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

Michael Schramm
Center on Urban Poverty and Community Development
Mandel School of Applied Social Sciences
Case Western Reserve University
schramm@case.edu
http://neocando.case.edu
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 1\textsuperscript{st} 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,
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

**Social and Economic Data**
- Trend Analysis
- Crime
- Housing
- Survey Poverty
- Aggregate
- Mobility
- Vital Statistics
- Births
- Mortgage Lending
- Neighbors
- Map
- Research
- Employment
- Region
- Education
- Census
- Public Assistance
- Transportation

**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

**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
The goal of the comprehensive community development work of Neighborhood Progress Incorporated (NPI), in partnership with six Cleveland community development corporations (CDCs), is to 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 outnumbered 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 geographic area around the anchor project sites, and within the neighborhood boundaries.

NPI and CANDO have been utilized by the land assembly team in order to access information on properties that 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 and allows the planners to see a geography in its entirety with different information being mapped.

NPI CANDO also acts as an early warning system for properties that have become vacant or at risk of abandonment. Recently added data sources such as foreclosure usage and other information help publish six housing problems that may be in need of intervention.

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 efforts 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.
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

• **Purpose:** Determine the origins of the foreclosure crisis in Cuyahoga County.

• **Focus:** Mortgage loans originated in Cuyahoga County between 2005 and 2006; foreclosed between 2005 and early 2008.

• **Data:** 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

<table>
<thead>
<tr>
<th>Originator</th>
<th>On HUD Subprime List</th>
<th>Percent High Cost Loans</th>
<th>Percent High Cost Loans, with Foreclosure</th>
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</thead>
<tbody>
<tr>
<td>Argent</td>
<td>Yes</td>
<td>87.33</td>
<td>38.88</td>
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<tr>
<td>New Century Mortgage</td>
<td>Yes</td>
<td>95.42</td>
<td>41.34</td>
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<tr>
<td>Long Beach Mortgage</td>
<td>Yes</td>
<td>99.34</td>
<td>55.59</td>
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<td>Aegis</td>
<td>Yes</td>
<td>87.17</td>
<td>38.28</td>
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<tr>
<td>Wells Fargo</td>
<td>Certain subsidiaries</td>
<td>36.73</td>
<td>22.30</td>
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<tr>
<td>BNC</td>
<td>Yes</td>
<td>94.09</td>
<td>40.48</td>
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<tr>
<td>People's Choice Financial</td>
<td>Yes</td>
<td>93.52</td>
<td>36.86</td>
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<tr>
<td>National City</td>
<td>Certain subsidiaries</td>
<td>35.51</td>
<td>20.26</td>
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<tr>
<td>Countrywide</td>
<td>No</td>
<td>24.71</td>
<td>20.76</td>
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<tr>
<td>Finance America</td>
<td>Yes</td>
<td>96.72</td>
<td>48.68</td>
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<tr>
<td>Novastar Mortgage</td>
<td>Yes</td>
<td>97.84</td>
<td>27.09</td>
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<tr>
<td>Option One Mortgage Solutions</td>
<td>Yes</td>
<td>91.69</td>
<td>29.27</td>
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<tr>
<td>Accredited Home Lenders</td>
<td>Yes</td>
<td>95.85</td>
<td>26.46</td>
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<tr>
<td>Aames Funding</td>
<td>Yes</td>
<td>92.88</td>
<td>34.33</td>
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<td>Intervale Mortgage</td>
<td>No</td>
<td>87.23</td>
<td>23.41</td>
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<td>Southstar Funding</td>
<td>Yes</td>
<td>84.67</td>
<td>25.35</td>
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<tr>
<td>Fremont Investment &amp; Loan</td>
<td>Yes</td>
<td>92.16</td>
<td>30.64</td>
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<td>Delta Funding</td>
<td>Yes</td>
<td>98.58</td>
<td>30.29</td>
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<tr>
<td>Ownit Mortgage Solutions</td>
<td>Yes</td>
<td>97.44</td>
<td>31.05</td>
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<tr>
<td>Encore Credit</td>
<td>Yes</td>
<td>95.05</td>
<td>30.06</td>
</tr>
</tbody>
</table>

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

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

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
Percent Loan Originations to African Americans

- 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

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
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

Hazard Function

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
Diversions from the Pathway to Foreclosure

Racial and geographic characteristics put certain borrowers at HIGH RISK

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

• Foreclosure prevention

• Foreclosure intervention or mediation

Borrower ➔ Subprime Loan ➔ Default ➔ Foreclosure Filing ➔ Sheriff's Sale ➔ REO

Targeted outreach
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

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
Recent and Scheduled Sheriff Auctions (reclamation)
Target foreclosure filings (intervention) [between June 8 – Aug 8]
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.
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
Sales Price Relative to Estimated Market Value (in 2007 dollars), City of Cleveland

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