

Hot Topics

COUNTY NEWS SPECIAL SUPPLEMENT

JULY 13, 2009

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Counties and ... The Foreclosure Crisis

F.A.Q.s

FREQUENTLY ASKED QUESTIONS

Q: What can homeowners do if they get behind on their mortgage payments or want to get help before they fall too far behind? Also how can they get help if they owe more on their homes than they are worth?

Homeowners should contact their lender to discuss options that may be available. Avoiding communication with a lender is the biggest mistake they can make. If the homeowner has trouble reaching the lender, they can contact a local HUD-approved housing-counseling agency for help working with the lender or they can contact their county about such a program.

Q: Is there any relief for homeowners who are at risk of foreclosure?

The Housing and Economic Recovery Act of 2008 created the HOPE for Homeowners (H4H) program, which helps certain borrowers to refinance their mortgage. Homeowners should speak to the holder

of their mortgage to determine their eligibility for this program.

Q: How does the H4H program work?

Through this program, which is slated to end Sept. 30, 2011, homeowners may be eligible to refinance their loans into a fixed rate 30-year mortgage that is more affordable and is insured by the Federal Housing Administration (FHA).

The principal amount cannot exceed more than 90 percent of the home's current appraised value. This is a voluntary program so the borrower and the lender (or lenders in case of more than one mortgage) must all agree to participate and to release the liens on the property.

Q: Which homeowners are eligible for H4H help?

To be eligible, the homeowner must have a mortgage that is dated on or before Jan. 1, 2008. The property

See FAQs page 11



Foreclosure crisis for counties hasn't 'hit bottom' yet

By CHARLES TAYLOR
SENIOR STAFF WRITER

The mortgage foreclosure crisis is far from over for those counties hardest hit.

"We haven't hit bottom yet, but I believe we're close," says Renee Ayres-Benavidez, Maricopa County, Ariz.'s director of community development.

Some 2,000 miles away, Collier County, Fla. is ranked 10th in the state for foreclosures. "No, we don't see it abating at all," said Marcy Krumbine, the county's director of housing and human services.

RealtyTrac's May 2009 U.S. Foreclosure Market Report showed that foreclosure filings — default notices, scheduled auctions and bank repossessions — were reported on 321,480 U.S. properties. While that was a 6 percent decrease from the previous month, it was nearly 18 percent above May 2008. One in every 398 housing units in the United States received a foreclosure filing in May.

Nevada, California and Florida led the way, with one in 64 housing units receiving a foreclosure filing — more than six times the national average. In those states, respectively, Clark, Merced and Lee counties had

the most foreclosures.

But the news isn't all doom and gloom for counties. Federal programs like the Neighborhood Stabilization Program (NSP) are pouring billions of dollars into acquiring, rehabbing and reselling foreclosed properties. The Obama administration's Making Home Affordable initiative, begun in March, aims to help millions of Americans stay current on their home loans.

And increasingly, Washington is looking to local governments to help solve the problem and for ideas.

"We will be asking you for inputs on our programs and policies, and

you can believe we are in listening mode," said Ron Sims, Housing and Urban Development (HUD) deputy secretary and former county executive in King County, Wash. "Remember, I sat where you sit and I know which HUD programs worked for us and those that seemed as if they were a 'one size fits all but us' program." (see Q & A with Sims on page 9)

As a result of the foreclosure crisis, counties are facing a range of challenges — not least of which is declining property tax revenue, leading to budget shortfalls. "We've seen as much as a 20 percent decrease

in property tax value," Krumbine said.

The foreclosure mess isn't only starving county budgets, it's compromising communities. Local officials report an increase in crime where foreclosures are high (see story on page 11). Animal welfare departments are seeing an increase in abandoned pets. In Washoe County, Nev., environmental health officials are concerned about foreclosed properties becoming breeding grounds for West Nile virus-causing mosquitoes. "When you foreclose on a home with

See CRISIS page 8

Maricopa County housing stock 'needs to be used up'

CRISIS from page 7

aswimmingpool, there's a chance the pool will grow its own ecosystem if it's not treated," health department spokeswoman Tracie Douglas told the *Reno Gazette-Journal*.

Along the Gulf and Atlantic coasts, some residents are worried about what will become of vacant foreclosed homes — with no one there to shutter windows — if a hurricane should hit.

Washington to the Rescue

The American Recovery and Reinvestment Act included nearly \$2 billion for NSP2, funds to be awarded on a competitive basis and targeted towards reviving and stabilizing neighborhoods and housing markets with high numbers of foreclosed properties. This follows \$3.92 billion in formula funds authorized last year for the original NSP1 program.

• redevelopment demolished or vacant properties.

Under NSP1, grantees have 18 months from the date HUD signed their grant agreements to obligate the funds and four years to spend them.

Several of the counties interviewed by *County News* were feverishly at work to meet a July 17 deadline to apply for NSP2 funds.

'A Terrible Situation'

"It's just been a terrible situation in terms of the number of foreclosures, not only single-family homes but a tremendous number of condominiums that were also built within the last couple of years," said Edward Lowery, Palm Beach County, Fla.'s director of housing and community development.

Foreclosures in the county rose 113 percent from 2007 to 2008, according to Sharon Bock, clerk of courts and controller — 13,695 cases

Florida who don't necessarily want to be tied down with home ownership, and you also have families who are earning 70 or 80 percent of (area median income), so rentals are more attractive and affordable to a lot of the families here in South Florida, so we're trying to address both issues."

Bock's office processes foreclosure filings and is now doing so with 20 percent less staff. On the other side of the state, Collier County's Clerk Dwight Brock said what used to take two days now takes 10 to 14. Both are operating under state-mandated cuts to their budgets.

Housing Stock 'Needs to Be Used Up'

Maricopa County received \$9.9 million in NSP1 money. Working through the county housing authority, it will use about \$6 million to acquire and rehabilitate foreclosed properties for resale.

Toward the end of the housing boom, there was a lot of development in the southwest portion of the county, Ayres-Benavidez said. The cities of El Mirage and Goodyear, and the town of Buckeye each have about 1,100 foreclosed homes.

These newer homes won't need much rehabilitation, she said. "Our intention is to use as much money as we have available to do as much renewable energy-type improvements as we can" — such as installing low-flow faucets and toilets, extra insulation and double-paned windows — "to improve the energy efficiency of these houses."

Ayres-Benavidez said Maricopa doesn't plan to do any land-banking or demolition. "What we have is an excess availability of very good housing — new housing — the housing stock just needs to be used up."

Stabilizing Neighborhoods before NSP

Collier County began working with partners such as Habitat for Humanity a year-and-a-half ago, even before NSP was created. The county re-programmed HUD money to enable the nonprofits to acquire, fix up and resell residential foreclosures.

When the NSP money became available, the county created an internal program, pulling together a team from across several departments — including real property, code enforcement, legal, risk management — to administer the program under her department's direction.

To date, the county has inspected 163 properties and made offers on 135 of them, Krumbine said. As of early July, offers had been accepted on 20 properties.

'Clash of the Titans'

Even with the Neighborhood Stabilization Program, some county officials believe that banks and lenders are dragging their feet in selling off foreclosed properties.

Krumbine sees things through the prism of her background in home buyer education. "For years I told people: 'You can always go back to the bank if you're ever in trouble and work out issues with them — because they don't want to hold on to these assets, they wouldn't want your property. So they want to help you stay in your home.'

"I don't see them eager to sell the properties. It is a very arduous

process to get them to sell a property," she said.

Governments and banks working together can be a "clash of the Titans," Krumbine said. "If I were to get a bunch of bank presidents in the room, what I would say to them is at least with the government — the county governments, and the jurisdictions that are participating in NSP — they know we have money.

"We might have a lot of paperwork, and it might take time to work with our bureaucracy, but you know we're coming to the table with a cash deal.... We do have a checkbook that is supported by federal funding."

Bank's program helps NSP counties buy foreclosed homes

By CHARLES TAYLOR
SENIOR STAFF WRITER

Several of the foreclosed properties Collier County, Fla. has purchased under the Neighborhood Stabilization Program (NSP) were REOs — so-called "real estate-owned" properties from mortgage lenders' holdings.

Bank of America Home Loans was the seller under a program designed to streamline the process for local governments to purchase foreclosed homes.

Marcy Krumbine, Collier County's director of housing and human services, said the lender is among the few who have "gotten their act together."

"Several of the properties that we've put offers on have been with them," she added. The county will rehabilitate and resell the homes.

Robert Grossinger, a Bank of America senior vice president in Chicago, said the company is proactively briefing NSP grant recipients and has dedicated staff to work with the government officials, agencies and their nonprofit designees — "to take the process of buying REOs from soup to nuts."

For example, "If Cook County wants to participate with us in terms of knowing what REO properties we have, and they would like to buy them — either directly or through a sub-grantee or a designee — we first talk to them about how we do the program. Then we provide them with a property request form on which they fill out the zip codes they're interested in.

"We will then provide them with a list of the REOs that we have in those zip codes and we will update that list once a week automatically and send it to them," he explained.

Specifically, the program's guidelines offer NSP grantees the following:

"First Look" Purchase Opportunity — Review of Bank of America bank-owned properties before being listed on Multiple Listing Services (MLS) and other public sites.

Multiple Property Purchase Opportunity — The ability to purchase multiple properties in a single transaction.

Individual REO Sales — A dedicated servicing associate at Bank of America to work with the city or county from start to finish, and

Real Time Listings — Private access to a new Web site providing real-time listings of all REO properties owned by the bank. Lists of all REOs within a specific zip code are also available.

Grossinger said the first-look program, "really helps in communities in which there's a large investor population that are bidding on properties and taking them but not necessarily restoring them immediately or giving them back to use immediately."

For more information, contact Robert Grossinger at 312/904-9677 or robert.grossinger@bankofamerica.com.



Photo courtesy of Collier County, Fla.

A Collier County, Fla. code enforcement investigator inspects a foreclosed property in Naples for potential code violations. Under the Neighborhood Stabilization Program, the county had inspected 163 properties by early July and made purchase offers on 135 of them.

"Through the Neighborhood Stabilization and Community Development Block Grant Programs, we are providing avenues for local leaders to tackle foreclosure at the neighborhood level and to bring vibrancy back into people's homes and communities," Sims said.

NSP money can be used to do any of the following:

- establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties
- purchase and rehabilitate homes and residential properties abandoned or foreclosed
- establish land banks for foreclosed homes
- demolish blighted structures, and

in 2007; 29,114 last year. Since 2004, the foreclosure rate has increased nearly 800 percent, she said.

The county received \$27.7 million under NSP1 and is pursuing NSP2 funding. Lowery said, "Out of that \$27 million, we're using \$18 million to provide first-mortgage loans to homebuyers of foreclosed properties." Under NSP2, the county wants provide second-mortgage subsidy assistance.

The county also has an initiative that awards money to nonprofits to purchase foreclosed residential properties to rent to clients who meet HUD guidelines.

"Right now, affordable rental housing is more critical than affordable home ownership," he said. "There are a lot of people here in

Counties get creative on foreclosure prevention

By ELIZABETH PERRY
STAFF WRITER

Counties across the nation are using Neighborhood Stabilization Program funds on creative approaches to foreclosure prevention.

Some of the prevention programs focus primarily on home buyer education and counseling programs, others offer counseling in conjunction with closing and down payment assistance, and others seek to prevent further foreclosures through counseling and loan programs, while at the same time increasing the availability of affordable housing.

Boulder County, Colo.

Boulder County, Colo. Housing Authority's Volunteer Foreclosure Housing Prevention Counseling Program offers classes and one-on-



one counseling by trained volunteers to help guide home owners through the legalese of loan terms, retool their budgets and mediate with lenders to make loan terms more manageable.

Changes in adjustable mortgage rates, employment or domestic sta-

tus are some of the most common reasons people find themselves unable to afford their homes, said Tonja Ahijevich, program coordinator. Others are current on mortgages but worried about future payments.

"They know their adjustable rate mortgage is going to adjust next year, and they want to be proactive in being able to accomplish that financially," she said. "So we're seeing people who are not even in default who want to come to us to talk about options to stay in their homes."

The Housing Authority has offered foreclosure help since 1984, but when foreclosures jumped from 13,573 in 2003 to 21,782 in 2005 and kept trending upward, the Colorado Division of Housing identified foreclosure prevention as a high priority. Through a mix of statewide partnerships and

local collaboration, restructuring of its services and the creation of its housing counseling program, the Housing Authority was able to secure direct foreclosure funding and expand its services to two other locations, Broomfield County and the city of Longwood. Ahijevich said there are other county housing authorities throughout the state that address similar issues, and they come together as a statewide collective to plan foreclosure strategies and serve clients as a whole.

Florida

The *Tampa Tribune* recently reported that foreclosure cases in Hillsborough and Pinellas counties totaled 62,112 between 2006 and 2009. However, of the 1,000 first-time home buyers in the very low to moderate income bracket, only 10 cases resulted in foreclosure. Pinellas County's affordable housing program had three foreclosures out of 191, and Hillsborough had less than 1 percent.

The *Tribune* attributed the high number of foreclosures among mid- to higher-income families to the same mistakes that have plagued other home owners across the nation, including buying more home than they could afford, mortgages that readjusted rapidly out of reach and high interest-only loans.

Lower-to-moderate income families didn't fall as quickly into the foreclosure trap, according to the *Tribune*, because they were not eligible for the risky adjustable rate mortgage offers that led so many mid-upper income home owners astray. But they were eligible for down-payment assistance from Hillsborough County which included a requirement to undergo financial counseling and budgeting classes that also taught them how to maintain their properties and live within their means. Home buyers received down-payment help from \$20,000 to \$30,000.

"The more informed they are about the home-buying process, the more successful they are in home ownership," Daphne Johnson, senior community planning specialist for the Pinellas County Community Development and Housing Finance Authority, told the *Tribune*.

Fairfax County, Va.

Fairfax County, Va.'s Board of Supervisors launched its Silver Lining Initiative last summer in response to the increase in foreclosed homes, which numbered 3,518 in

the first quarter of 2008. The goal of the initiative is to help low-to-middle income families buy 100 foreclosed properties with the help of low-interest loans. The "silver lining" is the opportunity coming out of the housing crisis that the county hopes will make home-ownership a reality for everyone.

In a report on the initiative, Paula Sampson, Fairfax housing and community development (HCD) director, wrote that foreclosure specialists with HCD, other agencies and nonprofit groups will provide counseling to home owners in danger of losing their homes. They will also collaborate with the Virginia Housing Development Authority, as well as local attorneys and paralegals to help create a workable solution. "The focus of the counseling is to connect home owners with their lenders or other resources, with the ultimate goal of a loan work-out," she wrote.

Neighborhood preservation is another key factor in the initiative, with the Fairfax County Redevelopment and Housing Authority's purchase of eight foreclosed, abandoned or blighted homes towards its goal of 10. Up to \$2.95 million in funding from Fairfax County Redevelopment and Housing Authority's taxable line of credit has been earmarked for the purchase and rehabilitation of the homes, which will be resold to first-time buyers and nonprofit organizations.

Additional funding of \$2.8 million in federal Neighborhood Stabilization funding will go into Silver Lining Plus, which will enable nonprofit organizations to purchase buildings to serve as affordable rental housing.

To participate in the program, priority was given to home buyers on the first-time home buyers waiting list, public school and local government employees and county Housing and Community Development clients participating in the Partnership for Permanent Housing, and Resident Opportunities and Self Sufficiency (ROSS) Grant public housing home ownership initiative. Other qualifications for the Silver Lining Initiative are:

- purchase of a bank-owned, foreclosed single-family house
- family members must not have owned a home for previous three years
- live and work in Fairfax County
- new home must be the buyer's primary residence, and
- sale price must not exceed \$362,790 for a single-family house or \$270,000 for a townhouse.

Foreclosure Q&A with HUD Deputy Secretary Ron Sims

County News asked HUD Deputy Secretary Ron Sims, former King County, Wash. executive, for his take on HUD's efforts to address the foreclosure crisis and what it's doing to help local governments preserve their communities.

Q: What is the U.S. Department of Housing and Urban Development doing to improve the housing foreclosure crisis in the U.S.?

This administration is doing everything possible to stem the foreclosure crisis and to keep more families in their homes. In February, we introduced Making Home Affordable, a comprehensive plan to stabilize the U.S. housing market. In just a few months, almost a quarter-million borrowers have received offers for trial loan modifications, tens of thousands of refinances and trial modifications are under way, and informational mailings about the program have been sent to more than one million borrowers.

Over the next few months, we expect these numbers to grow significantly, and we already have some early signs that the overall housing market is stabilizing — particularly in the area of construction, where total starts in May increased 17.2 percent from the previous month.

We are making a difference for hundreds of thousands of families,



Ron Sims
HUD Deputy Secretary

but we realize there is always more we can do so we are constantly tweaking and refining it to assist more families. Recently, we moved to allow home buyers to apply the administration's new \$8,000 first-time homebuyer tax credit toward the purchase costs of an FHA-insured home.

Just recently, we announced an expansion of the Home Affordable Refinance Program to include participation by borrowers who are current but up to 125 percent underwater on their mortgage.

Before the change, only those borrowers whose first mortgage did not exceed 105 percent of the current market value of the property were eligible.

HUD's FHA has also taken a lead role in assisting families facing

foreclosures. When banks can't — or won't — assist families, the FHA is assisting them. We need only look at FHA's share of the mortgage market.

As of 2006, it was less than 2 percent — today, it's 23.7 percent. Obviously we'd prefer the private market to be playing a bigger role than it is today, but FHA is there to fill the gap until the private market returns to health.

Another part of this foreclosure crisis is educating consumers. We must have better informed home buyers. HUD requested \$100 million for our Housing Counseling Program in the FY10 budget, a \$35 million increase over 2009. We are also requesting \$37 million to better protect consumers and taxpayers against those who commit mortgage fraud.

We are fully committed to doing everything possible to stem the tide of foreclosures.

Q: What federal programs are available to assist county governments in helping their residents save their homes or neighborhoods that have a significant number of foreclosed properties, which are vacant or abandoned?

I recently visited Gary, Ind. with

See SIMS page 12

Best Practices: County Foreclosure Programs

• Douglas County, Colo.

The Douglas County Housing Partnership (DCHP), a multi-jurisdictional housing authority, established a Foreclosure Mediation Program. The program aims to prevent mortgage defaults, assist home mortgage lenders and borrowers in working out mortgage defaults, and resolve foreclosure actions that are either initiated or threatened by lenders.

The program was established through cooperation with the Douglas County Public Trustee's Office to decrease the number of foreclosures in Douglas County by providing borrowers with tools and resources to use during the foreclosure process.

DCHP educates borrowers on their consumer rights, as well as acts as a mediator between the lender and the borrower.

For more information, contact the Douglas County Housing Partnership at 303/784-7856.

• Broward County, Fla.

The Broward County Foreclosure Prevention Program is designed to preserve the affordable housing stock in the county. The program assists single-family home owners by providing a deferred payment loan to pay defaulted mortgages where the home owner is in default at least 30 days. Property must be owner-occupied, and the home must meet Florida's State Housing Initiatives Partnership program qualifications and guidelines. The foreclosure prevention Web site also provides a list of HUD-approved counseling agencies within the county.

For more information, contact the Broward County Housing Authority at 954/497-4583 or housingcounselor@bchaffl.org.

• Collier County, Fla.

The Collier County Foreclosure Task Force, a cooperative effort between the Legal Aid Service of Collier County and the Collier County Bar Association formed to promote foreclosure prevention, maintains a blog about foreclosure news in the county. Not only does the blog keep residents updated on upcoming events, but it also hosts videos and materials from previous workshops and forums.

For more information, contact the Collier County Foreclosure Task Force at collierfjf@yahoo.com or Mario Bono at 239/252-2481 or mariobono@colliergov.net.

• Lake County, Fla.

County staff and Fair Housing Resource Center, a multi-



dimensional nonprofit agency, collaborated to meet housing market challenges faced by area residents with the Emergency Rent and Mortgage Assistance Program. The program provided emergency rent or mortgage assistance to income-eligible households who experienced and recovered from a financial crisis.

With the initial allocation of \$120,000 in funding from Community Development Block Grants and a limit of \$2,000 per household, the Emergency Rent and Mortgage Assistance Program intended to stabilize the housing of at least 60 households. Its secondary objective was to explore the terms and conditions in the housing market experienced by low-income households in need by directing them to the Fair Housing Resource Center.

Applicants to the program were required to demonstrate that their rental or mortgage delinquency was the result of a crisis; that the crisis was alleviated, and the resident was unlikely to fall behind in the future. Since the program's implementation, 66 rental households and 19 owner households were assisted. The average rental rescue assistance was \$1,300 per household, and the average mortgage rescue was \$1,800 per household.

After this first objective was met, the program's secondary goal was accomplished as the program gave hope to others who had housing affordability problems by providing an avenue and incentive for them to seek housing counseling service.

For more information, contact Tracy Udrija at 440/350-2625 or tudrija@lakecountyohio.gov.

• Miami-Dade County, Fla.

The Miami-Dade County Foreclosure Prevention Now Web site has a comprehensive list of the assistance available through various

county agencies as well as private organizations and the state and federal government. The site gives a short description of each program and service, and directs residents to the program's Web site as well as the agency's contact information.

For more information, contact the Foreclosure Task Force at 786/331-534 or Glen Theobald at 305/471-2561 or gtheobald@mdpd.com.

• Pinellas County, Fla.

The Pinellas County Community Development Department works with U.S. Department of Housing and Urban Development (HUD) and several local agencies that offer foreclosure prevention assistance. Through the foreclosure prevention Web site, the county provides information on upcoming events and services, as well as an archive of videos and materials from past events.

The site also contains information about avoiding mortgage scams and the importance of taking steps before the resident falls into foreclosure.

For more information, contact the Pinellas County Community Development Department at 727/464-8210.

• Washtenaw County, Mich.

Michigan State University Extension in partnership with the Washtenaw County Treasurer's Office, Housing Bureau for Seniors and Legal Services of South Central Michigan provide mortgage foreclosure prevention counseling to help homeowners sort through the options available to them.

The program encourages residents to speak confidentially with a certified housing counselor in order to develop an action plan to help resolve a resident's housing crisis. The Web site contains fact

sheets with detailed guidance on the options to avoid foreclosure and developing an action plan to create a long-term solution.

For more information, contact the Washtenaw County Treasurer's Office at 734/222-6600.

• Wayne County, Mich.

Wayne County's Mortgage Foreclosure Prevention Program seeks to address the foreclosure crisis currently gripping the county. In collaboration with lenders, investors and local housing counseling agencies, this program provides viable options through foreclosure education, process awareness and intervention. In addition to mortgage foreclosure prevention services, the program also offers families assistance with other basic family needs, such as utility assistance, food and clothing.

For more information, contact the Mortgage Foreclosure Prevention Program at 313/833-2948 or Jamele Hage at 313/833-2053 or jhage@co.wayne.mi.us.

• Craver County, Minn.

The Carver County Housing Counseling Agency provides free foreclosure prevention counseling. Residents can discuss their situation

with counselors and obtain information about options through their mortgage lender and other companies to avoid foreclosure or create a long-term solution to solving their current financial problems.

In conjunction with the county library, the agency is also presenting foreclosure workshops and encouraging action by residents before they become too far behind in mortgage payments.

For more information, contact the Carver County Housing Counseling Agency at 952/448-7715.

• Dakota County, Minn.

The Mortgage Foreclosure Prevention Program provides free counseling assistance to help homeowners who are in or nearing foreclosure with referrals to additional resources and, in some cases, financial assistance. Homeowners work one-on-one with the Dakota County Community Development Agency's homeownership specialists to assess their situations and determine possible solutions. Applicants must be residents of Dakota County and be committed to solving their financial problems with long-term solutions.

See BEST PRACTICES page 13

Foreclosure Data Quick Links



www.federalreserve.gov/consumerinfo/foreclosure.htm

Many foreclosure resources are found on this Web site.

www.ocpafll.org/

See how the Orange County, Fla. property appraiser's office maps foreclosed houses on its Web site.

www.hud.gov/foreclosure/local.cfm

The U.S. Housing and Urban Development's site lists state-by-state foreclosure resources.

www.federalreserveeducation.org/pfed/foreclosure

This site provides links to agencies and organizations that may have helpful information for people facing foreclosures.

www.all-foreclosure.com

This Web site allows you to search for foreclosures in your neighborhood.

www.marginalrevolution.com/marginalrevolution/2008/01/foreclosures-by.html

This is a county-by-county map showing foreclosures throughout the country from January to September of 2007.

As homes go vacant, crime is new neighbor

By **KATI GUERRA**
SENIOR ASSOCIATE

From 2007 to 2008, overall property crime decreased 1.6 percent and violent crime was down 2.5, according to the 2008 Uniform Crime Report and the National Crime Victimization Survey.

Yet many areas hardest hit with foreclosures are experiencing a different scenario; neighborhood crime rates are increasing.

A 2009 report titled *The Impact of Foreclosures on Neighborhood Crime in New York* found that while statewide crime rates were decreasing, high foreclosure areas experienced increasing crime rates. In Nassau County, N.Y. four out of five high-foreclosure neighborhoods had an increase in crime; there was no increase in eight low-foreclosure areas.

In Charlotte-Mecklenburg County, N.C., the police department (CMPD) analyzed rates of violent crime, property crime and 911 service calls from 2003 to 2006. It found a consistent increase in violent crimes during the period in the high-foreclosure neighborhoods (except in 2004), but crime was significantly lower in the low foreclosure neighborhoods, according to CPMD's Michael Bess,

writing in *Geography & Public Safety*, October 2008.

Counties Fight Back

County police departments and sheriffs have had to come up with strategies to manage this emerging

public safety issue. In response to metal thefts in vacant homes, the Hillsborough County, Fla. sheriff's office has assigned a special detective to these types of theft cases. The Crime Prevention Unit in Prince William County, Va. distributes

fliers to teenagers that warn of the consequences of partying in a vacant property. A list of vacant houses is available to the Fairfax County, Va. police department for periodic checking.

Police in many counties are

targeting vacant houses on regular patrols and are often working with community neighborhood watch groups to identify problem areas.

(Charles Taylor, senior staff writer, contributed to this report.)



Restore the Partnership

A Campaign to Reestablish the Federal - County Partnership

For decades, county and federal governments have worked together to answer the challenges facing the nation, but in recent years that partnership has diminished.

Whether it is infrastructure, health care, housing, homeland security, environment or justice programs, each level of government has a role and responsibility, but they need to be coordinated for the best use of people and resources.

To foster better coordination, NACo has launched a campaign to "Restore the Partnership" between the Federal government and America's counties.



Hot Topics

This special County News section is underwritten in part by Freddie Mac.

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Learn more by visiting www.naco.org

HUD to deploy rapid response teams to foreclosure hot spots

SIMS from page 9

Sen. Evan Bayh. I met with the local community leaders there to hear their concerns and to let them know what assistance we could offer to help them with their foreclosure concerns. I am willing to do that with other communities as well. One of the programs I highlighted in Gary was the Neighborhood Stabilization Program.

Through the Neighborhood Stabilization and Community Development Block Grant Programs, we are providing avenues for local leaders to tackle foreclosure at the neighborhood level and to bring vibrancy back into people's homes and communities. We're also putting a much bigger emphasis on affordable rental housing.

The Neighborhood Stabilization Program helps communities to purchase and convert foreclosed and abandoned properties into new affordable housing, land banks, or other options that preserve neighborhoods. In all, the program is providing nearly \$4 billion to communities across the country.

A second round of Neighborhood Stabilization Program funds, a further \$2 billion, will be allocated by competition, not only to turn foreclosed properties into homes again, but also to ensure that our communities go about the rehabilitation and purchase process in a smart, collaborative and, above all, sustainable way.

We are also working closely with our own portfolio of lender-owned homes with Neighborhood Stabilization funding to make sure that we limit the period of time and the impact that those vacant homes have on communities.

We also plan to start deploying Foreclosure Rapid Response Teams to assess the areas hardest hit by foreclosure. Las Vegas will be the first to benefit from the expertise of these HUD teams. The Las Vegas team will determine the needs in surrounding areas based on delinquency rate data at the zip code level, as well as listening sessions with local stakeholders such as housing counseling agencies, lenders and members of the public.

Q: What federal programs are available to assist home owners or renters who have lost their homes due to foreclosure?

If the current economic crisis has taught us anything, it is that it's long past time that we have a balanced, comprehensive, national

housing policy, one that supports home ownership, but also provides affordable rental opportunities and ensures nobody falls through the cracks.

Key to our new strategy is \$1 billion to capitalize the National Housing Trust Fund. The fund rep-



resents the first major federal housing production program since the creation of the HOME program in 1990, and its purpose is primarily to increase and preserve the supply of rental housing for low and very-low income households.

We realize there is not one solution, but a multi-pronged approach will be required to ensure more Americans than ever have affordable housing.

Vouchers are also a critical element of affordable rental housing and addressing the housing crisis. They are the most direct way of meeting the affordability challenge facing very low income renters and the most efficient way of addressing the increase in homelessness resulting from growing job loss, the foreclosure crisis and the economic downturn.

We believe that annual renewal funding of vouchers must be sufficient to ensure that families using vouchers will not lose their assistance and agencies will continue to have the resources to serve new families. That's why our budget requests a significantly higher level of federal funding for housing vouchers.

Q: To date, how effective have the HUD or other Obama administration programs been in mitigating the foreclosure situation in the U.S. and stabilizing communities?

There is no doubt we are making a difference. One only needs to look at the numbers from the Making Home Affordable program, FHA's ever-increasing

market share, and the non-stop business of the government sponsored enterprises, or GSEs (such as Fannie Mae and Freddie Mac), to know that we are helping families. Is there more we can do? Certainly, that is why we continuously review our programs in an

effort to refine them and make them more attractive, responsive and user-friendly to both consumers and the lenders.

Q: How can HUD and local and state governments work together to ensure better outcomes in housing and economic development policy?

HUD has never been more important to America's immediate

Seizing this moment requires transforming the way we do business at HUD.

and long-term success than it is at this moment. We are facing a daunting challenge, and one of the biggest windows of opportunity we may ever have to build better, stronger communities.

Seizing this moment requires transforming the way we do business at HUD. It means partnerships and collaboration with other agencies and at all levels of government to drive energy-efficient housing and sustainable growth. You will see a new HUD that emphasizes collaboration with you.

There is no way we can develop strong sustainable communities and implement a balanced national housing policy that recognizes both home ownership and affordable rental opportunities without you.

The New HUD envisions a

strategic partnership between the federal government, states, metropolitan areas, localities and the private sector to tackle the structural housing challenges facing low- and moderate-income families. Together, we can turn this current crisis into a real opportunity for growth, innovation and reform.

We will be asking you for inputs on our programs and policies, and you can believe we are in listening mode. Remember, I sat where you sit, and I know which HUD programs worked for us and those that seemed as if they were a "one size fits all but us" program.

Q: While housing markets rise and fall, long-term what is HUD doing to prevent the likelihood of such a devastating housing foreclosure crisis again in the U.S.?

The recent challenges of the mortgage market have provided ample evidence that we must work to rethink each and every aspect of the nation's housing finance system. From HUD's perspective you can expect to see a heightened sensitivity to mortgage fraud and a much more extensive education effort to educate consumers about mortgages.

We have implemented changes and we are continuing to implement changes to better detect something. Some changes underway at HUD are:

- utilizing state-of-the-art technology to enhance FHA's fraud detection by borrowers, lenders and appraisers
- adding more FHA staff with a different skills mix than our current work force
- activating SWAT teams to look at and make visits — unannounced — to 10 of the most troublesome lenders
- implementing tighter underwriting standards
- adjusting our risk management factors
- requesting increased authority that would allow us to screen out lenders where they have been suspended or debarred from other programs and to give us other additional authorities to stop the migration of lenders, and
- working more collaboratively with the Office of the Inspector General to detect fraud.

Beyond the regulatory changes that may come to the mortgage industry, here at HUD, there has to be a different tone set to protect consumers, and we are doing that.

What happens to pets of foreclosure?

Pets are victims of foreclosures too. As many more people are facing foreclosure they are making tough choices about what they can afford.

Animal shelters have been seeing a major increase in the number of animals that are being dropped off. The most common scenario is one where owners can no longer afford to feed and care for their pets. Others don't have anywhere to go themselves.

In another scenario, people who have lost their homes due to foreclosure move away and abandon their pets to fend for themselves, often leaving them locked inside yards or in the homes.

The Maricopa County, Ariz. County Attorney's Office published the following helpful steps from the Humane Society of the United States of America on its Web site:

• If you know that a home in your neighborhood is being foreclosed upon, why not ask the occupants if they have made plans for their pets?

• Some home owners might willingly turn over their pets to an animal welfare agency that specializes in rescuing stray and abandoned pets, if they knew where they were located.

• Leave animal rescue literature with the owners; it's better to offend and apologize than to do nothing.

• After the owners have moved, check on the home to see if any pets were left behind or tied up in the back yard.

• Call your county animal shelter or the local humane society to find out how you can help to rescue abandoned pets.

• Call a local real estate agent and ask the neighborhood specialist to inspect the home for abandoned pets. Most will gladly oblige at no obligation.

The Humane Society is offering Foreclosure Pet Grants of up to \$2,000 to help shelters care for pet foreclosure victims. For more information, visit www.american-humane.org.

Counties provide a broad range of foreclosure prevention programs

BEST PRACTICES from page 10

For more information, contact the Dakota County Community Development Agency at 651/675-4400.

● Hennepin County, Minn.

In response to the mortgage melt-down, Hennepin County commissioners formed a cross-departmental Foreclosure Task Force to focus on prevention, stabilization and recovery.

Among the task force's chief recommendations was the creation of a lead staff person to serve as a central contact for county foreclosure information and resources. The county designated two staff members to implement the education and outreach of the task force's recommendations that included the following: \$1.25 million for the city-county initiative to remove vacant and boarded houses from severely impacted neighborhoods; the creation of a data center to improve the county's ability to track the foreclosure issue and allow such data to be easily shared; the mailing of more than 10,000 foreclosure information inserts in tax-delinquent notices to home owners; and the creation of foreclosure mini-workshops for home owners and renters in Hennepin County.

To date, more than 200 people have attended the county's 12 workshop seminars. Because tenants of properties are often unaware of the potential for foreclosure, many are left in vulnerable situations.

For more information, contact Jeff Strand at 612/348-7870 or jeff.strand@co.hennepin.mn.us.

● Suffolk County, N.Y.

In 2008, Suffolk County, N.Y., under the direction of County Executive Steve Levy, transferred to local townships a total of 28 properties to be used for the development of affordable workforce housing under the Affordable Housing Transfer Program. A new provision of the county's workforce housing program gave eligibility preference to returning veterans of the Iraq and Afghanistan conflicts. Section 72-h of the New York General Municipal Law authorizes the sale of properties between municipalities in the state of New York.

In Suffolk County, the program provides for the transfer of property taken by the county for nonprofits for development of affordable housing and final transfer to economically disadvantaged persons.

For more information, contact

Patrick Heaney at 631/853-4800 or patrick.heaney@suffolkcounty.gov.

● Cuyahoga County, Ohio

The Cuyahoga County Foreclosure Prevention Program was created in the spring of 2006 to assist residents who were having trouble with or had questions about their home loans. The program connects borrowers in distress with a local nonprofit counseling agency through the United Way's First Call for Help line. The program also provides educational materials about local mortgage workshops and warnings about mortgage scams. For more information, contact the Foreclosure Prevention Department at 216/443-8182.

The county's new land bank program is ready to move into the implementation stage, said Gus Frangos, who runs the program out of County Treasurer Jim Rokakis' office. Frangos said the county plans to start small, buying 100 abandoned and foreclosed properties, demolishing those that are beyond repair, and fixing up those that can be resold for affordable housing. So far, \$3.1 million has been raised from tax penalties and interest, as well as grants, with more come later in the year.

"We are looking at roughly 30 to 45 days to pick our first little batch of properties," Frangos said. "That will probably come from a portfolio lender, as well as tax foreclosure."

● Franklin County, Ohio

The Homeowner Helpline is a collaborative county foreclosure program between the Franklin County commissioners, treasurer, and prosecutor to assist Franklin County residents struggling to save their homes from foreclosure. In addition to providing counseling, mortgage fraud prosecutions and rental assistance, the program also funds a mediation program with the municipal and common pleas court. The purpose of mediation is to encourage home owners and lenders to come to the table and work out options for payment before and after the foreclosure is filed.

For more information, contact the Franklin County Treasurer's Office at 614/462-3438.

● Summit County, Ohio

Summit County Foreclosure Prevention Partnership Program brings together government agencies, housing counseling agencies, banks, nonprofit organizations, professional associations, realtors, non-bank lenders, attorneys, brokers,

and many others with the goal of providing prevention education and assistance to homeowners and future homeowners who are or may be subject to predatory, deceptive and fraudulent lending practices.

The program works to educate the community and to provide foreclosure assistance initiatives, consumer-based financial education, and a support system for homeowners who seek to refinance.

For more information, contact the Summit County Office of Consumer Affairs at 330/643-2879 or consumeraffairs@summitoh.net.

● Fairfax County, Va.

Fairfax County's Silver Lining Initiative serves as a three-tiered program designed to address the current housing foreclosure crisis and help to stabilize affected neighborhoods while also taking advantage of lower-cost housing to provide affordable workforce housing. The initiative's primary function is to provide assistance for low- and moderate-income households who are seeking to be first-time home buyers through shared equity loans. Qualified applicants are eligible to receive a loan, the amount of which is determined by household income and the price of the house, which can then be used to close the gap between an affordable first mortgage and the sales price of a market rate home.

Upon sale or transfer of the property, the county will be repaid and will share in the appreciated value. The Silver Lining Initiative also provides loans for purchased, foreclosed homes that require repairs or improvements. A loan is made through the county's Improvement Loan Program to fund the needed repairs.

Lastly, the initiative provides counseling services to distressed home owners in danger of foreclosure. The focus of the counseling is to connect home owners with their lenders or other resources, with the ultimate goal of a loan work-out.

In total, 70 attorneys and 30 paralegals have been recruited to provide six hours of counseling services each to county homeowners. By helping home owners during this foreclosure crisis, the county is creating a positive opportunity out of an economically damaging situation. These approaches work to stabilize communities by slowing the negative effects that a large number of foreclosures can have on neighborhoods.

For more information, contact Paula Sampson at 703/246-5105 or psamps@fairfaxcounty.gov.

FREQUENTLY ASKED QUESTIONS

FAQS from page 1

Q: Do renters have any rights during foreclosure?

must be the primary residence and the homeowner must have made at least six payments on the property. As of March 1, 2008, the homeowner must show a debt-to-income ratio of at least 31 percent and an inability to pay the debt.

If the homeowner meets these requirements he or she may also apply if he or she is already facing foreclosure or bankruptcy, or if he or she is current on their mortgage currently but will soon facing a payment increase that they will be unable to pay.

The cost to the homeowner to participate in this program includes an upfront mortgage insurance payment of 3 percent and a 1.5 percent annual premium that will be added to the monthly payments.

The 10 percent equity created at the beginning of the new mortgage and any future appreciation in the value of the home must be shared equally with the FHA.

Q: How does a homeowner apply for H4H?

No applications are accepted directly from homeowners. The program application can be started by contacting the existing lender or another approved FHA lender who can initiate the process. It will take approximately 60 days to get through the process.

Renters frequently get involved in foreclosures when investors or speculators have purchased property hoping to make a profit from the rents. When property values slumped and they could not sell, they lost their investments. On May 20, 2009, President Obama signed the *Protecting Tenants at Foreclosure Act of 2009* that allows leases to survive foreclosure. Prior to that, most renters lost their leases when their homes went into foreclosure and many were being evicted. The rule followed in most states is "first in time, first in right." This means that if the mortgage was recorded before the lease was signed, foreclosure wiped out the lease.

The new law allows renters to stay at least until the end of their current leases and all month-to-month renters are entitled to 90-day notice before they are required to vacate the property. (This is a longer period than any state granted.)

If the buyer of the foreclosed property is purchasing it as a primary residence, a lease, regardless of its length, can be terminated with 90-day notice. If the state law is more generous, it is not preempted, and all provisions and protections of this act apply to Section 8 tenants, also.

25 Counties with the Highest Foreclosure Rates in May 2009

1	Clark County, Nev.	54
2	Lyon County, Nev.	60
3	Yuba County, Calif.	63
4	Osceola County, Fla.	66
5	San Joaquin County, Calif.	68
6	Riverside County, Calif.	70
7	Broward County, Fla.	71
8	Stanislaus County, Calif.	71
9	Merced County, Calif.	78
10	Nye County, Nev.	79
11	San Benito County, Calif.	80
12	San Bernardino County, Calif.	81
13	Lee County, Fla.	82
14	Madera County, Calif.	84
15	Colusa County, Calif.	87
16	Orange County, Fla.	92
17	Kern County, Calif.	94
18	Saint Lucie County, Fla.	101
19	Solano County, Calif.	101
20	Calaveras County, Calif.	104
21	Washoe County, Nev.	108
22	Pinal County, Ariz.	108
23	Lake County, Calif.	113
24	Sacramento County, Calif.	115
25	Contra Costa County, Calif.	116

Housing Units / Properties with Foreclosure Filings (i.e. one in every X properties)

Compiled by NACo Research Division / Information provided by RealtyTrac

Knowledge Share

A Peer-to-Peer Network

TOOLS for
TOUGH TIMES

What is it?

- * An opportunity to learn from other county officials
- * A resource center for technical assistance with new county projects
- * An up-to-date list of people across the country who have already addressed some of the same problems that you are now facing in your county
- * A database of officials who will share knowledge, information and resources



How does it work?

Go to www.naco.org. Under "County Resource Center," select "Peer Advice" and log in. Then select the issue that you are addressing. You can also choose to select peers from your own state or region. Once your selection has been made, a list of peers and their contact information will be generated especially for you.

This is an *exclusive* Members Only Web site feature!