NEO CANDO: Using data for Foreclosure Intervention, Prevention, and Reclamation

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http://povertycenter.case.edu

Topics covered today

- Background on NEO CANDO/Poverty Center
  - History
  - Purpose
- Foreclosure research – teaches us how to use the data
- Foreclosure prevention, intervention, and reclamation
- Using data to support Neighborhood Progress Strategic Investment Initiative (SII)
  - Opportunity Housing
    - Foreclosure Intervention
    - REO property rehab
- Other reports (if time)

What is NEO CANDO?

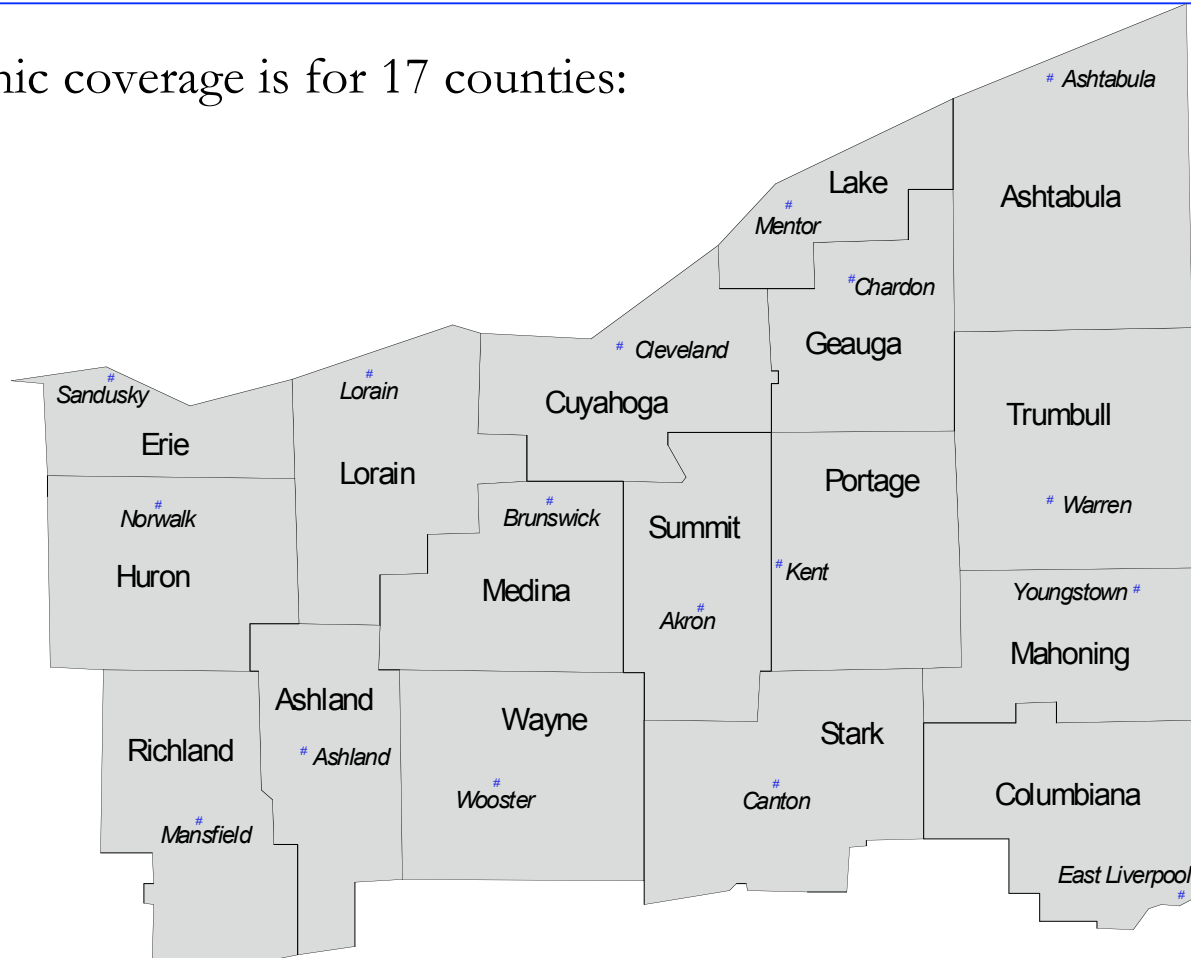Northeast Ohio Community and Neighborhood Data for Organizing

Web-based interactive query system publicly accessible with a parcel to regional scope.

Designed to democratize data and help organizations make data driven decisions

http://neocando.case.edu

NEO CANDO geographic coverage

- Geographic coverage is for 17 counties:

NEO CANDO history

Outgrowth of neighborhood studies when Center on Urban Poverty and Social Change at CWRU was founded in 1988 to build research base for addressing urban poverty.

Chose to not just write reports, but to put information in the hands of people who could act (*Democratizing Information*).

Launched 1st version of CANDO in 1992.   Established a foundation and expertise for linking data from different sources.

Latest version, NEO CANDO, has mapping, more flexibility, customized geographies, and parcel data,

CASE WESTERN RESERVE
UNIVERSITY
MANDEL SCHOOL OF APPLIED SOCIAL SCIENCES
CENTER ON URBAN POVERTY AND COMMUNITY DEVELOPMENT

NEO CANDO

NEO CANDO Home | Property Data | Social and Economic Data | Quick Profiles | Poverty Center Home

NEO CANDO

Data Access

Access Property Data

Access Social and
Economic Data

Access Quick Profiles

Access Reference Maps
and Geographic
Information

Cuyahoga County Early
Childhood Municipal
Profiles

**Questions or
Comments**

neocando@case.edu

(216)368-6946

NEO CANDO Online
User Group

About NEO CANDO

NEO CANDO Updates

Legal Disclaimer

General Information

Geographies

What is NEO CANDO

Using NEO CANDO
(Training Materials)

**NEO CANDO
Developers**

Center on Urban
Poverty and Community
Development

Mandel School of

Welcome to NEO CANDO

PROPERTY DATA

Owner: John Smith
Address: 742 Evergreen Ter.
Build. Sq. Feet: 1,524
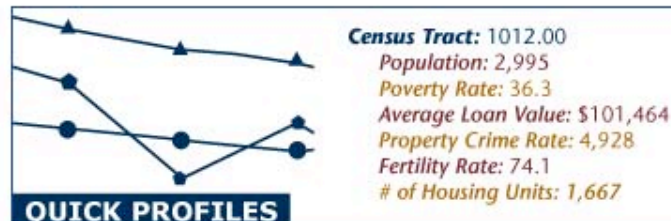Prop. Sq. Feet: 10,378
Delinquent Taxes: $0
Market Value: $171,000

Access Property Data

Data Dictionary

About Property Data

Tutorial

SOCIAL AND ECONOMIC DATA

Trend Analysis Crime Housing
Survey Poverty Charting
Aggregate Maltreatment
Mobility Vital Statistics
Births Mortgage Lending
Neighborhoods Mapping Research
Employment Region Education
Census Public Assistance
Transportation

Access Social and Economic
Data

Data Dictionary

About Social and Economic
Data

Tutorial

QUICK PROFILES

Census Tract: 1012.00
Population: 2,995
Poverty Rate: 36.3
Average Loan Value: $101,464
Property Crime Rate: 4,928
Fertility Rate: 74.1
# of Housing Units: 1,667

Access Quick Profiles

Data Dictionary

About Quick Profiles

Tutorial

NEO CANDO Features

- UPDATE - Properties Owned by Financial Institutions Report
- Cuyahoga County Early Childhood Municipal Profiles
- Be sure to join the NEO CANDO User Group
- All Poverty Center News

Buckeye Area Development Corporation's Housing Specialist, Debra Peck-Baumgardner, is committed to improving the social and economic conditions in Cleveland's Buckeye neighborhood. She takes the approach that change happens within communities, "one house at a time, one block at a time."

As part of her responsibilities as a Housing Specialist, Debra works with homeowners and landlords within the neighborhood to maintain the condition of their property. The goal of BADC's housing rehabilitation program is to encourage successful homeownership within the neighborhood, which is defined by BADC as high levels of owner occupied properties, financially sustainable owners, meeting monthly responsibilities, and realizing homeownership as a wealth building tool.

The Neighborhood Model Block Program, in partnership with Cleveland based, Neighborhood Progress Inc., is a targeted community development initiative which focuses resources into a specific street, block, or number of houses within the neighborhood. The program seeks to create and sustain neighborhoods where homeowners are able to maintain their home, build assets, and also to attract new economically diverse residents to the neighborhood.

Debra utilized NEO CANDO in order to compare the model block area to other blocks within the neighborhood, and to the neighborhood as a whole. Debra accessed the average income levels of residents, mortgage information, and the age of residents. She says that putting all the data together, allows the agency to ask the right questions about what types of assistance and change are needed with the targeted area.

NEO CANDO data revealed that the residents in the targeted block area had higher incomes than BADC expected, and were mature homeowners. This finding let Debra know that the model block was a "really solid street to receive efforts in home improvement." The housing rehab program served 28 homeowners in 2006, providing a 50/50 matching grant, up to $2,000, to homeowners in order to repair the exterior of their homes. "Many homeowners wanted to improve the conditions of their homes," Debra explained. "The problem was, they didn't know how to get started. Once they were approached, and given guidance, encouragement, and resources,, they were more likely to go ahead with their home improvement project. We are trying to show homeowners that these improvements contribute to the long run investment in protecting the value of their homes."

NEO CANDO assisted Debra in providing the "framework for the neighborhood." The ability to access information at the block and parcel level allows her to target capital to specific homeowners and blocks that have the greatest potential for improvement.

Feedback from residents in the model block area has revealed that the efforts of the agency are having a desirable effect. "Residents are happy with the changes they are seeing in the neighborhood, many families have indicated that they want to stay long term." The investment that BADC makes in individual homes has a systematic effect on surrounding residents and homeowners, by encouraging them to make improvements and maintain the condition of their homes as well. "We have had people tell us that after seeing the changes happening to other homes in the neighborhood, individual homeowners have undertaken improvement projects on their own." Using NEO CANDO to target promising blocks is the first step in a long term goal for Debra. "Methodical change leads to sustainable change. I want you to come to this neighborhood twenty years from now and see the changes that we helped bring about."

Debra Pe...
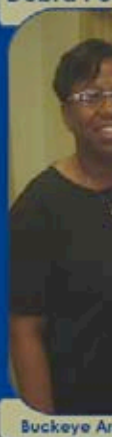
Buckeye Ar...

Percent of po...

The goal of the comprehensive community development work of Neighborhood Progress Incorporated (NPI), in partnership with six Cleveland community development corporations (CDCs), is too create regionally competitive neighborhoods of choice. In 2003, NPI was challenged by one of its funders to change the way it was conceptualizing successful neighborhood development. Prior to the challenge, success was measured by the number of new housing units created. However, NPI and neighborhood activists were noticing that in some cases, the total number of people leaving Cleveland neighborhoods outpaced the number that were being brought in through the new development projects. It wasn't enough to say "if we build it, they will come."

NPI chose six Cleveland CDCs through a competitive selection process for involvement in a strategic investment initiative. The initiative would create partnerships between NPI, CDCs, community advocates, and educational institutions in the Cleveland area. Each of the six CDCs would be required to create and develop an anchor project which could act in a catalytic manner to help retain current neighborhood residents, and to attract new ones. A team of professionals was brought together for each of the CDCs in order to assemble the land that would be needed for the anchor project site.

Frank Ford, Vice President for Research and Development at NPI, explained that the members of the land assembly team soon realized that in order to successfully attract new homeowners to the neighborhoods, effort would need to be made to address the "market bubble" surrounding the new development projects. Ford explained that prospective homebuyers would come to the site of the new housing developments, like what they saw in and around the development, and then get in their cars and drive through streets of boarded-up vacant and abandoned housing in the blocks surrounding the development. In order to bring in new homeowners, the land assembly team began planning to remove the blight in a defined geography around the anchor project sites, and within the neighborhood boundaries.

NEO CANDO has been utilized by the land assembly team in order to access information on properties which have been targeted for acquisition in and around the anchor project sites of the six Cleveland CDCs involved in the initiative. In the initial research and planning stages, the team uses NEO CANDO to find out the basic information about the property, such as sales transfer date, sales price, type of deed, market value, delinquent tax information, current owner, and other information. The properties can also be mapped which allows the planners to see a geography in its entirety with different information being mapped. NEO CANDO also acts as an early warning system for properties that have become vacant or are at risk of abandonment. Recently added data sources such as low-water usage, and foreclosure information help practitioners to locate properties that may be in need of assistance.

Stacy Pugh, Housing Director at Slavic Village Development, and a member of the Land Assembly Team, adds that information obtained through NEO CANDO, and compiled into a geographic map of parcels, allows the team to get a view of the conditions of specific parcels in the target area and the neighborhood. This helps the team to be able to target their effort on the parcels in greatest need of change.

As of May 2007, the land assembly teams have acquired sixty-three properties within the neighborhoods served by the six CDCs involved in the strategic investment initiative.

Frank Ford

Neighborhood Progress Inc.

Stacy Pugh

Slavic Village Development

Foreclosure research

- Properties Owned by Financial Institutions
  - Snapshot of REO inventory
- Foreclosure and Beyond
- Pathways to Foreclosure
- Unnamed report on "Bottom Feeder" activity
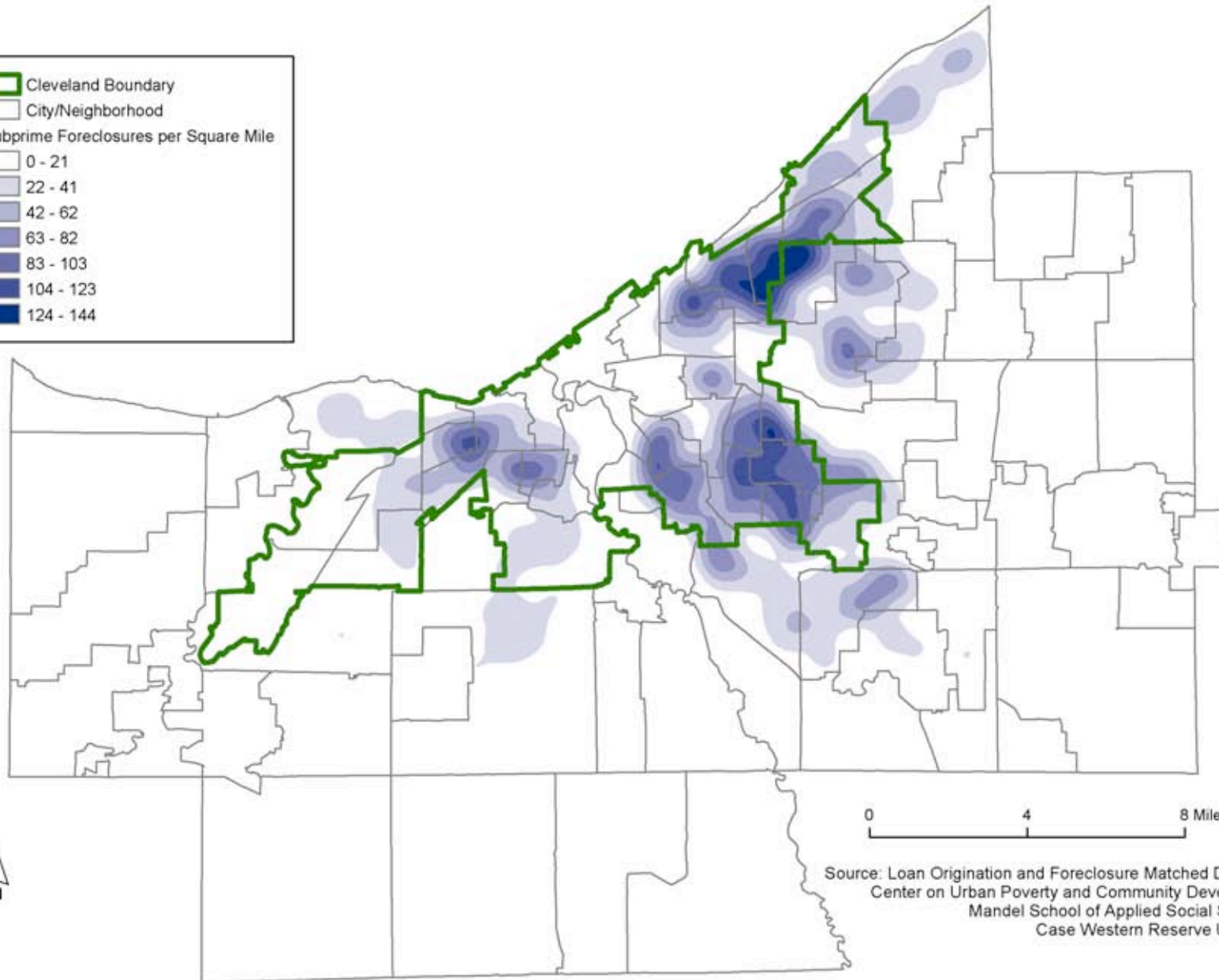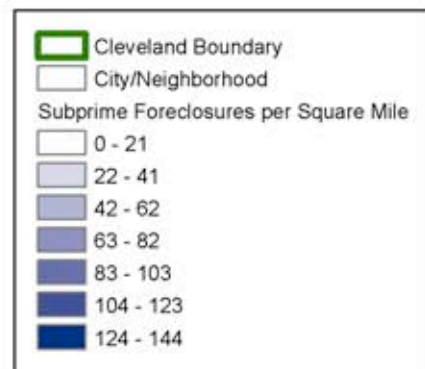
Pathways to Foreclosure

- <u>Purpose:</u> Determine the origins of the foreclosure crisis in Cuyahoga County.
- <u>Focus:</u> Mortgage loans originated in Cuyahoga County between 2005 and 2006; foreclosed between 2005 and early 2008.
- <u>Data:</u> Home Mortgage Disclosure Act data matched with locally recorded mortgage and foreclosure filings data.
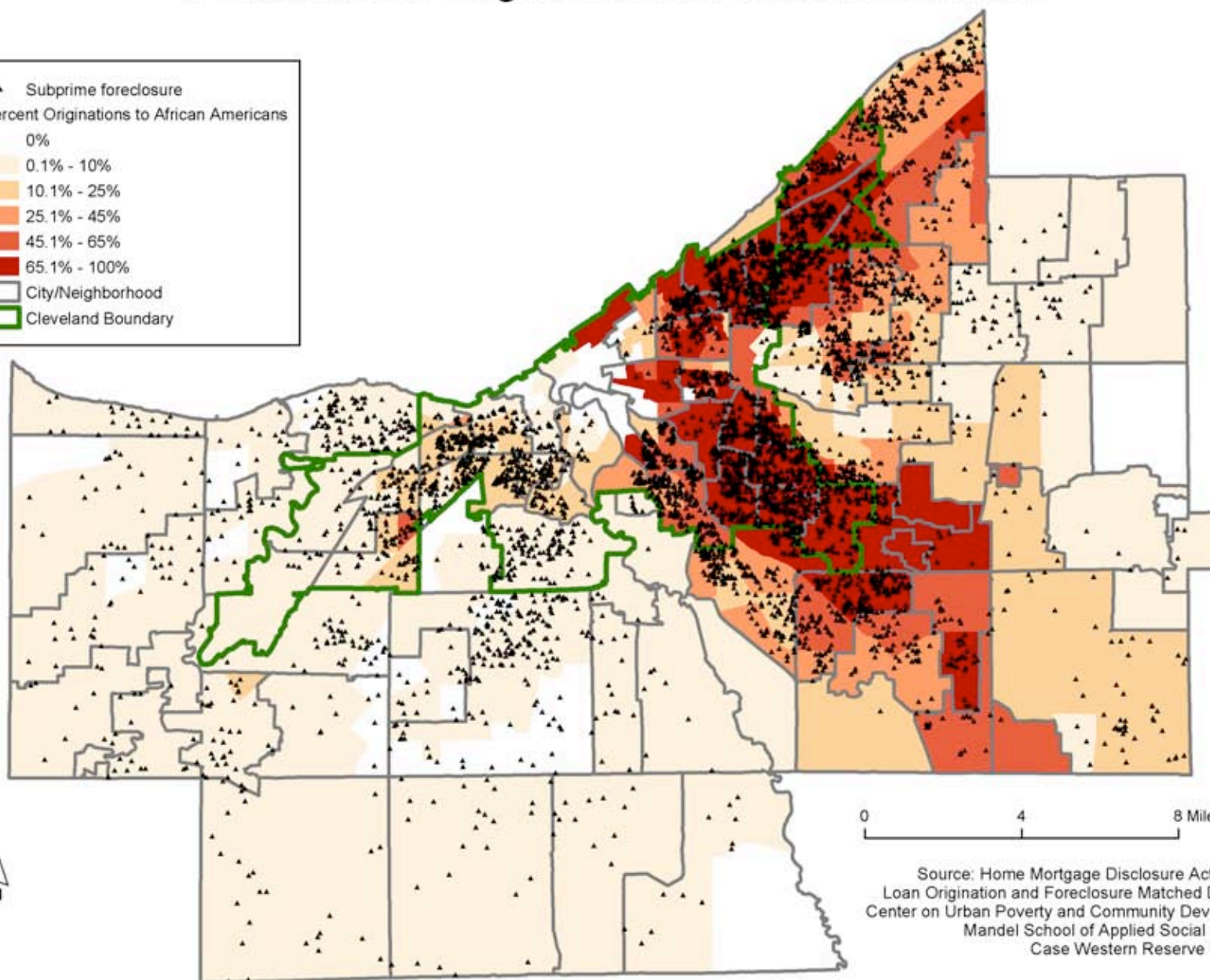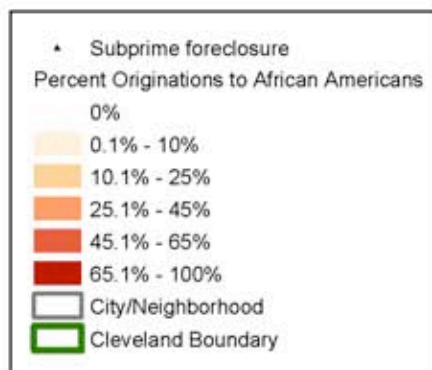
Companies Originating Subprime Loans

Top 20 originators of high cost subprime foreclosed loans			
Originator	On HUD Subprime List	Percent High Cost Loans	Percent High Cost Loans, with Foreclosure
1 Argent	Yes	87.33	38.88
2 New Century Mortgage	Yes	95.42	41.34
3 Long Beach Mortgage	Yes	99.34	55.59
4 Aegis	Yes	87.17	38.28
5 Wells Fargo	Certain subsidaries	36.73	22.30
6 BNC	Yes	94.09	40.48
7 People's Choice Financial	Yes	93.52	36.86
8 National City	Certain subsidaries	35.51	20.26
9 Countrywide	No	24.71	20.76
10 Finance America	Yes	96.72	48.68
11 Novastar Mortgage	Yes	97.84	27.09
12 Option One Mortgage Solutions	Yes	91.69	29.27
13 Accredited Home Lenders	Yes	95.85	26.46
14 Aames Funding	Yes	92.88	34.33
15 Intervale Mortgage	No	87.23	23.41
16 Southstar Funding	Yes	84.67	25.35
17 Fremont Investment & Loan	Yes	92.16	30.64
18 Delta Funding	Yes	98.58	30.29
19 Ownit Mortgage Solutions	Yes	97.44	31.05
20 Encore Credit	Yes	95.05	30.06

Source: Loan Origination and Foreclosure Matched Data File, Center on Urban Poverty and Community Development, Mandel School of Applied Social Sciences, Case Western Reserve University

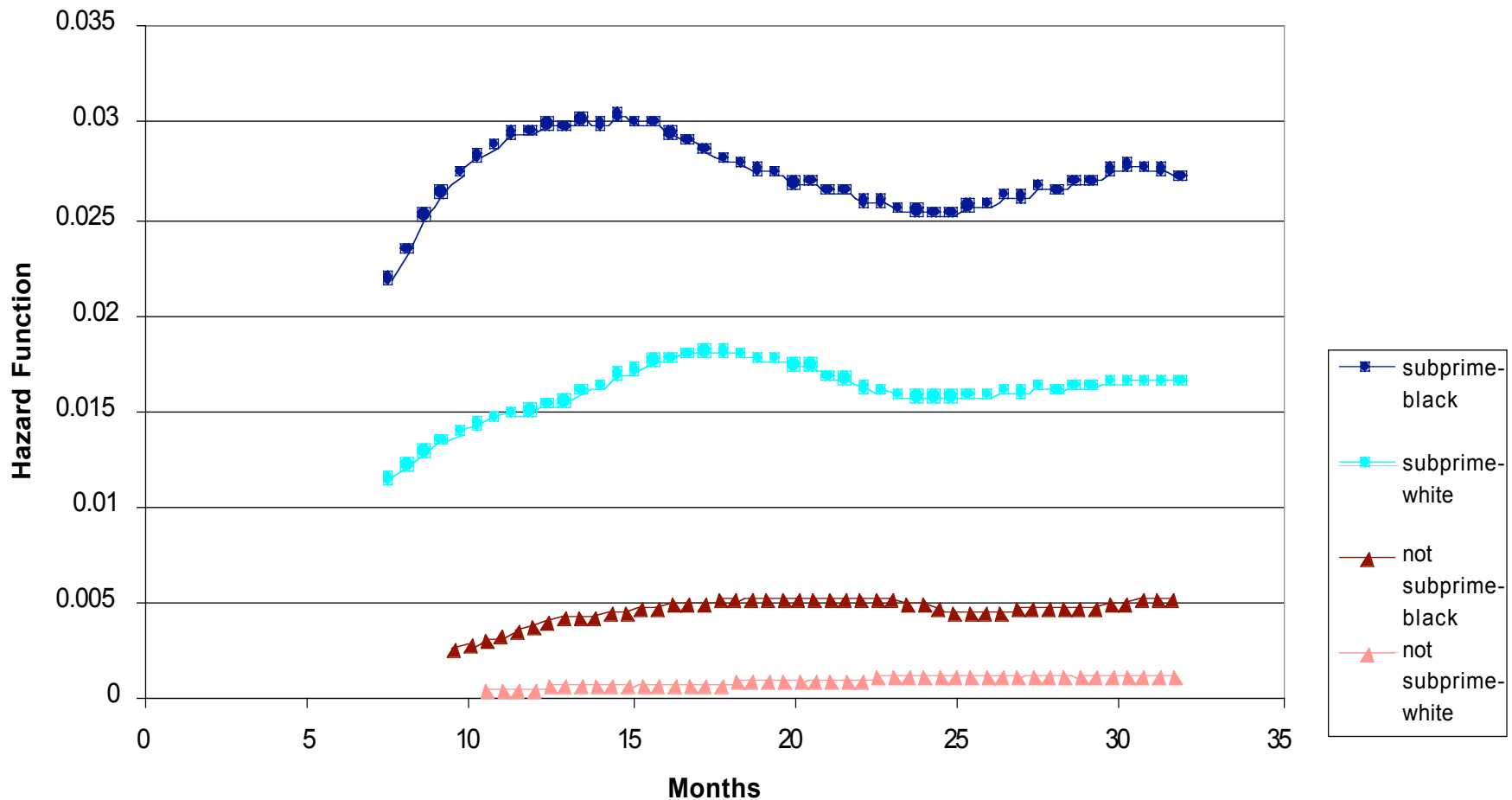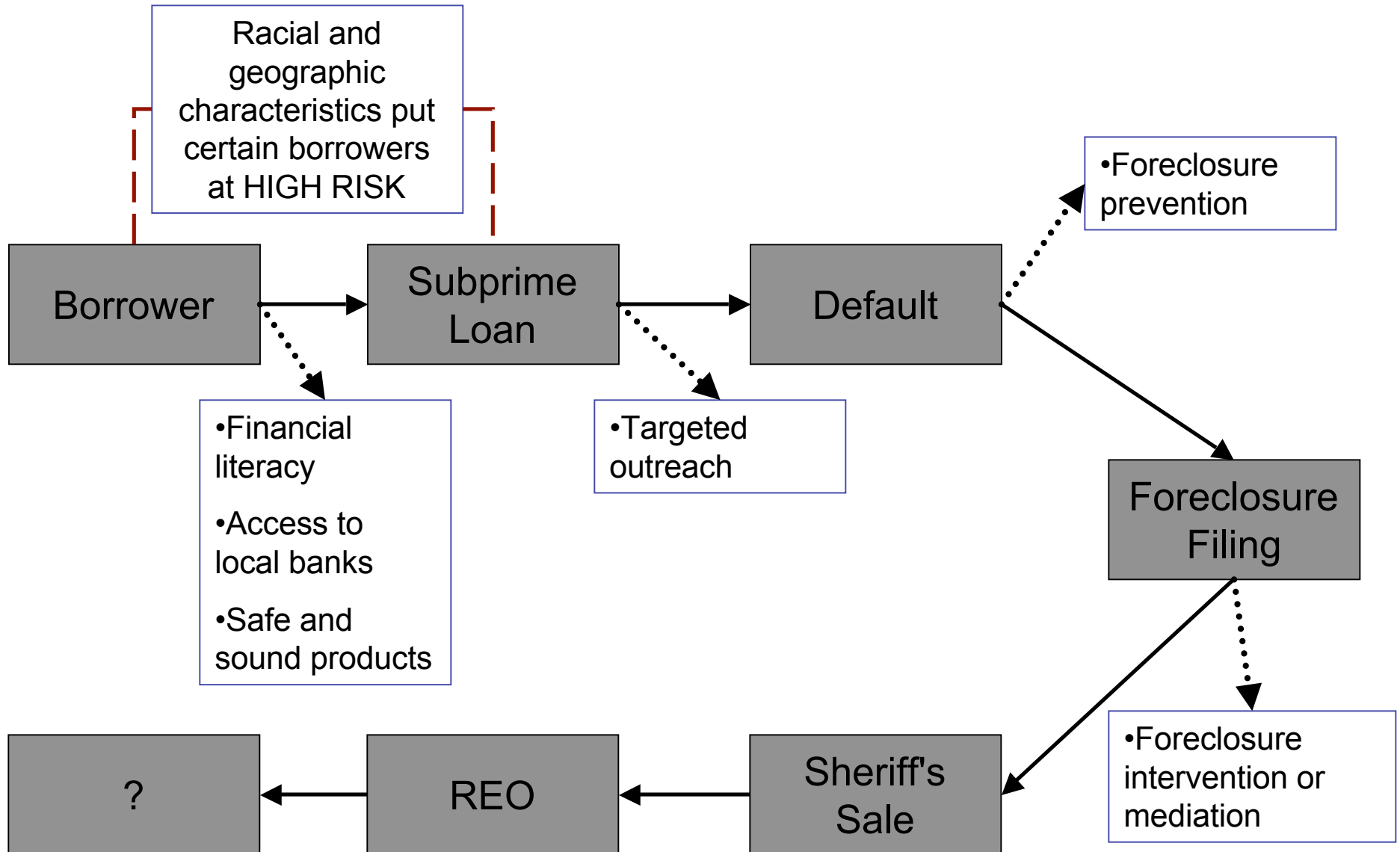# Density of High Cost Subprime Foreclosures

Legend:

Cleveland Boundary
City/Neighborhood

Subprime Foreclosures per Square Mile
- 0 - 21
- 22 - 41
- 42 - 62
- 63 - 82
- 83 - 103
- 104 - 123
- 124 - 144

0   4   8 Miles

N

Percent Loan Originations to African Americans

Legend:

▲ Subprime foreclosure

Percent Originations to African Americans
- 0%
- 0.1% - 10%
- 10.1% - 25%
- 25.1% - 45%
- 45.1% - 65%
- 65.1% - 100%
- City/Neighborhood
- Cleveland Boundary

0   4   8 Miles

Source: Home Mortgage Disclosure Act (HMDA),
Loan Origination and Foreclosure Matched Data File,
Center on Urban Poverty and Community Development,
Mandel School of Applied Social Sciences,
Case Western Reserve University

N

Home Purchase Loans: Time from Origination to Foreclosure
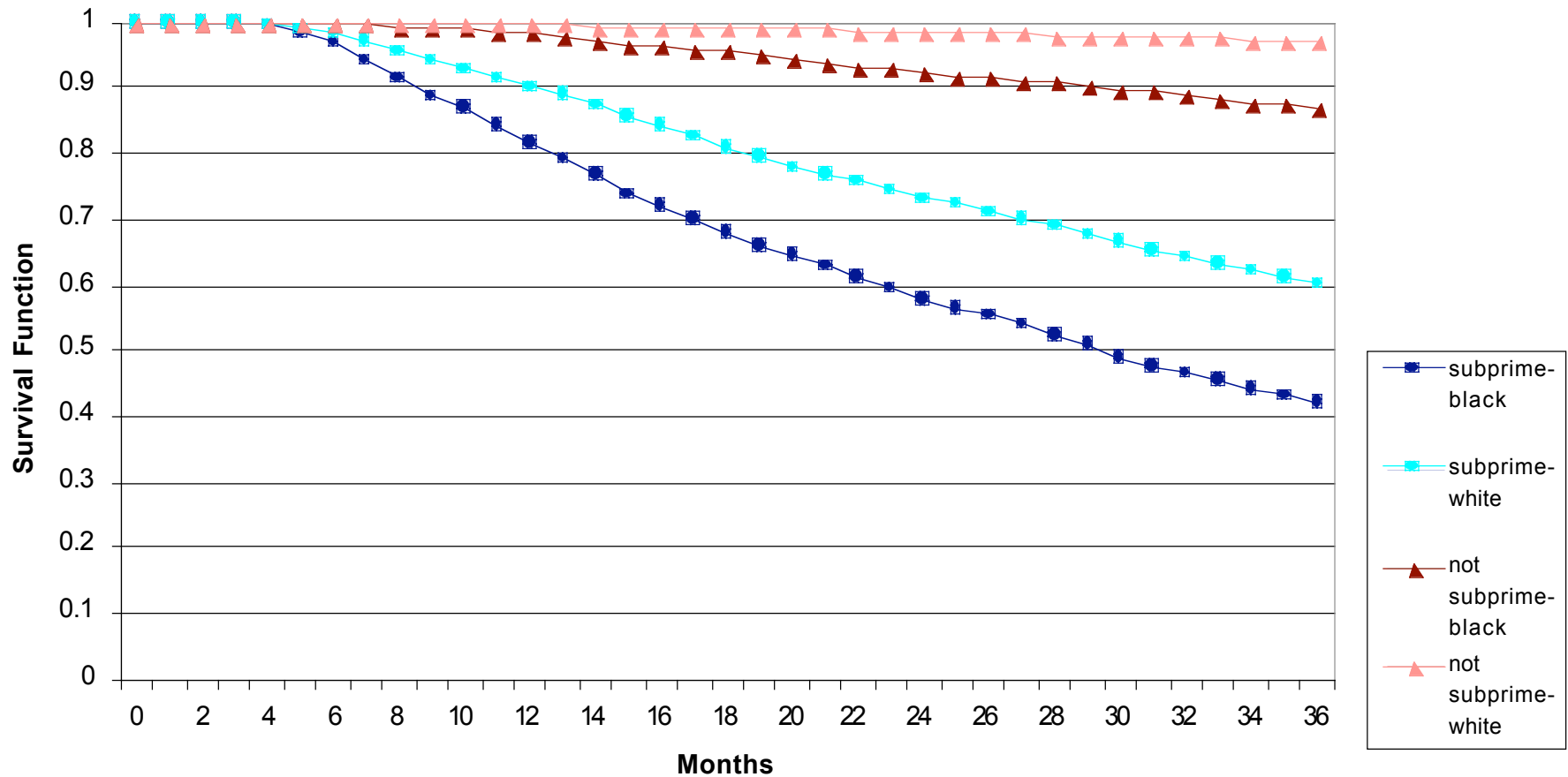
Source: Loan Origination and Foreclosure Matched Data File, Center on Urban Poverty and Community Development, Mandel School of Applied Social Sciences, Case Western Reserve University

Home Purchase Loans: Probability of Foreclosure in Time

Diversions from the Pathway to Foreclosure

Racial and geographic characteristics put certain borrowers at HIGH RISK

Borrower

- Financial literacy
- Access to local banks
- Safe and sound products

Subprime Loan

- Targeted outreach

Default

- Foreclosure prevention

Foreclosure Filing

- Foreclosure intervention or mediation

Sheriff's Sale

REO

?

Ways data are being used

- **Foreclosure prevention/early warning** – Mortgages from Recorder flagged with High Cost and HUD subprime list lenders and First American Title adjustable rate data scrubbed against sheriff sales/water shutoffs
- **Foreclosure intervention** – Foreclosure filings that have not yet gone to Sheriff sale *(served through NEO CANDO)*
- **Foreclosure reclamation** – Sheriff sales that go to Banks/REO departments *(served through NEO CANDO)*

   Most of the data are now updated weekly

Mortgage Ticking Time Bombs
Cuyahoga County, OH

- Ticking time bomb (16,459)
- City of Cleveland
- Neighborhoods/Suburbs
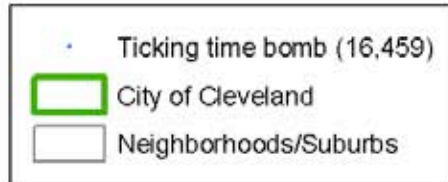
Parcels that have loan from lender on HUD subprime list or ARM that will reset before Jan 1, 2010 that have not yet entered the foreclosure process or gone to Sheriff's Sale
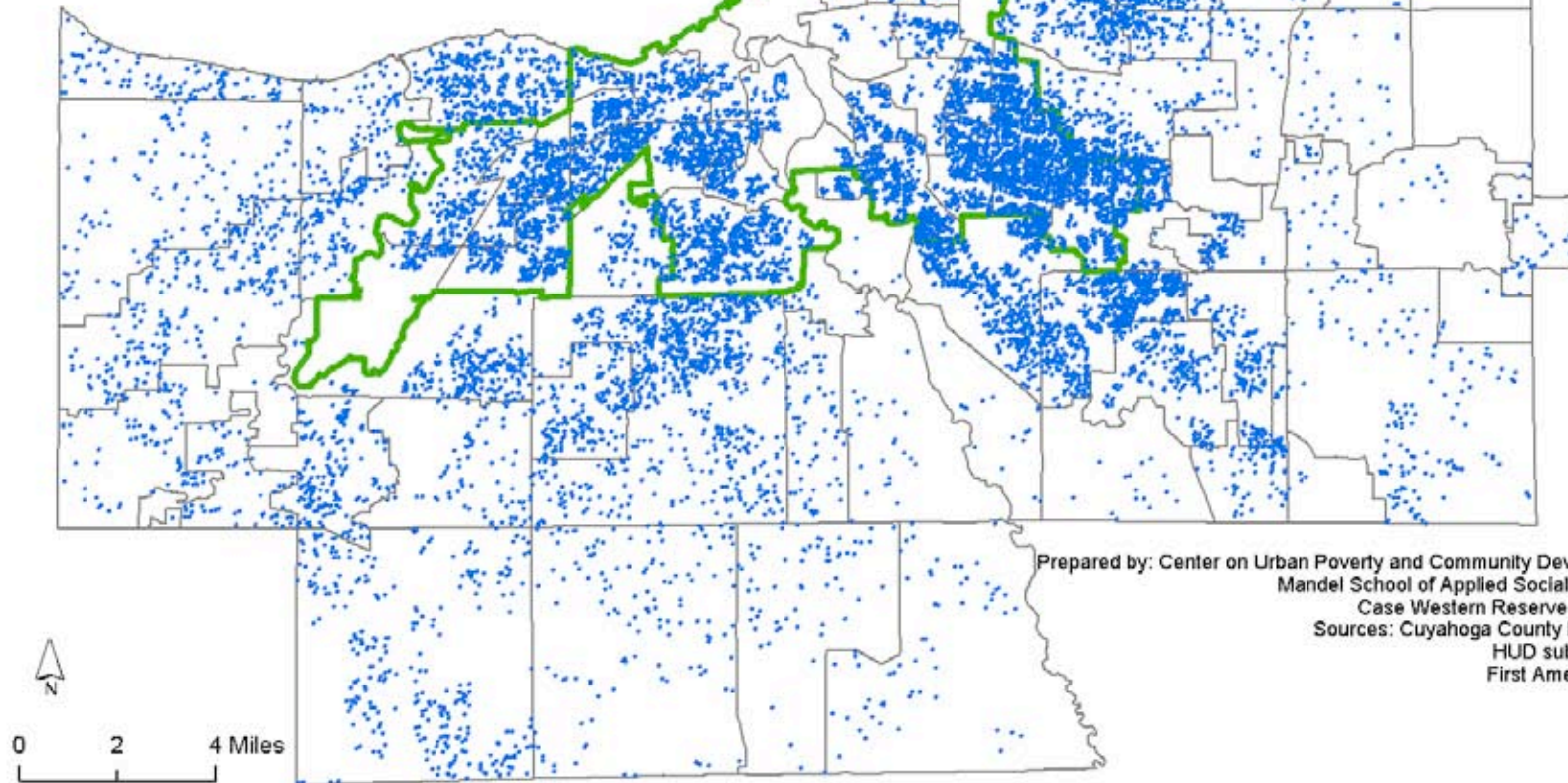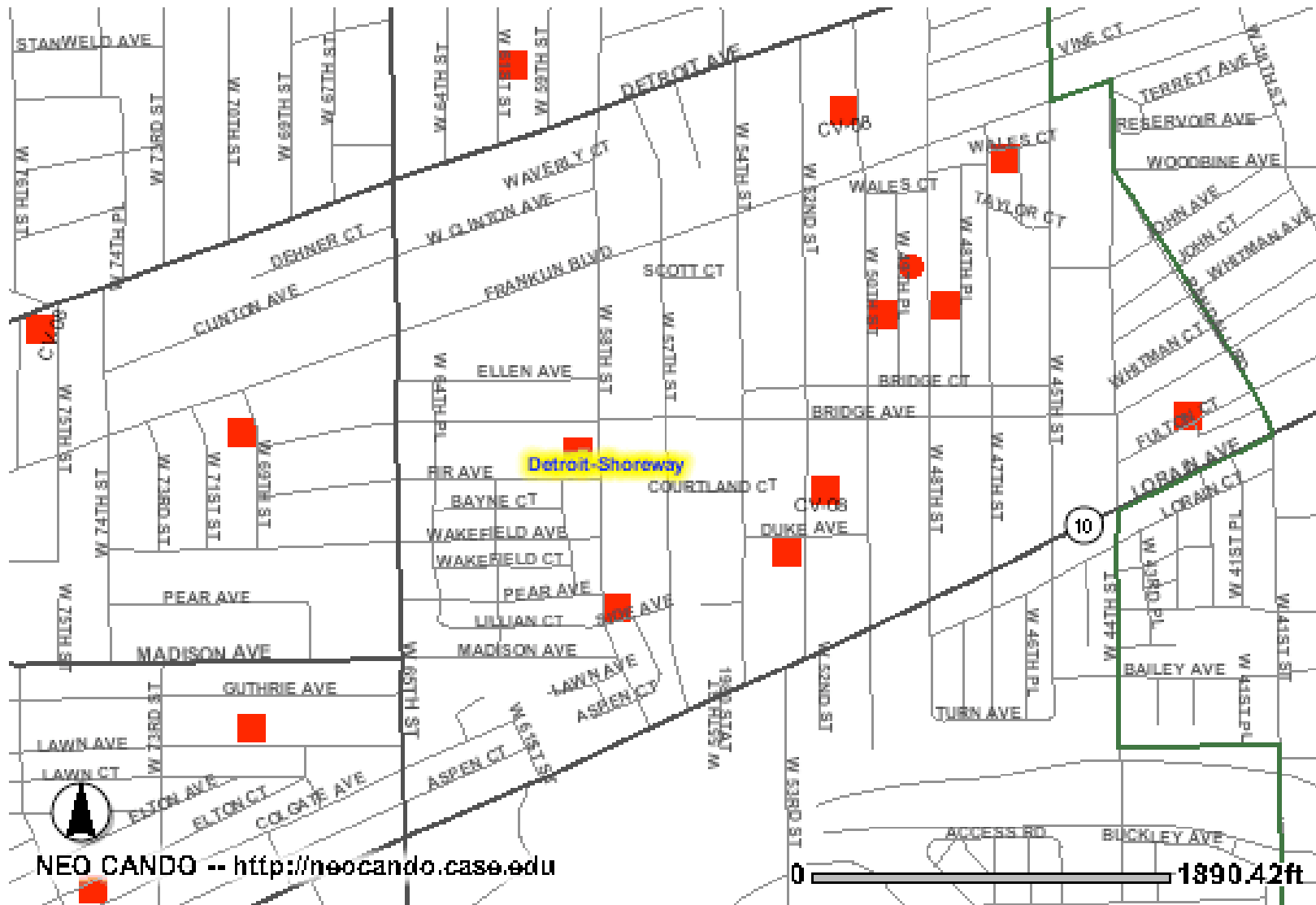
Prepared by: Center on Urban Poverty and Community Development, Mandel School of Applied Social Sciences, Case Western Reserve University
Sources: Cuyahoga County Recorder, HUD subprime list, First American Title

0   2   4 Miles

N

Recent and Scheduled Sheriff Auctions (reclamation)

Target foreclosure filings (intervention) [between June 8 – Aug 8]

NEO CANDO -- http://neocando.case.edu

0   1890.42ft

Legend:
▲ Foreclosure that havne't gone to shf sale (Aug, 2008)*
★ Delinquent Taxes (Spring, 2008)
▬ Mortgage from Subprime lender that hasn't gone to shf sale (2003-Sept 30, 2008)*
Water Status (Sep, 2007)
■ ABANDONED
■ SUSP NOPAY

*shf sale as of 8-18-08

0   250   500 Feet

N

Prepared By: Center on Urban Poverty and Community Development,
Mandel School of Applied Social Sciences,
Case Western Reserve University
Source: http://neocando.case.edu, Sept 9, 2008

Who is using these resources

- Cleveland Housing Court
- Cleveland Tenants Organization
- Community development corporations
- Foreclosure counseling agencies (ESOP, CHN, NHS)
- Neighborhood Progress's Strategic Investment Initiative (SII) (Opportunity Housing Foreclosure Pilot)

Combining data usefully

- Data sources are disparate
  - Parcel number is key
- However, more info is needed!
  - Parcels can have multiple sheriff sales, foreclosure filings, loans, etc
  - Originator, Plaintiff, Purchaser at sale are not the same entity
  - Need to use dates and ownership periods to determine which foreclosure/sheriff sale goes with which loan

Using public information for reclamation

- Public record useful for identifying REO property (recorder, auditor, sheriff)
- However, the owner of record doesn't necessarily control disposition of the property
- Many of these properties are not listed on MLS (multiple listing service)
- Tricks (call attorney for plaintiff listed in court docket, call field service companies like Safeguard and Fidelity)

Strategic Investment Initiative

A broader, holistic approach by providing new concentrated resources from foundations in smaller target areas and staff support from Neighborhood Progress, Inc (NPI) and Enterprise Community Partners. To assist CDCs in this work, NPI has provided training to the CDC staffs and boards on developing healthy neighborhoods, Model Blocks, and neighborhood marketing.

Strategic Investment Initiative Areas

Famicos/Wade Park

Fairfax

Tremont

Detroit-Shoreway

Buckeye/Larchmere

Slavic Village

Buckeye SII

Model Blocks - Automatic Priority
Secondary Priority
SII
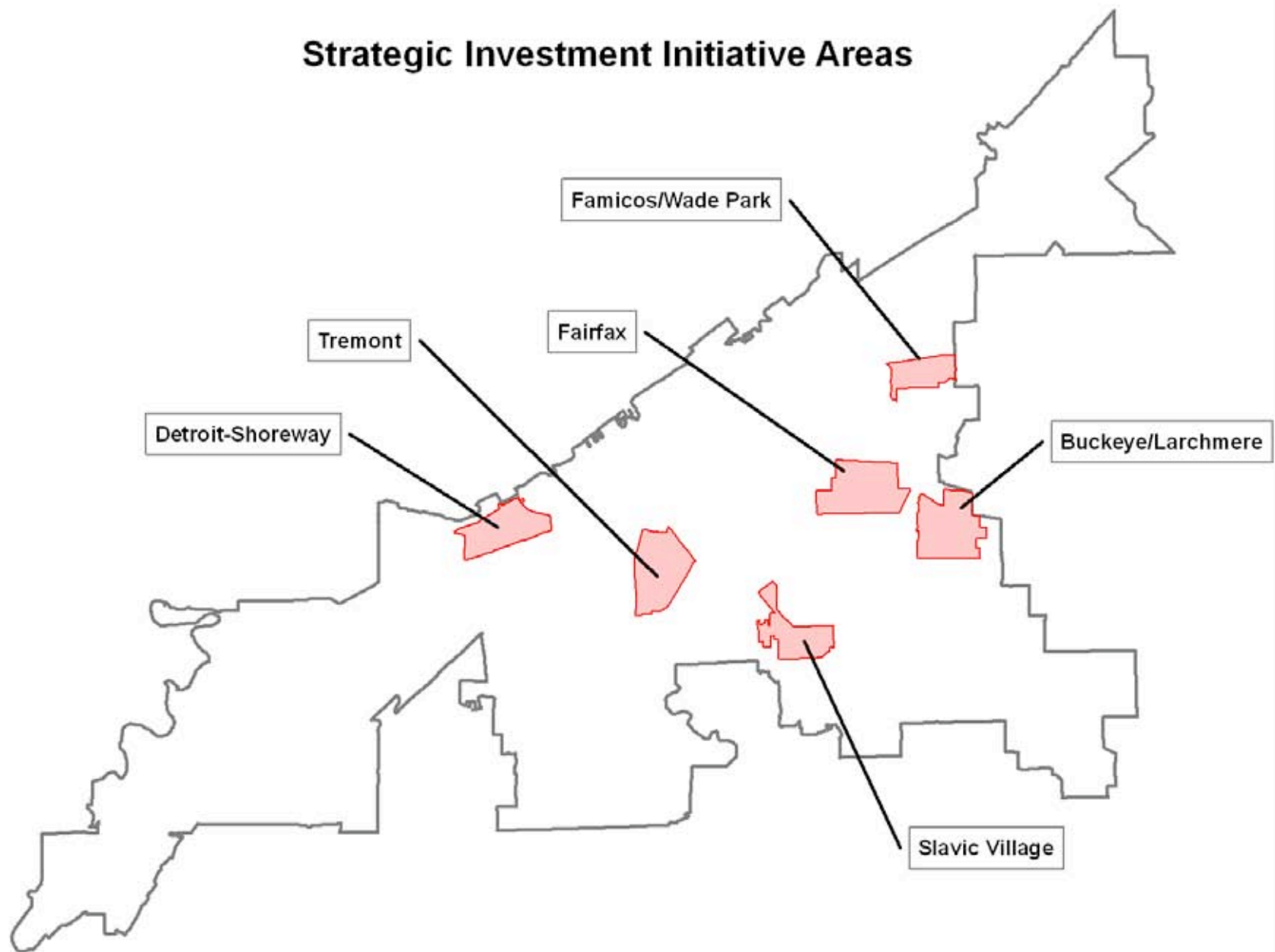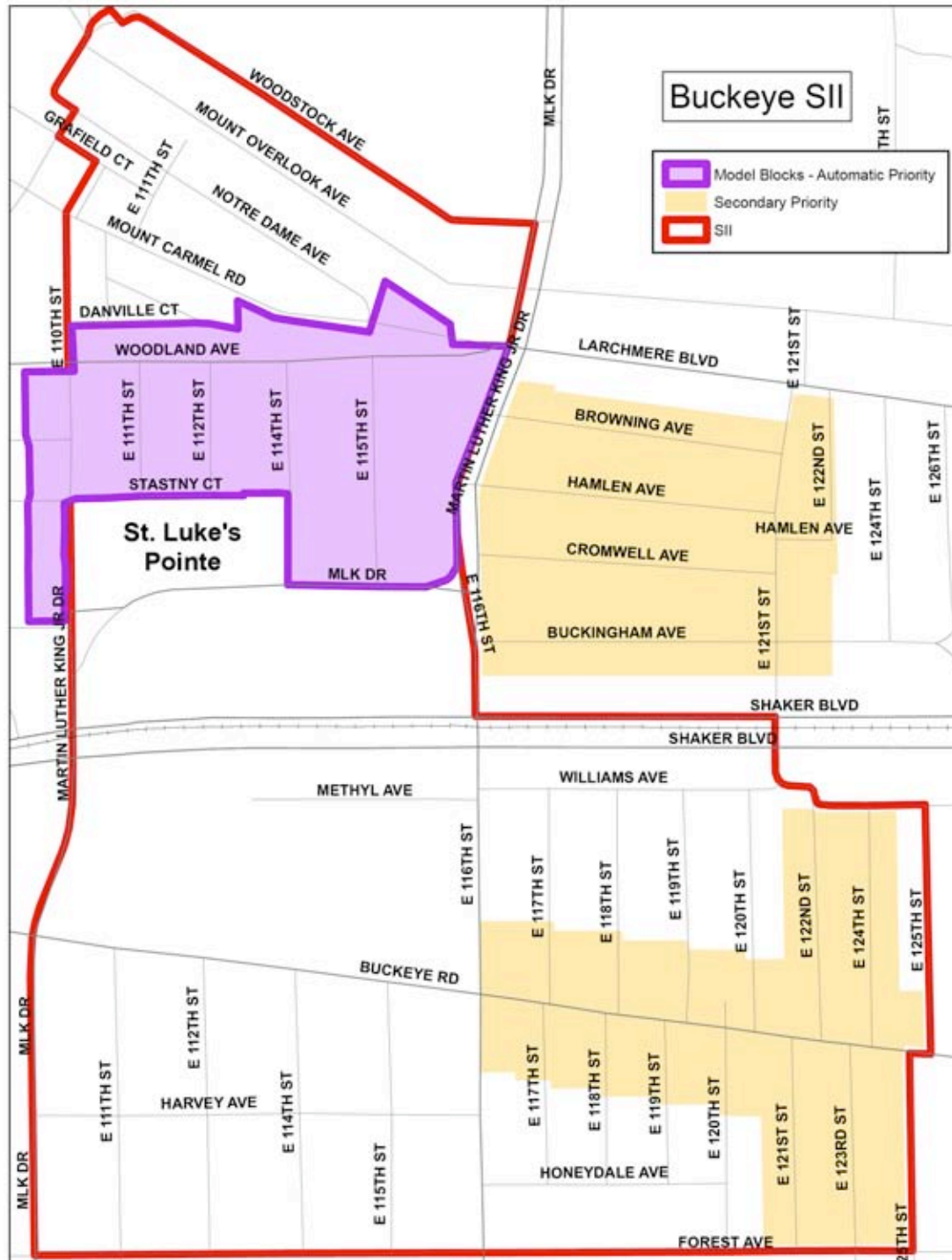
Opportunity Housing Foreclosure Pilot

- Six neighborhoods
  - 50 rehab, 100 demolitions, 100 foreclosures prevented
- Funding
  - Enterprise Community Partners, Fannie Mae, Ohio Housing Finance Agency (OHFA), Living Cities, City of Cleveland
- Partners
  - Neighborhood Progress, Enterprise Community Partners, Cleveland Housing Network
- Others involved
  - Poverty Center/NEO CANDO, ESOP (Empowering and Strengthening Ohio's People)

NEO CANDO and foreclosure pilot

– SII boundaries are a NEO CANDO custom geography
– NEO CANDO property data used as baseline research on target properties
  • Ownership (auditor)
  • Tax delinquency (treasurer)
  • Market value (auditor)
  • Sales price (auditor)
  • Lot size (auditor)
  • Foreclosure filings (court)
  • Water shut-offs (city water dept)
  • Mortgages from subprime lenders (recorder)
  • Recent Sheriff sale (sheriff)
  • REO lists from Banks (via ESOP)
  • Parcels with adjustable rate mortgages (First American Title data)

Foreclosure and Beyond
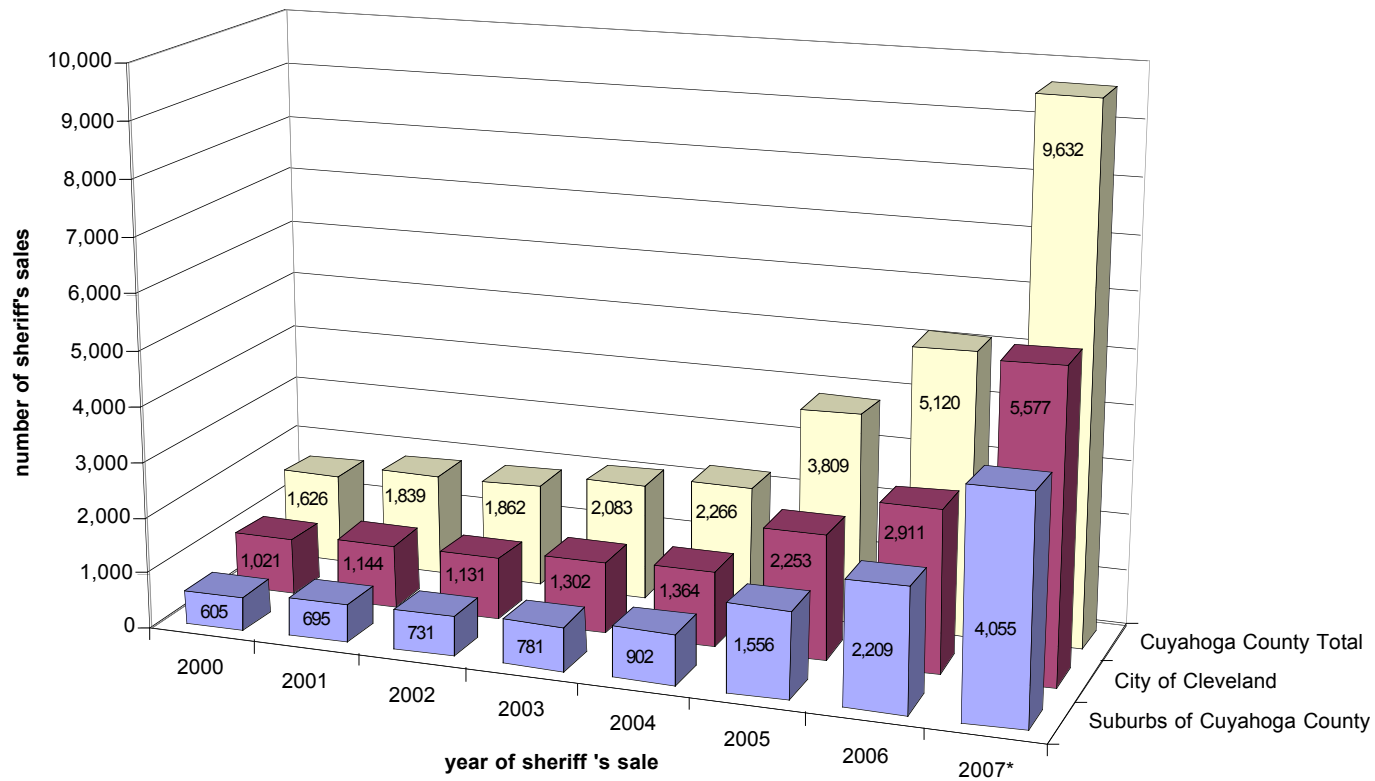
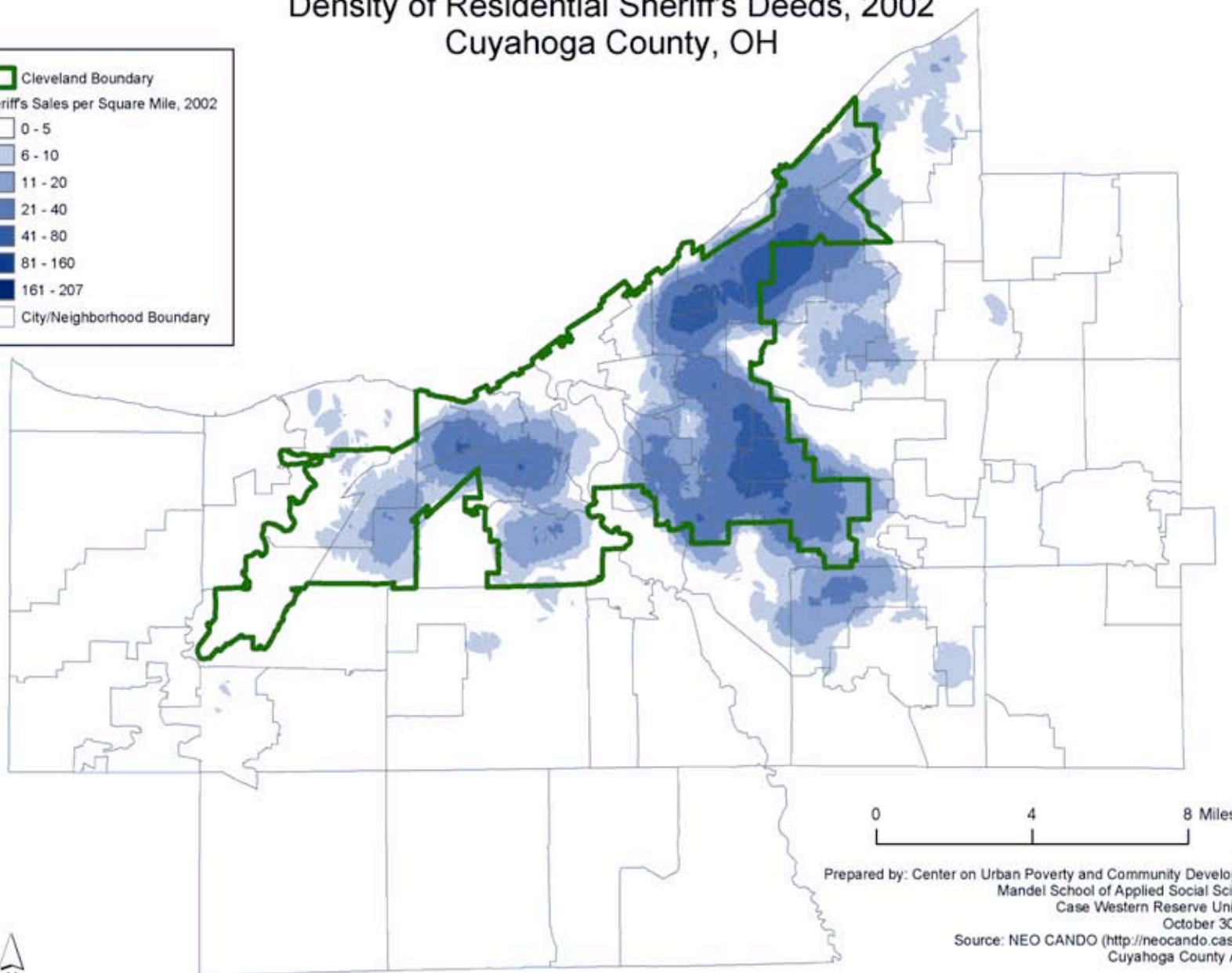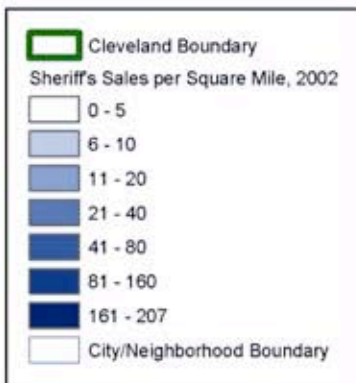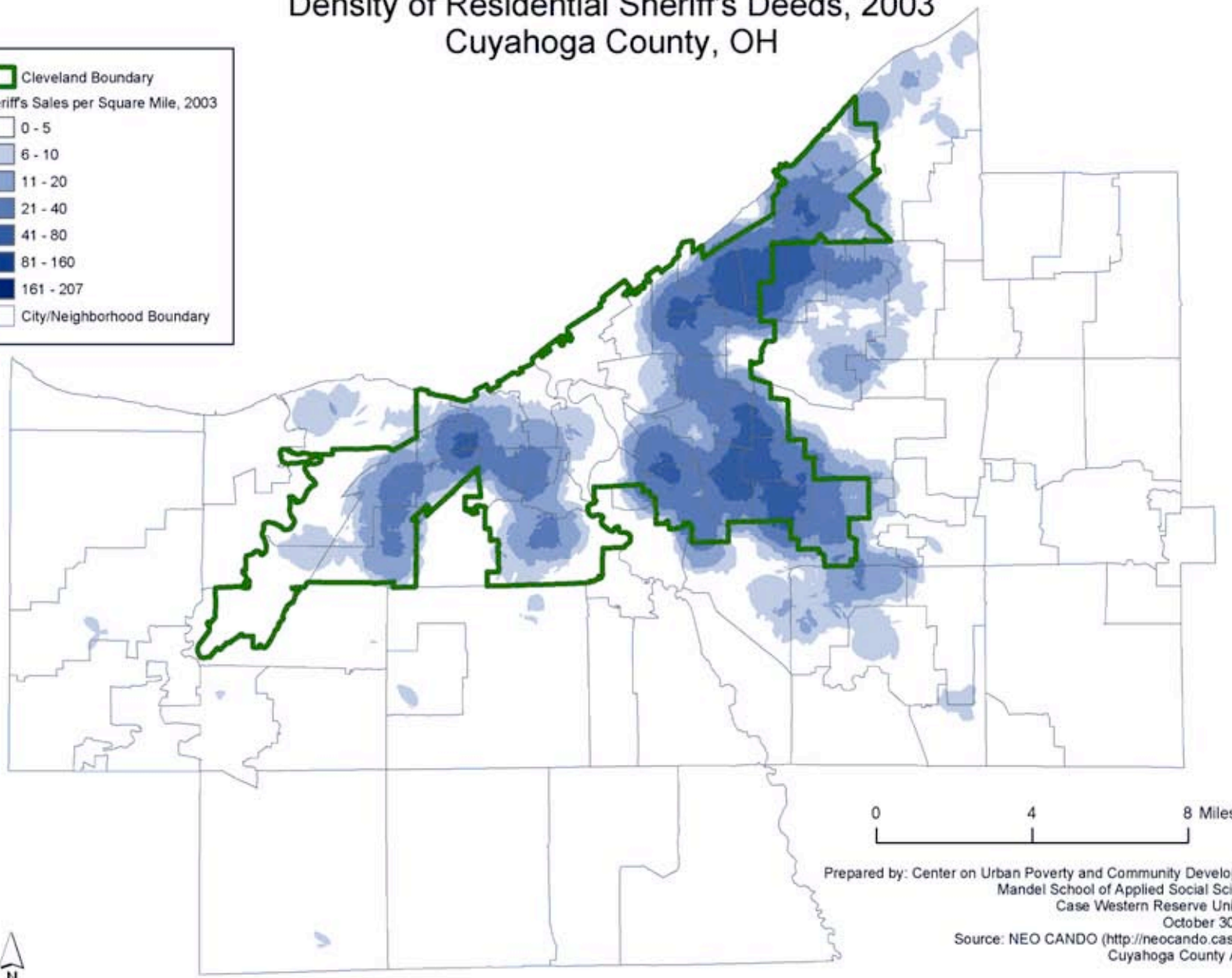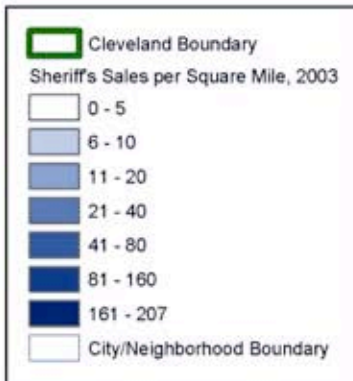*These are annualized numbers based on the first 8 months of 2007.

Prepared by: Center on Urban Poverty and Community Development, Mandel School of Applied Social Sciences, Case Western Reserve University.
Source: NEO CANDO (http://neocando.case.edu), Cuyahoga County Auditor

Density of Residential Sheriff's Deeds, 2000
Cuyahoga County, OH
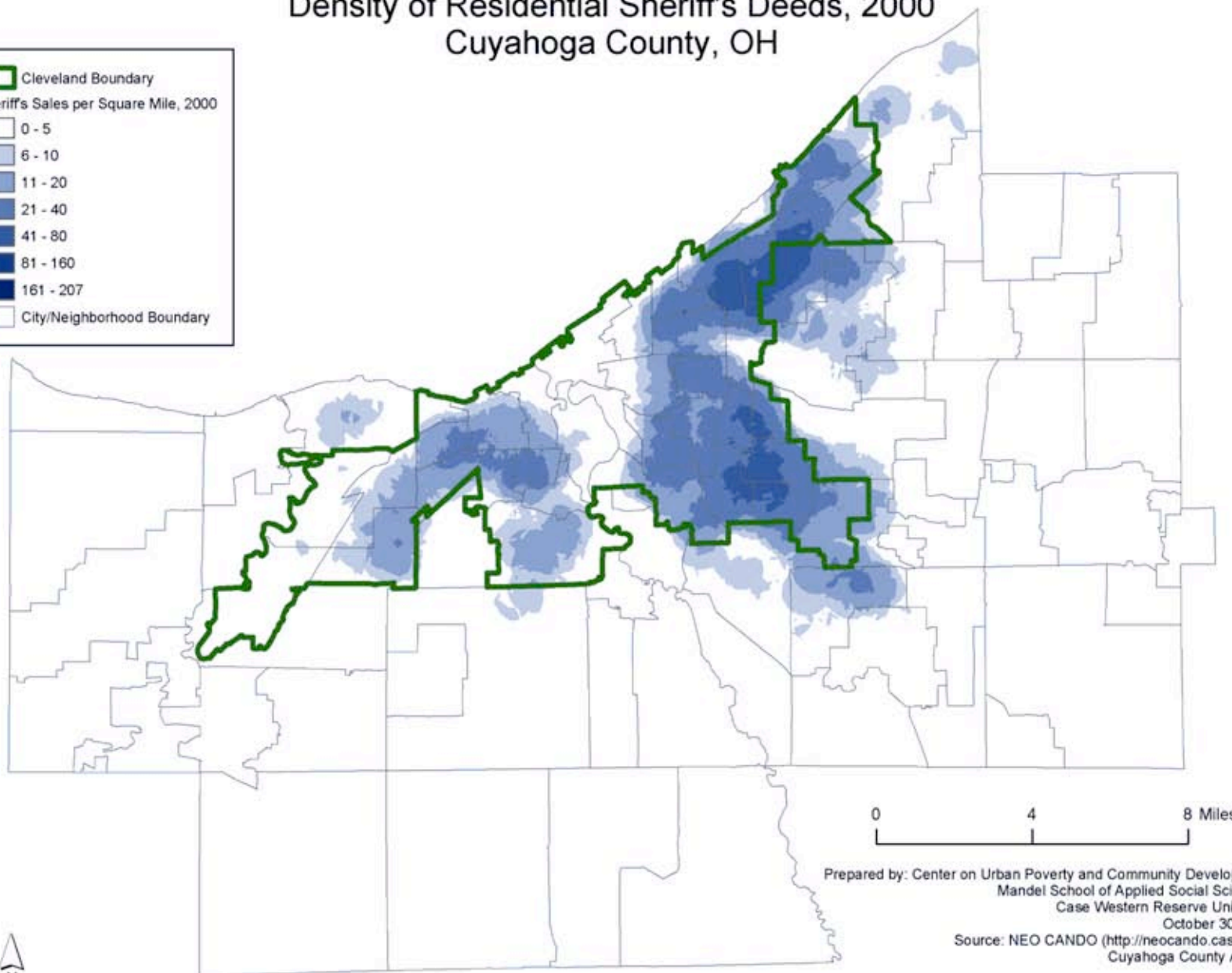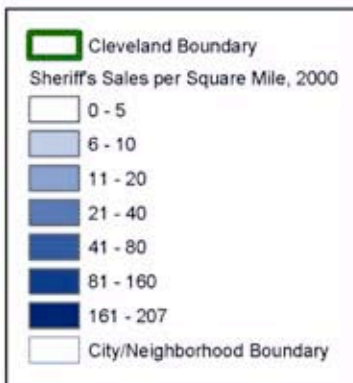
Cleveland Boundary

Sheriff's Sales per Square Mile, 2000

- 0 - 5
- 6 - 10
- 11 - 20
- 21 - 40
- 41 - 80
- 81 - 160
- 161 - 207

City/Neighborhood Boundary

0   4   8 Miles

N

Density of Residential Sheriff's Deeds, 2001
Cuyahoga County, OH
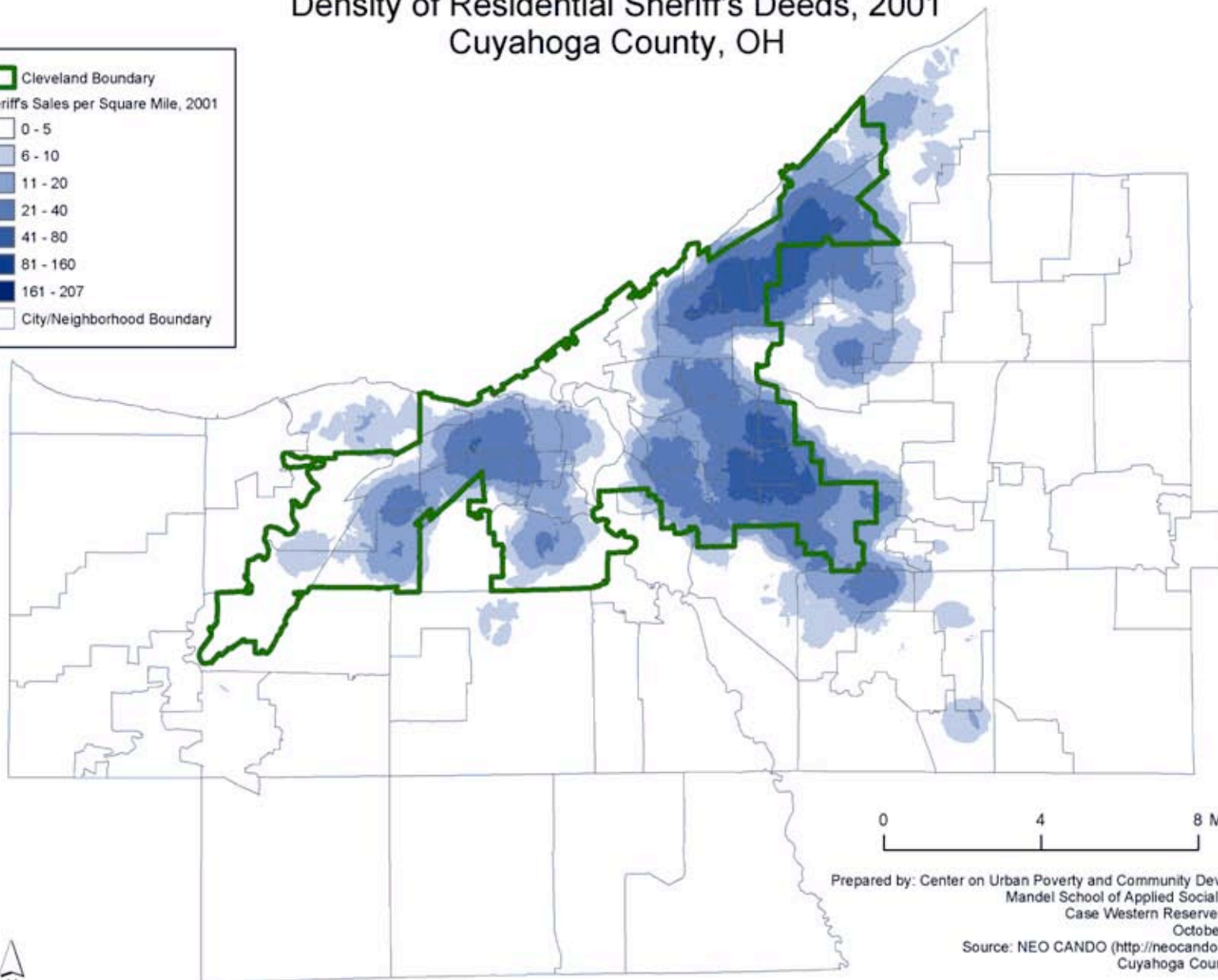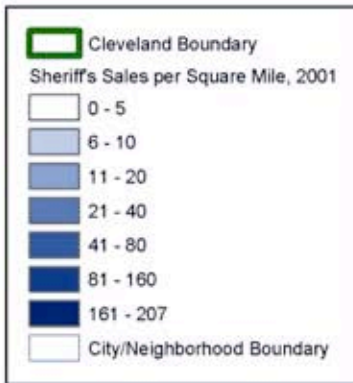
Cleveland Boundary

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City/Neighborhood Boundary

0   4   8 Miles

N

Density of Residential Sheriff's Deeds, 2002
Cuyahoga County, OH

Cleveland Boundary

Sheriff's Sales per Square Mile, 2002

- 0 - 5
- 6 - 10
- 11 - 20
- 21 - 40
- 41 - 80
- 81 - 160
- 161 - 207

City/Neighborhood Boundary

0   4   8 Miles

N

Density of Residential Sheriff's Deeds, 2003
Cuyahoga County, OH

Cleveland Boundary

Sheriff's Sales per Square Mile, 2003

- 0 - 5
- 6 - 10
- 11 - 20
- 21 - 40
- 41 - 80
- 81 - 160
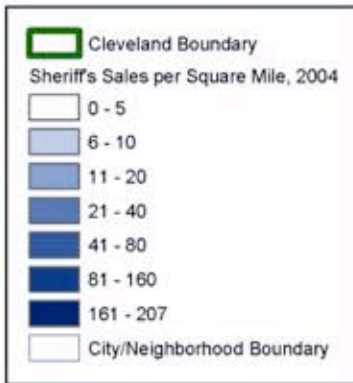- 161 - 207

City/Neighborhood Boundary

0   4   8 Miles

Prepared by: Center on Urban Poverty and Community Development,
Mandel School of Applied Social Sciences,
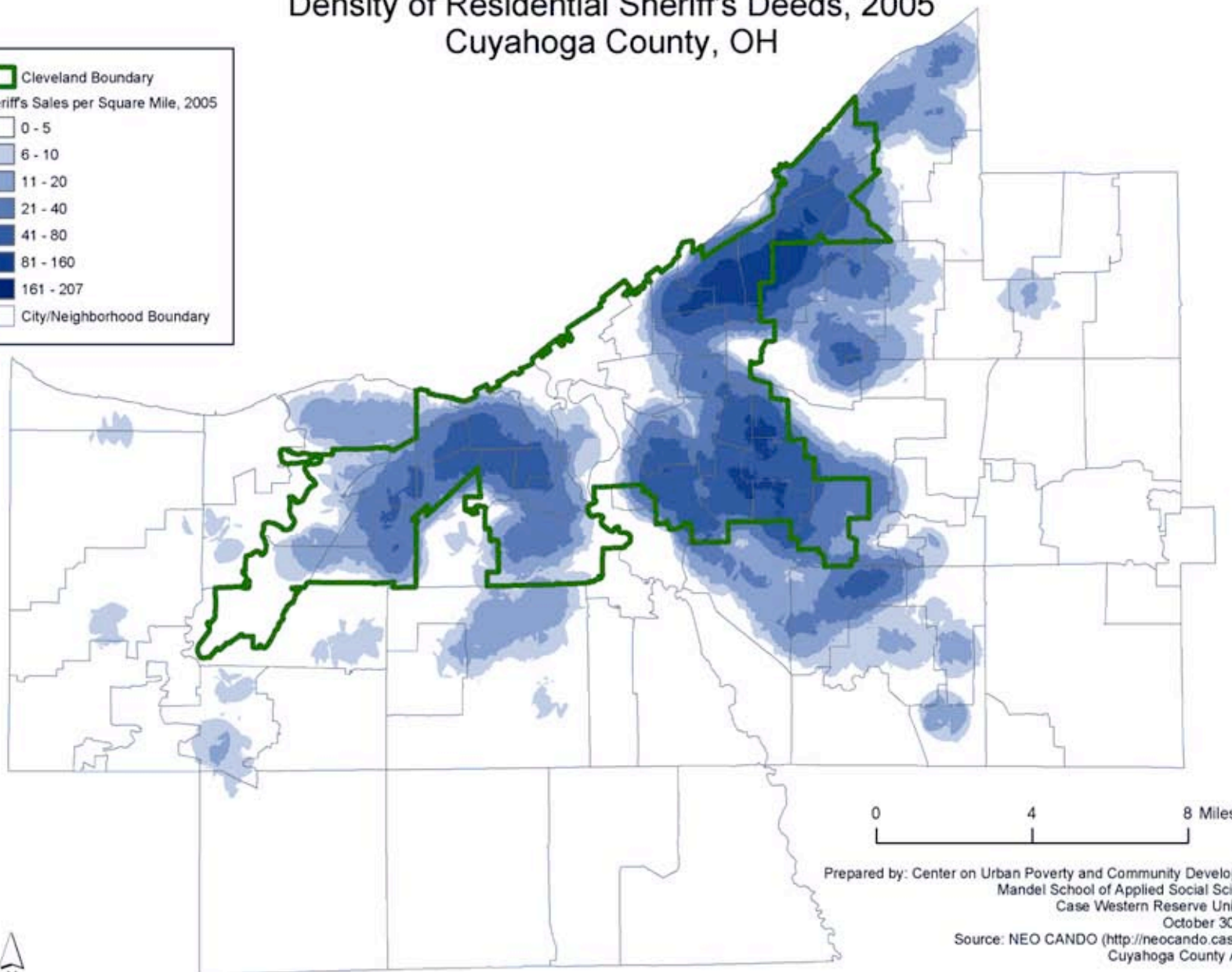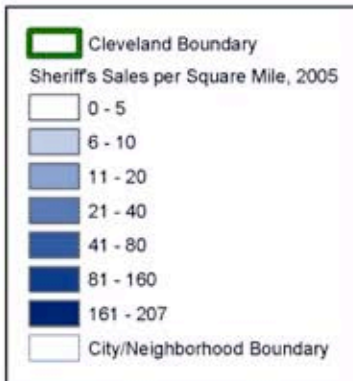Case Western Reserve University
October 30, 2007
Source: NEO CANDO (http://neocando.case.edu)
Cuyahoga County Auditor

N

Density of Residential Sheriff's Deeds, 2004
Cuyahoga County, OH

Cleveland Boundary

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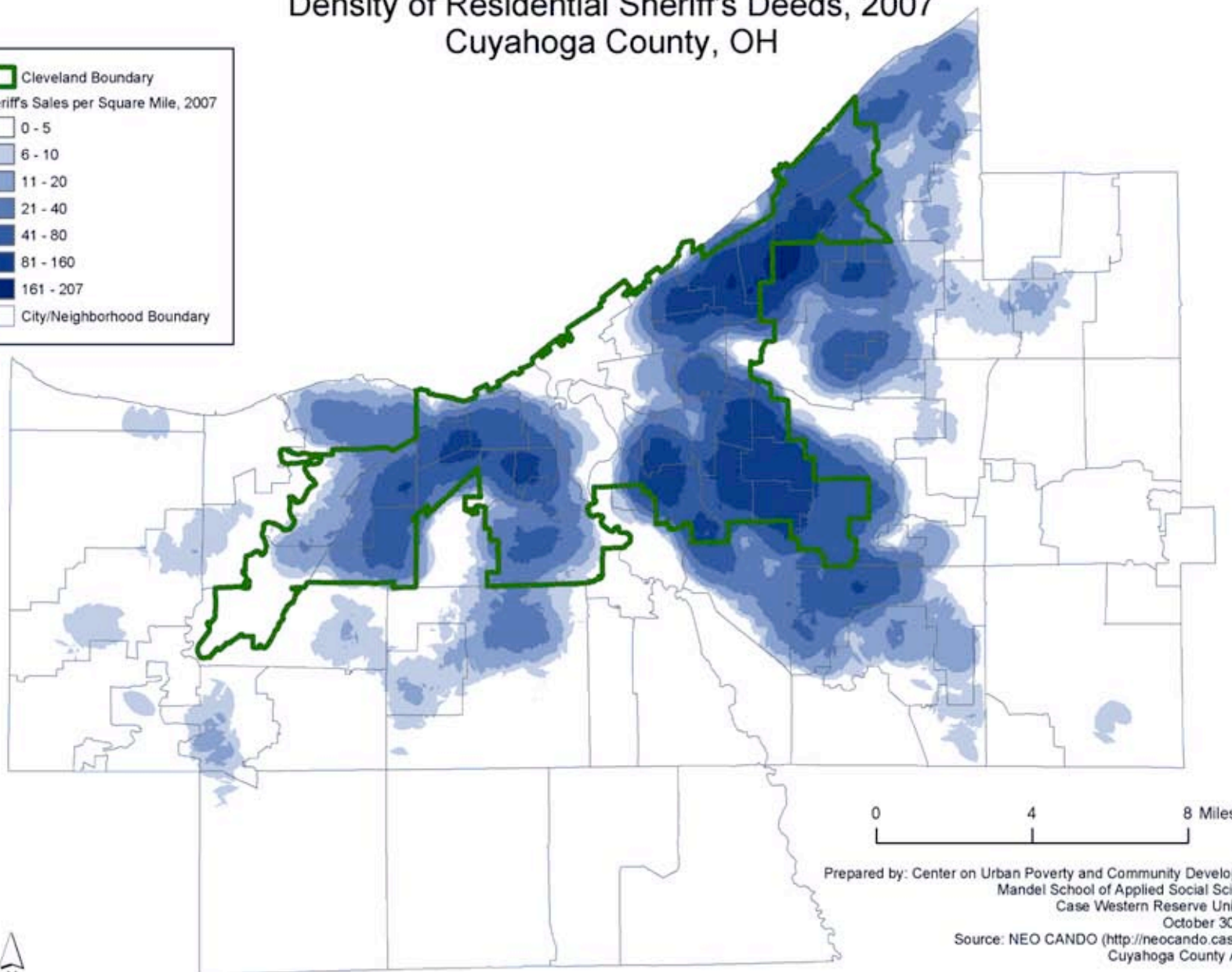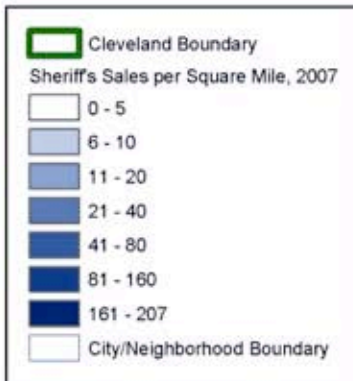
0   4   8 Miles

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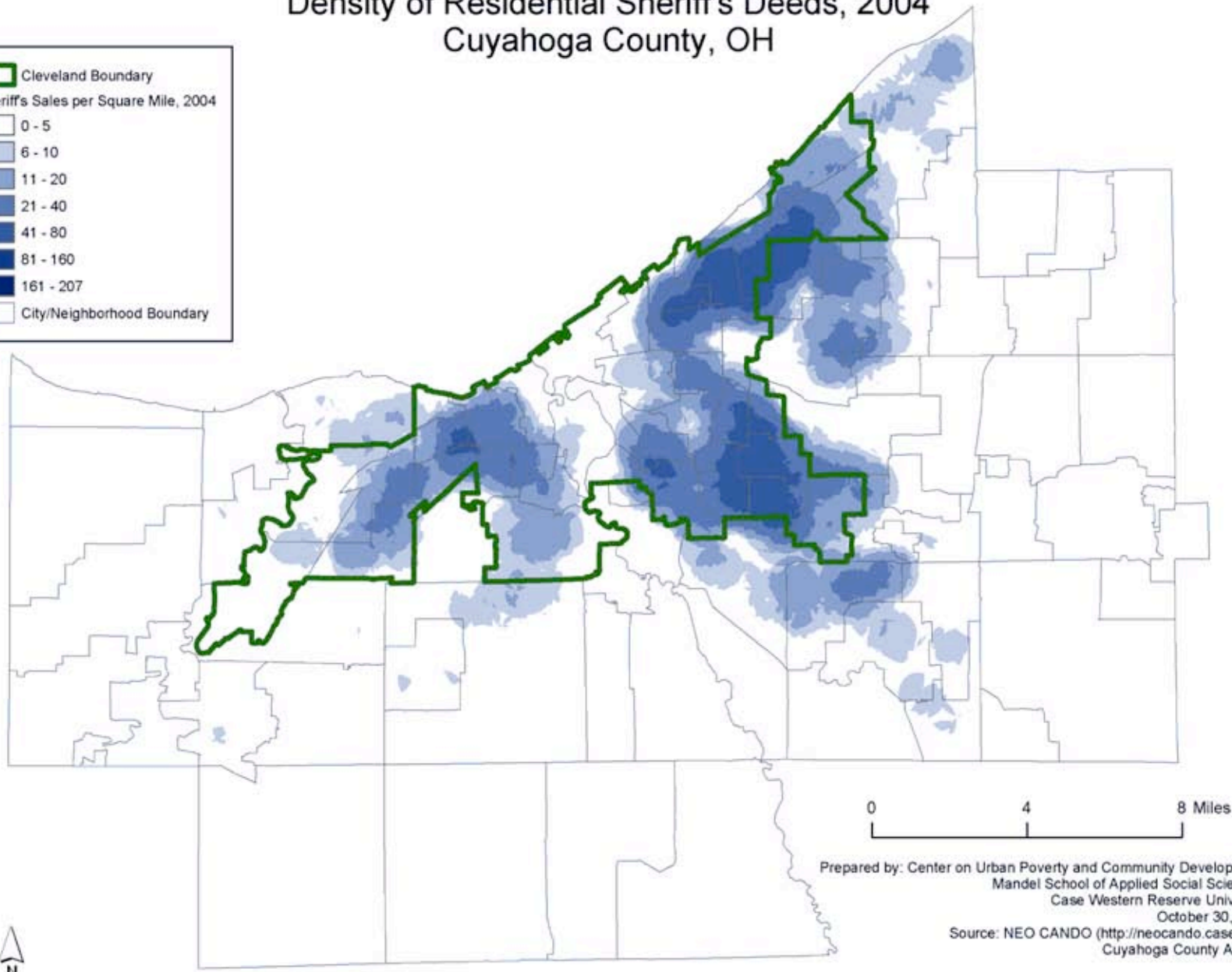
Density of Residential Sheriff's Deeds, 2005
Cuyahoga County, OH

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City/Neighborhood Boundary

0   4   8 Miles

N

Density of Residential Sheriff's Deeds, 2006
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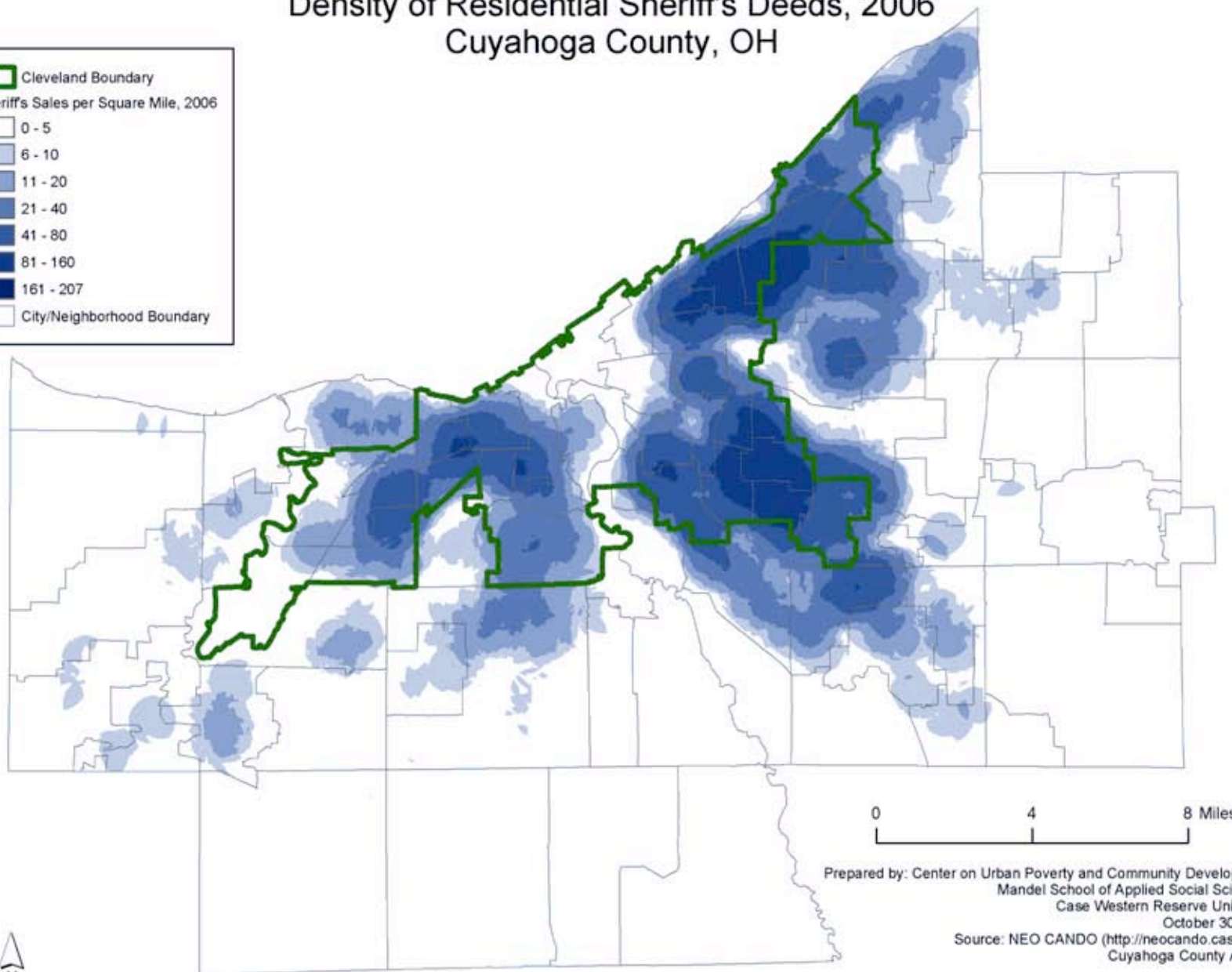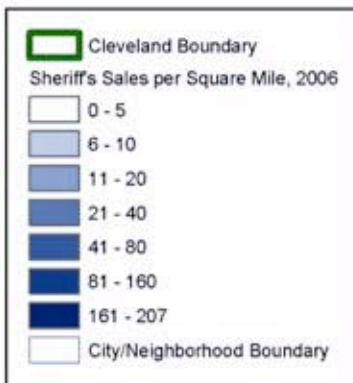
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City/Neighborhood Boundary

0   4   8 Miles

N

Density of Residential Sheriff's Deeds, 2007
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Cleveland Boundary

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- 81 - 160
- 161 - 207

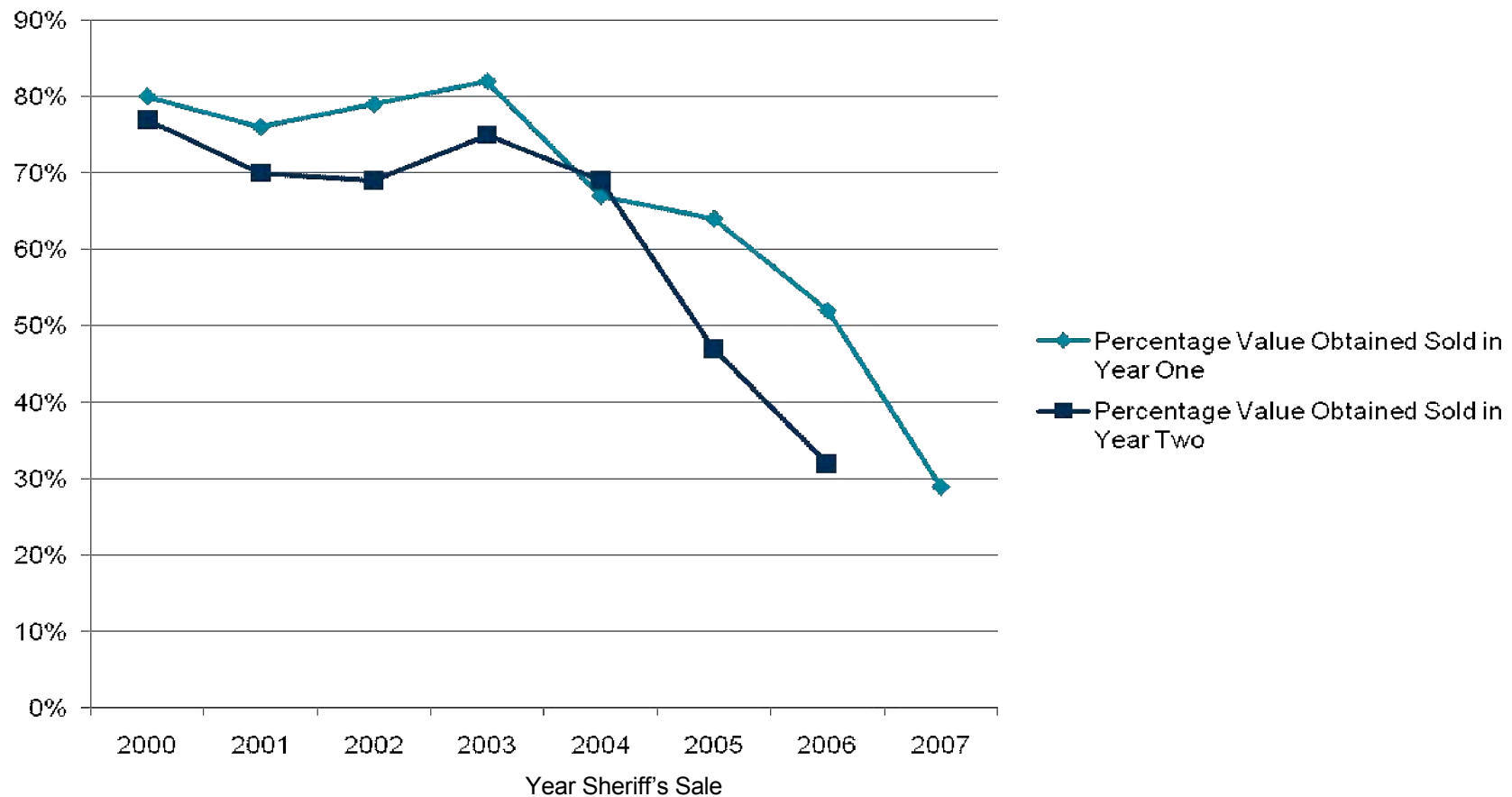City/Neighborhood Boundary

0   4   8 Miles

N

Prepared by: Center on Urban Poverty and Community Development,
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October 30, 2007
Source: NEO CANDO (http://neocando.case.edu)
Cuyahoga County Auditor

Sales Price Relative to Estimated Market Value (in 2007 dollars), City of Cleveland

Year Sheriff's Sale

Legend:
- Percentage Value Obtained Sold in Year One
- Percentage Value Obtained Sold in Year Two

Properties sold for $10,000 or less as a percent of all first property transfers, 2007-2008

Legend:
- Cleveland
- Cleveland- East
- Cleveland- West
- Inner suburbs-East
- Inner suburbs-West
- Outer suburbs
- Cuyahoga County