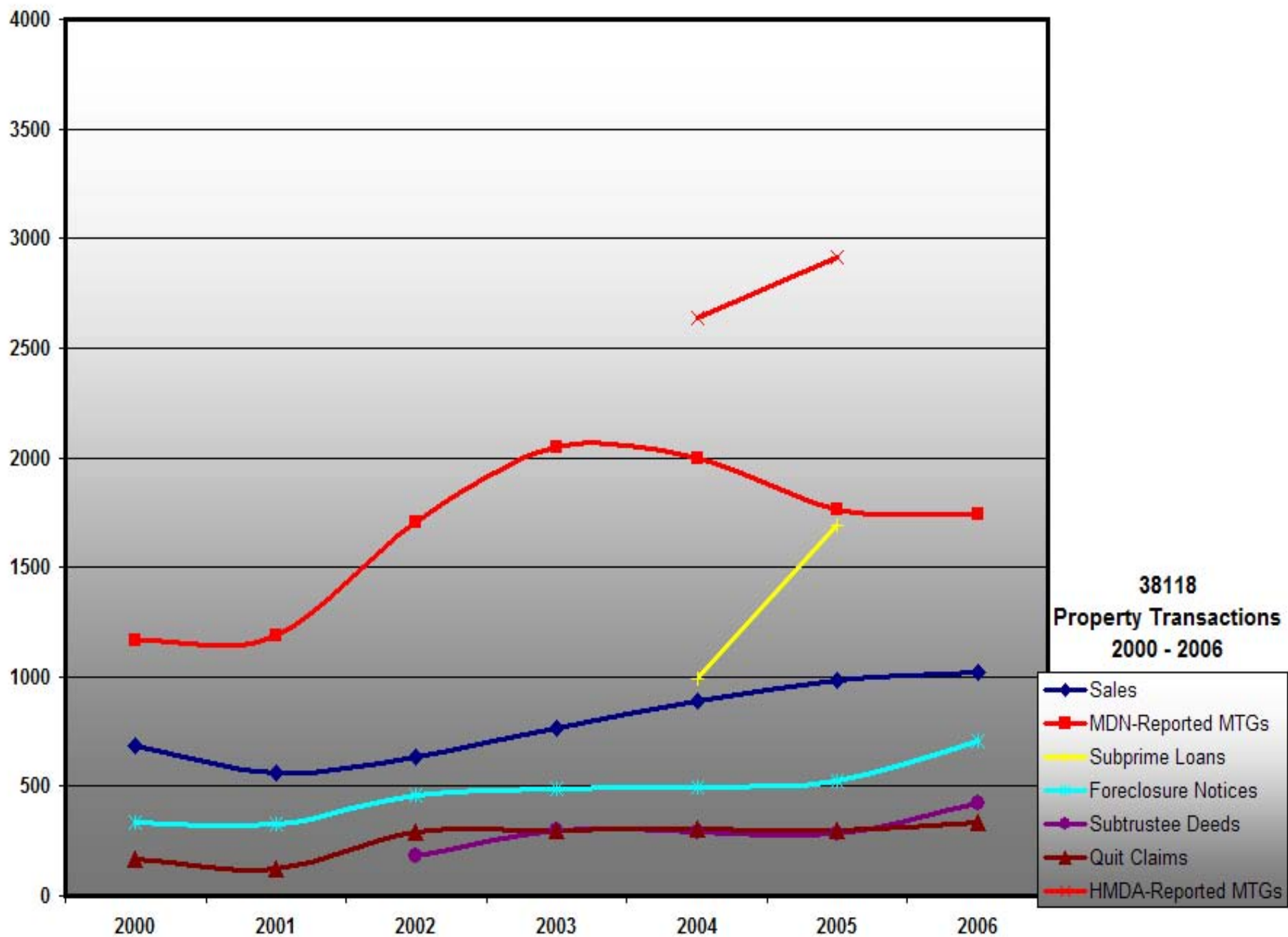


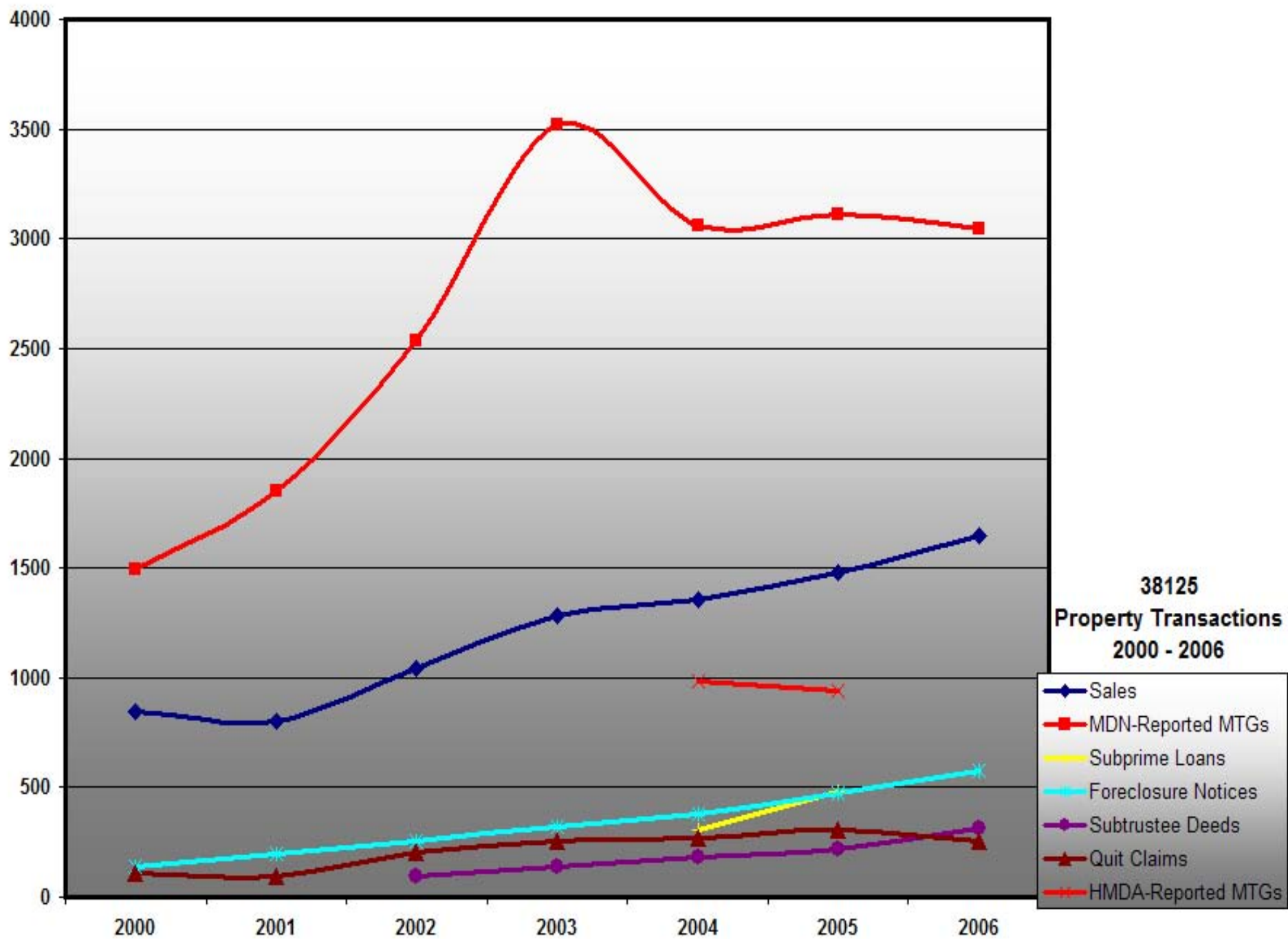
Hickory Hill, Memphis: 38115

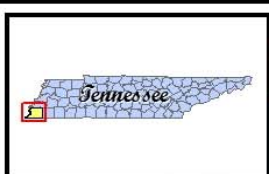
2006 FORECLOSURES* W/ ZIP CODES

*N = 548 Foreclosures









Memphis & Shelby County

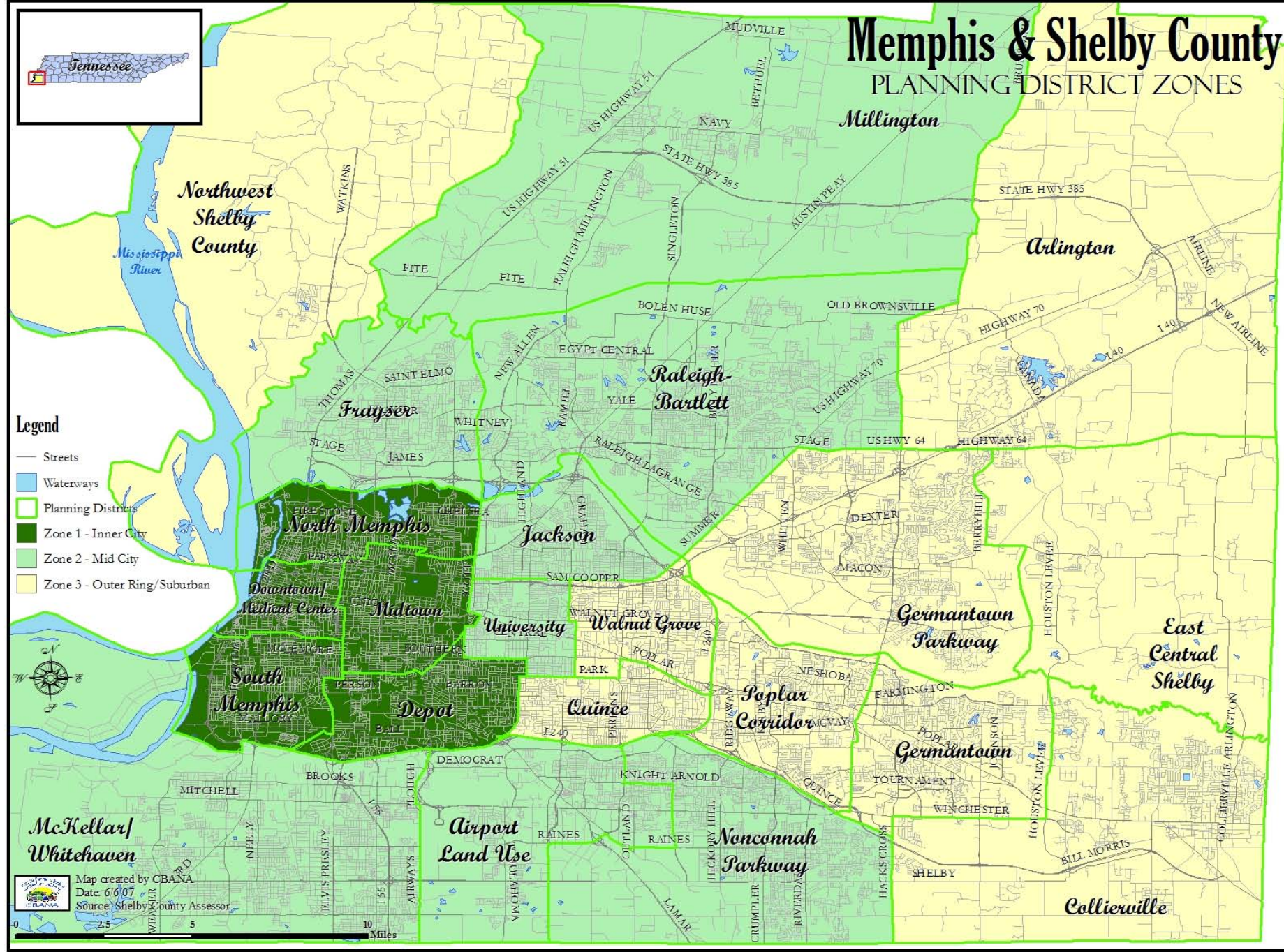
PLANNING DISTRICT ZONES

- Legend**
- Streets
 - Waterways
 - Planning Districts
 - Zone 1 - Inner City
 - Zone 2 - Mid City
 - Zone 3 - Outer Ring/Suburban



**McKellar/
Whitehaven**

Map created by CBANA
Date: 6/6/07
Source: Shelby County Assessor



From high cost lending to foreclosure?

- From Zones to Taxonomy
 - Type I. Marginal buyers: Zone 2
 - Type II. Pushing the envelope: Zone 3
 - Type III. Home Repair Liens: Zone 1
 - Type IV. Economic Jeopardy: Multi-Zone
 - Type V. Overextended investors: Zone 2
- From Taxonomy to Customized Interventions
- From Rescue to Market Reformulation

A Post-Sub-prime Market

- Estimating effective demand by neighborhood
- Preparing for vacancies and transition of single family housing to the rental market
- Supporting home ownership for marginal buyers
- Supporting transition to the rental market for former homeowners

Customizing Market Interventions to Support Local Home Ownership

- Financial literacy-consumer education
- Pre-purchase and wrap-around home-ownership support for low-mod buyers
- Credit repair and financial management support
- Appropriate financial products: Retail banks and CDFI
- Good-faith mortgage brokering: non-profit?
- Good-faith real-estate brokering: non-profit?
- Innovative use of lease-purchase
- Reclaiming a critical mass of single family properties: land trust arrangements?