

# Addressing the Foreclosure Crisis: Action Oriented Research in Metropolitan Atlanta

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## Introduction

In Fall 2008, Neighborhood Nexus, the Atlanta affiliate of the Urban Institute's National Neighborhood Indicators Partnership (NNIP), was selected as one of three metropolitan areas to participate in a cross-site study funded by Fannie Mae and directed by the Urban Institute to examine local responses to the foreclosure crisis.

The project had three primary objectives. One was to obtain a better understanding of what was happening on the ground in each of the three metropolitan areas in regard to local responses to the foreclosure crisis. Of particular interest was the identification of the types of programs, initiatives, and interventions that were underway in the three metropolitan areas and an assessment of the extent to which these various actions were coordinated in their approach and focus. A second objective was for each local partner organization to provide data and mapping assistance to help local officials craft a more coherent local response to the foreclosure crisis, and in particular, provide a sub-county spatial perspective to allow local officials and organizations to gain a more granular portrait of the spatial dynamics of the foreclosure, especially in regard to the identification of neighborhood areas with the greatest concentrations of subprime lending, foreclosure filings, and REO properties, and the impact foreclosure concentrations appears to be having on the relative well-being of those neighborhoods. A third objective of the project was for each local partner organization to encourage the utilization of the data analysis and mapping exercises to stimulate a more coherent local response pattern that would yield a better alignment of foreclosure response investments and activities with the neighborhoods most affected by the foreclosure crisis as well as those neighborhoods most at-risk.

Due to the size and complexity of the metropolitan Atlanta region (see figure 1, which displays the 28-county Atlanta Metropolitan Statistical Area), the Atlanta team chose to focus its work on the region's two core counties (Fulton and DeKalb), which include the city of Atlanta, and where feasible, also on the metro core counties of Clayton, Cobb, and Gwinnett (Figure 1).

This report summarizes our work to date and includes the following sections: Part one provides a general introduction to the Atlanta region and the recent dynamics of the foreclosure crisis; Part two summarizes our progress in acquiring local data and presents a preliminary analysis of the data that has been acquired and analyzed to date; Part three summarizes our findings based on our inventory of local responses to the foreclosure crisis in the greater Atlanta area, information gathered largely from a series of meetings convened by the Atlanta team to learn more about the programs, activities, and interventions underway and the organizations responsible for leading these efforts; and Part four summarizes the recommendations of task force participants regarding their most

**Figure 1. Atlanta Metropolitan Statistical Area.**



pressing data and information needs concerning the foreclosure crisis as well as their suggestions for actions that could be taken to help foster a peer learning network on local responses to the foreclosure crisis. We conclude with a summary of immediate next steps and planned actions for continuing the engagement of regional stakeholders in examining and assessing local responses to the foreclosure crisis in metropolitan Atlanta.

## **I: The Local Context**

According to Realty Trac's 2008 Foreclosure Report, Georgia ranked 8<sup>th</sup> among the fifty states in terms of the number of properties with foreclosure filings and also had the 8<sup>th</sup> highest foreclosure rate. Metropolitan Atlanta had the 17<sup>th</sup> highest foreclosure rate among

the nation's 100 largest metropolitan areas.<sup>1</sup> Nearly eight out of ten foreclosure filings in the state of Georgia during 2008 took place inside metropolitan Atlanta. Within the 13 metropolitan Atlanta counties tracked by Equity Depot, nearly half of all foreclosure filings (42%) were located inside the core counties of Fulton and DeKalb, which contain the city of Atlanta (see Table 1). Though metropolitan Atlanta's foreclosure rate ranking among major metropolitan areas has declined over the past two years (metro Atlanta had the second highest foreclosure rate in 2006), the number of foreclosures continues to increase in the region, and perhaps most noteworthy, has become more pronounced in several of the suburban counties.

**Table 1. Foreclosure Filings, 2008, Metro Atlanta Counties.**

<i>Counties</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Fulton</b>	1742	1306	1280	1723	1335	1436	1735	1358	1713	1372	1556	1302	17,858
<b>DeKalb</b>	1189	1027	994	1263	910	1011	1356	1045	1288	1053	1021	1025	13,182
<b>Gwinnett</b>	1062	855	828	1059	943	1023	1235	1023	1268	1134	1309	950	12,689
<b>Cobb</b>	625	539	531	701	578	624	726	630	778	681	801	598	7,812
<b>Clayton</b>	679	559	570	644	558	568	699	578	689	609	588	581	7,322
<b>Henry</b>	372	333	288	387	323	337	369	391	383	389	452	357	3,992
<b>Douglas</b>	241	198	170	222	225	202	234	204	243	235	257	191	2,622
<b>Cherokee</b>	183	171	142	236	159	197	198	196	228	207	263	219	2,399
<b>Rockdale</b>	162	138	148	149	131	155	175	161	185	142	183	139	1,868
<b>Hall</b>	118	106	90	156	105	122	152	137	178	169	158	121	1,612
<b>Forsyth</b>	110	120	90	116	122	118	123	97	150	170	193	155	1,564
<b>Fayette</b>	104	97	82	118	81	95	111	103	110	93	99	85	1,178
<b>Bartow</b>	97	81	83	87	83	84	117	103	135	97	125	113	1,205
<b>TOTAL</b>	6,684	5,530	5,296	6,861	5,553	5,972	7,230	6,026	7,348	6,351	7,005	5,836	75,692

Source: Equity Depot, Atlanta Foreclosure Report.

<sup>1</sup> Metropolitan Washington, D.C., ranked 23<sup>rd</sup> and metropolitan Chicago ranked 33<sup>rd</sup>. See David M. Kinchen, "REALTYTRAC: Foreclosure Activity Increases 81% in 2008," Huntington News.net, January 16, 2009. Available at <http://www.huntingtonnews.net/columns/090116-kinchen-columnsforeclosures.html>.

Overall, the Atlanta region has faced a substantial degree of foreclosure-related challenge in recent years. More recently – since mid-2007 or so – there has been a significant shift of foreclosure activity toward suburban areas (Immergluck and Lee, 2008), with suburban foreclosures growing at roughly twice the growth rate in the city. DeKalb County, for example, scored the highest (100) among all Georgia CDBG entitlement jurisdictions on the Foreclosure Needs Score developed by LISC, followed by Clayton County (87.1), Gwinnett County (65), and the city of Atlanta (47.1). This may partly relate to the changing nature of the foreclosures, as more prime loans go into foreclosure and the pipeline of subprime loans gets smaller.

Moreover, the foreclosure problem in many central city neighborhoods is fundamentally more concentrated and different in nature than in many other parts of the region. This is because a substantial portion of the foreclosures in the central city – particularly in lower-income neighborhoods – involve investor properties, new construction, and sales fraud, which typically result in “upside-down” mortgages, where the outstanding balance of the mortgage is much larger than the value of the house. Some central-city neighborhoods also have substantial clusters of vacant properties, although the scale of the vacant properties problem is not nearly as large as weaker-market cities such as Cleveland or Detroit. The property flipping and sales fraud issue grew during the 2004-2006 boom in subprime lending, because lenders had few controls to mitigate against fraud.

Although the Atlanta region has experienced a significant level of foreclosure-related challenges for the past several years, the region has seen only limited response thus far to increasing foreclosures and problems of community or household recovery. The region’s principal response has been on the foreclosure prevention end, with significant efforts by **Consumer Credit Counseling Services of Atlanta**, some community development and housing counseling groups, and **Atlanta Legal Aid’s Homeowner Defense Project**.

Until recently, very little programmatic activity has occurred regarding the mitigation of neighborhood impacts or on the property recovery side. One effort is the **House-to-Home program** spearheaded by Enterprise Community Partners, Inc. In partnership with several local and national organizations, the intent of the program is to develop a pipeline of eligible buyers for distressed properties, while acquiring and rehabbing foreclosed, vacant homes. Its goal is to initiate 675 units during a three-year program, however significant funding will have to be raised to achieve this.

In addition, some action has been taken to improve the ability of the **Atlanta-Fulton County Land Bank Authority** to acquire vacant properties. As in most regions, very little action has addressed the issue of household recovery.

Substantial intraregional cooperation in the Atlanta region in the arena of foreclosure response—especially in the public sector—has just begun to emerge with the Neighborhood Stabilization Program serving as the catalyst. The **Atlanta Regional Commission**, the **Atlanta Neighborhood Development Partnership**, the **Georgia Department**

**of Community Affairs**, and the **Urban Land Institute** have convened several workshops over the past few months on the NSP program to assist the Atlanta region's six applicant jurisdictions: Fulton County (\$10.3 million), DeKalb County (\$18.5 million), City of Atlanta (\$12.3 million), Clayton County (\$9.7 million), Cobb County (\$6.9 million), and Gwinnett County (\$10.5 million). There has been strong interest in these workshops among Atlanta-area local governments, primarily because the State has been awarded \$77 million in discretionary funding for the NSP program, some of which will be available to CDBG entitlement jurisdictions.

**The Regulatory Context.** Georgia is a nonjudicial foreclosure state, where foreclosures are initiated and administered by the lender and/or its agent, and not subject to court supervision. The entire foreclosure process, from initial notice given by the loan servicer to the completed foreclosure sale at the county courthouse steps typically takes less than 45 days, making it among states with the fastest foreclosure processes. This brief period provides few opportunities for borrowers to become current on the loan or to find an alternative to foreclosure once notice has been given.

In terms of lending regulation, there are few borrower protections in Georgia. In 2002, Georgia passed one of the toughest anti-predatory lending laws in the country. However, financial industry lobbyists and credit rating agencies, and a change in gubernatorial administrations (from Democrat to Republican), led to overturning and weakening the law. Moreover, federal banking regulators preempted the law for national banks, federal thrifts, and some affiliated lenders. In early 2008, the state legislature (Republican-controlled) did pass modest laws that require foreclosure notices to more clearly identify the parties with the ability to negotiate loans.

**The Housing Market and the State Foreclosure Policy Context.** The Atlanta region has seen a large increase in foreclosure activity since 2005. The 13-county region, which accounts for a large portion of the population in the larger MSA, saw foreclosure notices increase from just over 37,000 in 2005 to over 58,000 in 2007 (Immergluck and Lee, 2008). The region had also experienced a significant increase in foreclosures from 2000 to 2003, with notices flattening out in 2004 and 2005. The foreclosure level in 2007 was almost four times the foreclosure level in 2000.

Foreclosures increases are often related to – both as cause and effect – stalling or falling property values. However, in Atlanta, property values did not experience the sort of rapid appreciation in recent years that occurred in many large metropolitan areas in other parts of the country, and they did not see any drop in prices until late 2007, well after foreclosures had begun increasing. Much of the foreclosure increases in Atlanta preceded any fall in property values, and recent declines in property values (since the last quarter of 2007) have been quite moderate. This contrasts with the trajectories in some of the more overheated markets, where prices began to fall quite steeply in late 2006 and early 2007.

**Responses to Foreclosure Crisis.** Overall, the region’s response to the foreclosure crisis has not been very robust. Although the core of the region has a very strong legal aid organization and a large, locally based consumer credit counseling organization, the breadth and depth of the foreclosure response has been limited to date, though the NSP and available federal funding has stimulated interest and action. The region did see a major initiative in the early 2000s to increase the regulation of predatory lending (which was first successful and then overturned after a change in the legislature and governor’s office). With Republicans in control of both legislative branches and the governor’s office, little activity at the state level has occurred since then. Moreover, the policy-advocacy community regarding housing and related policy is not terribly strong. There is very little local philanthropic support in the region for advocacy around community development or housing issues. Moreover, the region continues to be dominated by a business-friendly political regime, which some have attributed to the region’s “chamber-of-commerce” tilt as a strong impediment to local or state policy change. Finally, the City of Atlanta is a relatively modest political force in the state legislature. In part, this may stem from the city’s relatively small share of the metropolitan area’s population (less than 10 percent) and tax base.

Increased public and civic attention to the most recent foreclosure crisis in the Atlanta region began in late 2006 and early 2007 as foreclosure levels grew and national attention to foreclosure and credit market problems grew. Before late 2006, many of the concerns regarded sales fraud in the city of Atlanta. A task force had been set up to deal with problems of property flipping and sales fraud in the 30310 zip code. This was largely a community-based, volunteer effort. The effort received significant attention from local elected officials, the Atlanta police department and the county prosecutor. However, it remained a largely volunteer-organized initiative.

### **Foreclosure Prevention**

Foreclosure prevention activities in the Atlanta region include those of both community-based operations, including HUD-certified housing counselors and **NeighborWorks** affiliates, as well as a large consumer credit counseling organization, **Consumer Credit Counseling Services (CCCS)**. CCCS is one of the largest credit counseling operations in the country, with 18 locations throughout metropolitan Atlanta, and also Florida, Mississippi, and Tennessee. Through its telephone and internet counseling the organization serves clients in all 50 states. Over the last 10 years the agency has grown from initially having only two housing counselors, and only five as recent as four to five years ago, to having about 80 counselors now. Also, the nature of the counseling has changed. In the past, most of the housing counseling had been face-to-face, while now most of it is via telephone. CCCS is also a principal partner of the HOPE NOW Alliance, providing a substantial part of the telephone counseling along with some other, similar groups around the country.

CCCS's historic dominance of credit counseling activities in the Atlanta region may explain the lower profile of some of the more traditional, community-based HUD-certified counselors in the area that tend to do primarily face-to-face counseling. There are a significant number of those, and they tend to receive much of their funding from local and county government, as well as some per-client funding from the HOPE NOW program.

The community-based counselors vary in their levels of activity and their scope. The Impact Group in suburban Gwinnett County, for example, has increased its foreclosure counseling resources and response, shifting away from homeownership counseling toward foreclosure prevention in recent years. Gwinnett, with its diverse and growing population, has seen foreclosures rise rapidly, especially after 2007. The Impact Group has particularly close relationships with two loan servicers, one of which has had a person work part-time out of Impact's offices. Impact has held targeted counseling sessions with this servicer and has helped the servicer attract borrowers in for counseling.

Few of the community-based counselors get many referrals from the HOPE NOW hotline; those borrowers tend to go to CCCS or similar organizations around the country. However, HOPE NOW does provide some funding for counseled clients, regardless of the referral source, which has been helpful to these groups. Turf issues between counseling groups have become somewhat less problematic since the escalation of the most recent foreclosure crisis in the latter part of 2007.

**Atlanta Legal Aid's Home Defense Project (HDP)** has also been a significant player in the Atlanta region in terms of foreclosure response. While the organization has dealt with foreclosures and other mortgage-related issues for many years, in 2007 it began to see dramatic increases in the numbers of foreclosures in which the homeowner received loans that they could never have afforded. HDP works to save clients' homes by negotiating cancellations of mortgage loans, restructuring loans into ones with substantially smaller balances, interest rates and payments, or negotiating short payoffs of loans via the use of reverse mortgages for senior homeowners. One key approach that HDP has utilized is enlisting the aid of a particularly active state legislator who has repeatedly made phone calls to the bank that serves as trustee for the mortgage, which enables HDP to access "executive" resolution departments to speed and improve response by the lender. More recently, additional state legislators have expressed interest in providing similar services to their constituents.

### **Mitigating Community Impacts and Community and Household Recovery**

- ***Short-term Mitigation and Containment of Spillover Problems.*** Local governments in the region have recently begun to increase their efforts to deal with vacant, foreclosed homes. The City of Atlanta has increased its activities in enforcing housing and building code violations, and DeKalb County has formed a



task force which is looking at possible measures to address vacant properties through nuisance ordinances and the like. The Atlanta region is generally one with strong county government and a large amount of unincorporated land, especially outside of Fulton County, which has seen significant expansion of local governments in recent years.

- ***Property Reclamation and Recovery.*** The Atlanta region has not had a highly aggressive response to the problem of vacant, foreclosed properties to this point. Much of the vacancy problem is concentrated in the city of Atlanta, especially on the south and west sides of the city, and has also recently emerged in parts of DeKalb County. Moreover, the vacancy problems are frequently complicated by problems of sales fraud, property flipping and speculation—particularly in the city of Atlanta—so that the outstanding loans on many of the foreclosed homes in these areas are much larger than any reasonable, current market value of the property. In some respects, the problem predated the recent foreclosure crisis, because a good deal of sales fraud was occurring in 2004 through 2006 and resulting in vacancies and foreclosures even then. The problem has only been compounded by the overall foreclosure crisis.

There are some activities in the planning stages in terms of reclaiming vacant, foreclosed homes. One initiative involves a number of nonprofit development groups in conjunction with local government and some financial institutions. These “implementing stakeholders” have been meeting to flesh out a plan to reclaim foreclosed homes in targeted neighborhoods. There have also been significant efforts to reform and revitalize the Atlanta-Fulton County Land Bank Authority so that it can acquire and hold foreclosed properties. At this point this effort is focused only on the City of Atlanta and is not a regional initiative. Other counties, however, as part of their Neighborhood Stabilization Program applications and related foreclosure intervention strategies, are actively considering the creation of a land bank authority.

One relatively small bank that had been an active lender in the city has approached a number of nonprofit organizations about their portfolio of foreclosed properties. This lender has a large number of such properties in neighborhoods with high foreclosure rates. It was unclear whether the prices the bank was asking for these houses were reasonable given the severe distress of the housing submarkets in these areas.

- ***Household Recovery.*** As in most places, it appears that relatively little attention has been paid to the recovery of households directly impacted by foreclosure in the Atlanta region.

## II. Using Data to Mobilize Local Responses to the Foreclosure Crisis: Data Acquisition, Analysis, and Mapping

Our initial analytical work involved acquiring and constructing a longitudinal data base that would allow us to track over time the spatial dimensions of the mortgage foreclosure crisis (at the neighborhood level) in the greater Atlanta area with an emphasis on residential properties. Our primary interest is in tracking the stages of the foreclosure problem (subprime lending, foreclosure filings, foreclosed properties) and how the nature and dimensions of the problem may vary across neighborhoods and communities. We are particularly interested in identifying “hot spots,” or the neighborhoods most impacted by the foreclosure problem with emphasis on identifying such areas at the census block group or census tract level (our objective is to “zoom” below the county and zip code levels). We are also interested in developing a regional spatial portrait of the foreclosure problem, which in turn, should allow Atlanta stakeholders to gain a better understanding of how different types of neighborhoods are affected by foreclosure and how different types of neighborhoods respond to foreclosure intervention strategies.

During the first phase of our work, we assisted DeKalb County Department of Community Development officials in analytical work (mapping and data analysis) associated with the development of their Neighborhood Stabilization Program application. This work involved both mapping of foreclosure hot spots as well as thinking ahead to the identification of key program performance measures and the data requirements needed for tracking those indicators on an ongoing basis. Much of the work done during this phase involved identifying data needs and data sources, negotiating access to the data, executing memorandums of agreement, data cleaning, formatting, and the like.

As a result of these efforts we were able to assemble two primary longitudinal data sets. The first, provided courtesy of the Urban Institute’s National Neighborhood Indicators Partnership, consisted of a longitudinal data set (1997-2007) at the census tract level of Home Mortgage Disclosure Act (HMDA) data. This allowed for identification of census tracts throughout the region with high concentrations of subprime lending. A second data set was acquired from Equity Depot, which consisted of monthly compilations of mortgage foreclosure filings (at the property level) in the greater Atlanta area with associated characteristics and attributes of these properties. These data were obtained from May 2003 through May 2008. We are in the process of acquiring additional data from Equity Depot for the period June 2008 – June 2009.

For each of these data sets we created a series of maps to display the spatial distribution of subprime lending and foreclosure filings. For the latter, we created an animated map that displayed a series of 60 maps (monthly, from May 2003 – May 2008), that illustrated the spread of the foreclosure problem beyond the city of Atlanta and into all of the adjacent suburban counties. Figures 2-6 are examples of the kinds of maps we have been creating with these data sets.

Figure 2. Mortgage Foreclosure Filings, May 2003- May 2008.

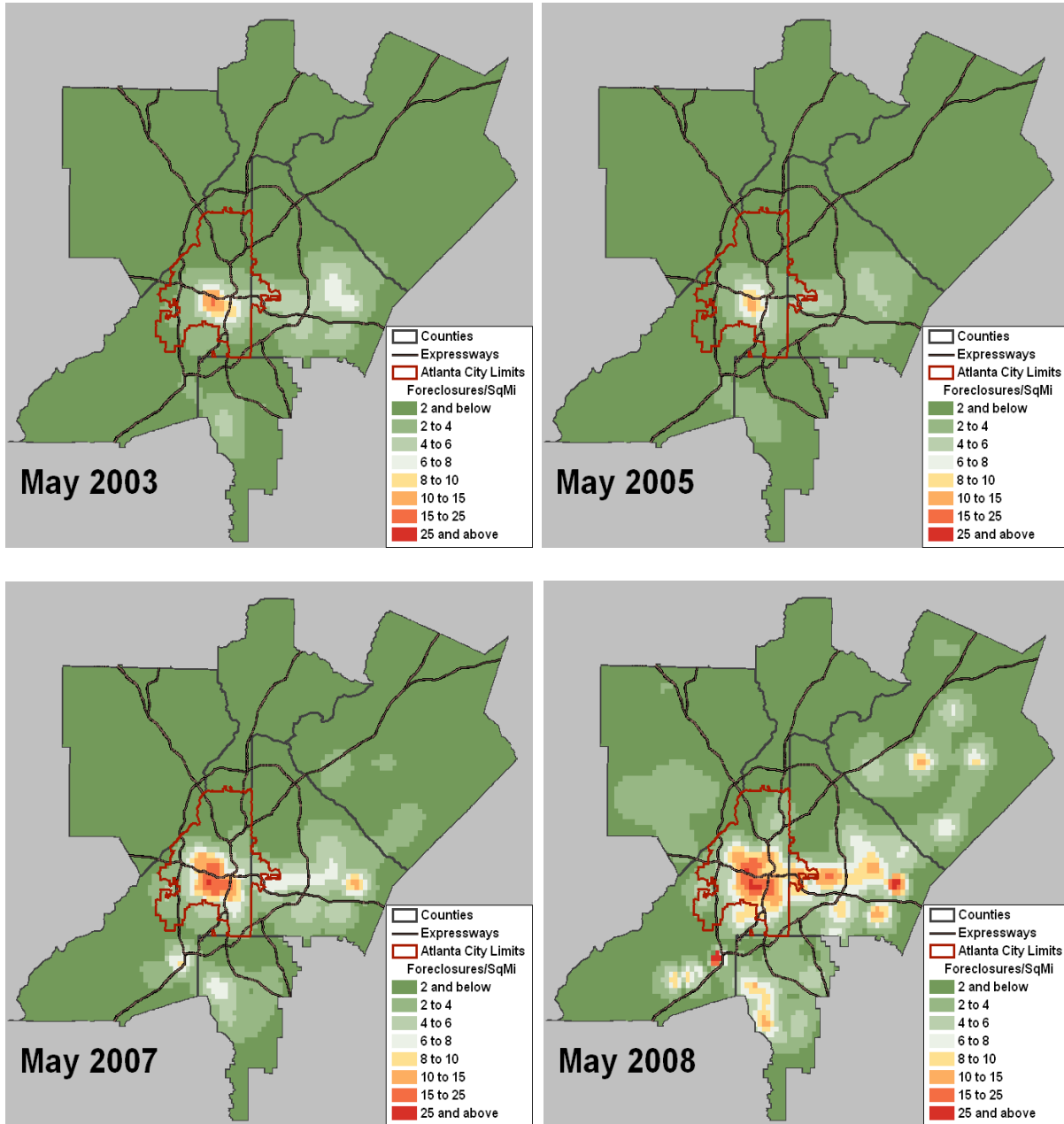
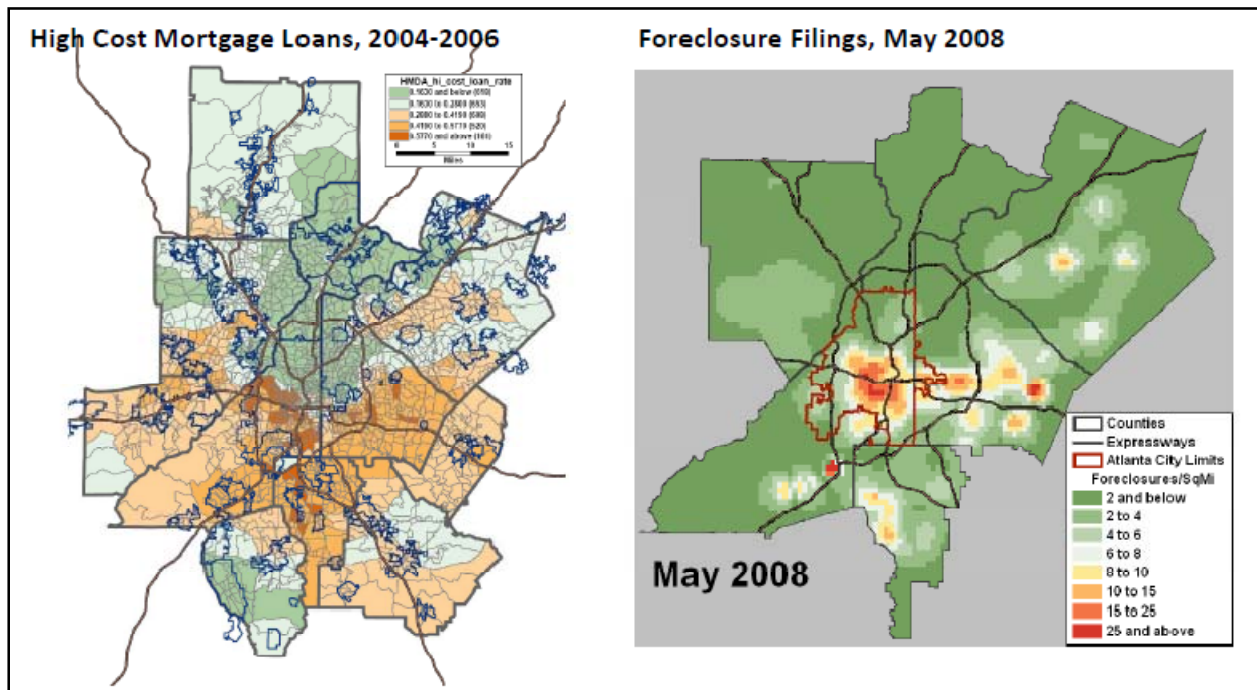


Figure 3. Subprime Lending as a Predictor of Foreclosure Filings.



The primary focus of the second phase of our work has involved tracking the chain of foreclosure from subprime lending to notice of foreclosure filing to bank-owned, foreclosed properties (REO). The primary objective of this phase of our work was to identify and describe the characteristics of the neighborhoods most severely impacted by REO properties. One major challenge we faced was identifying and acquiring a comprehensive listing of REO properties. To date, we have acquired REO data from three sources: an extract from the Fulton County tax assessor's office, an extract from the DeKalb County tax assessor's office, and an inventory listing of Fannie Mae REOs. We are currently working with Fulton and DeKalb County officials to obtain longitudinal data on REOs in their respective county and working with our local Fannie Mae office contacts for assistance in obtaining recent and longitudinal listings of Fannie Mae REOs holdings as well as identifying other potential sources of REO properties.

Figure 4. Fannie Mae REO Property Listing, November 2008: Number of REOs.

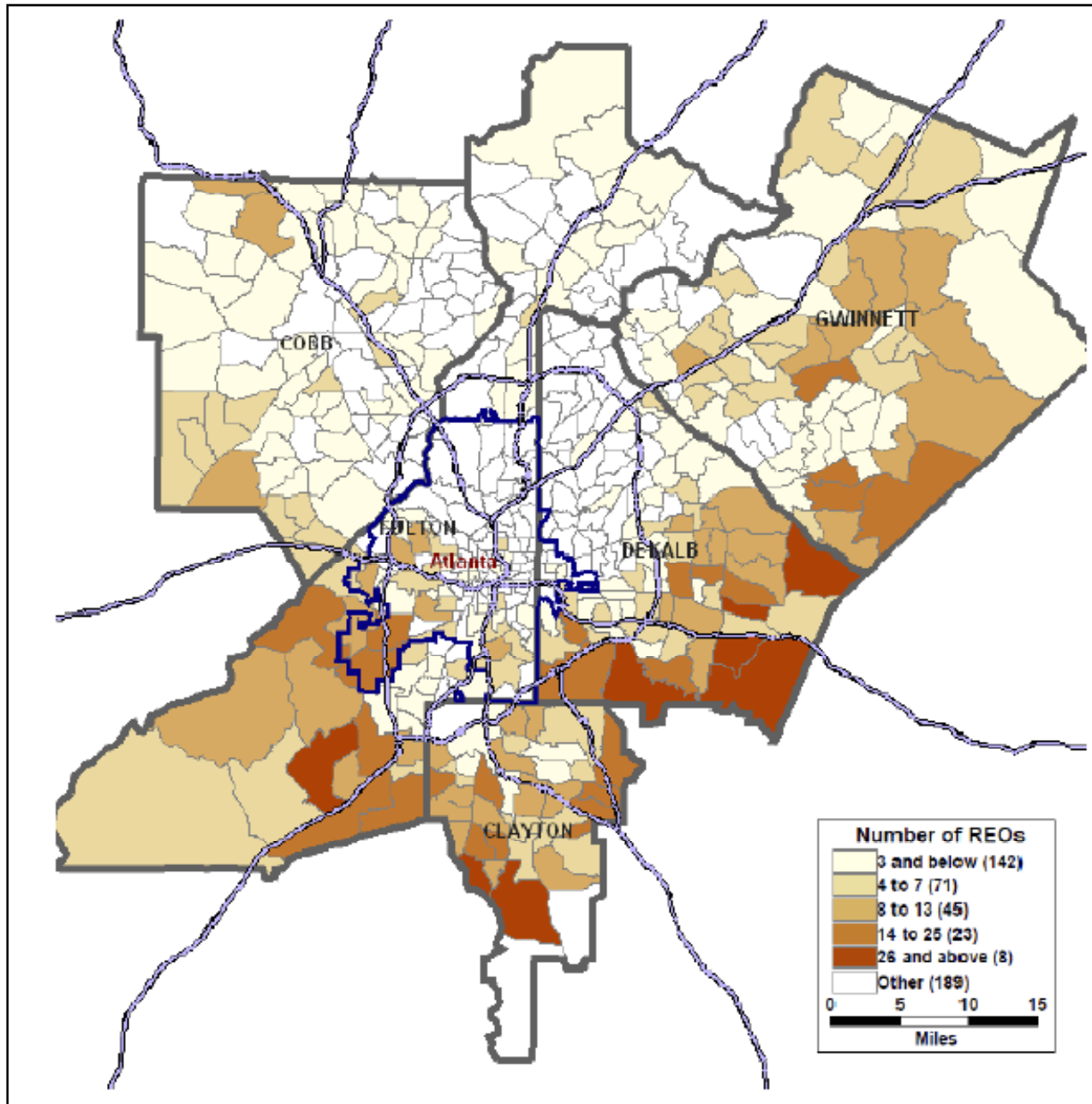


Figure 5. Fannie Mae Property Listing, November 2008: REOs per square mile.

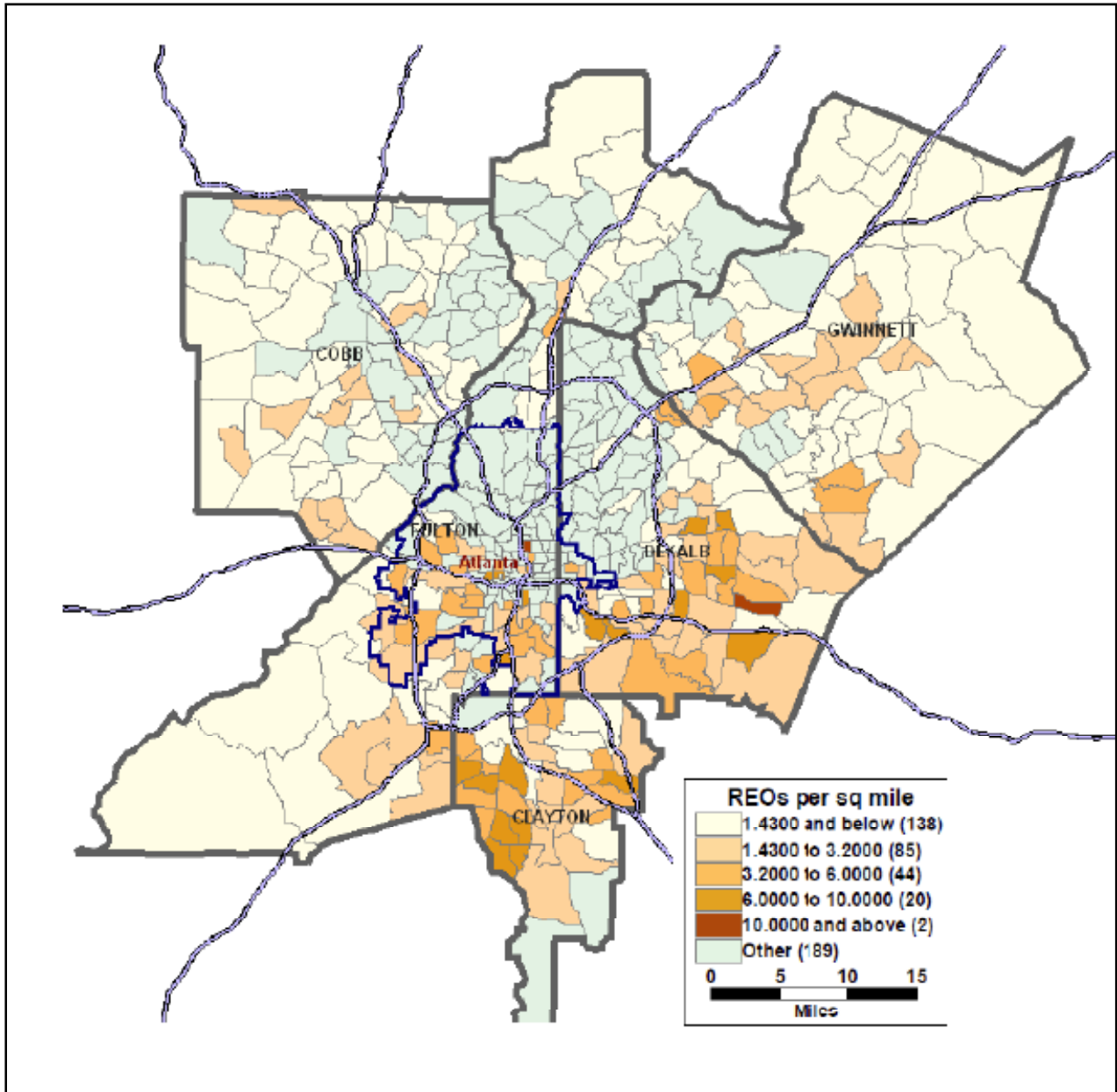
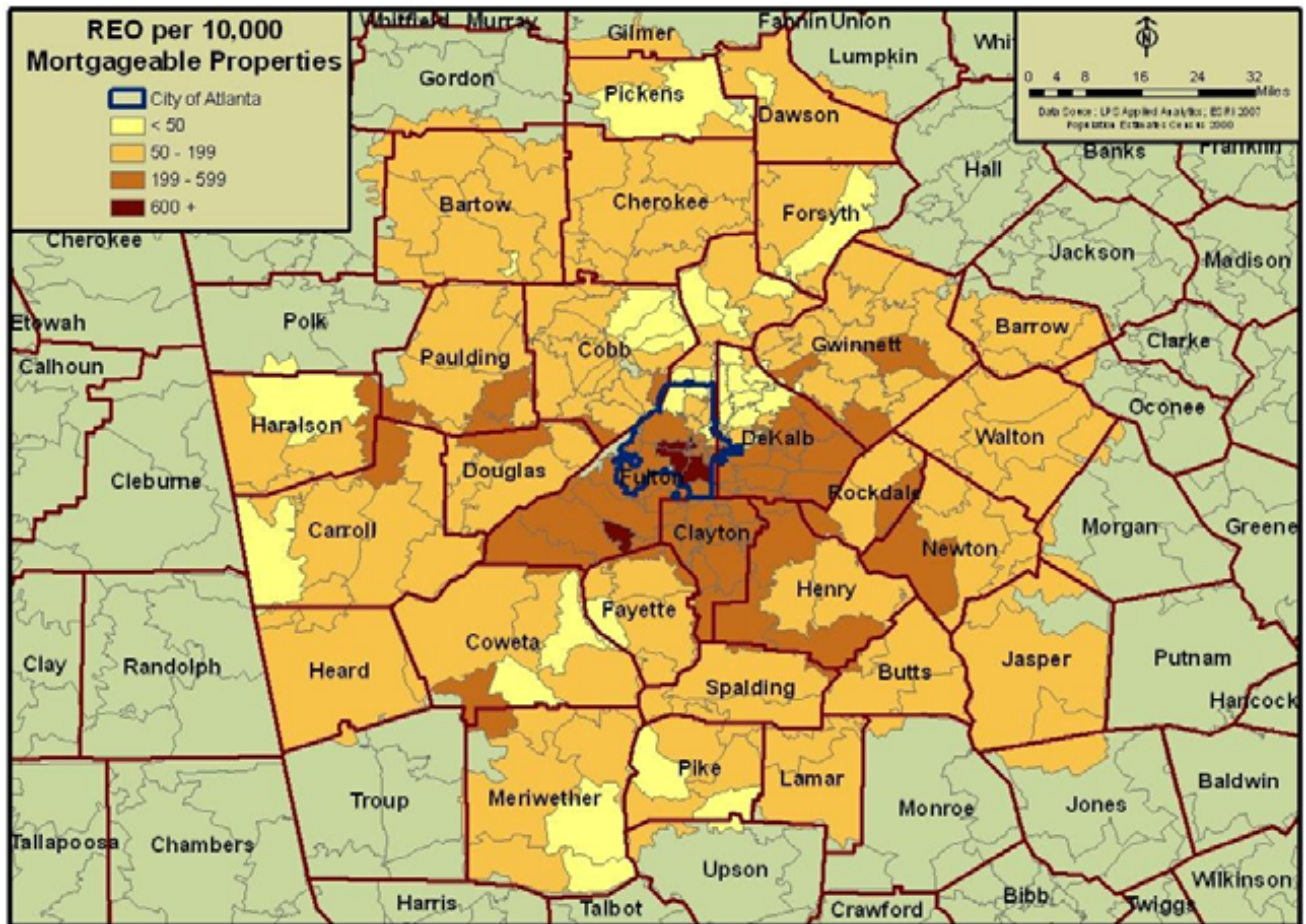


Figure 6. REOs per 10,000 Mortgageable Properties: Metropolitan Atlanta Zip Codes



Source: Dan Immergluck, "Intrametropolitan Patterns of Foreclosed Homes: ZIP-Code-Level Distributions of Real-Estate-Owned (REO) Properties during the U.S. Mortgage Crisis," Atlanta, GA: Federal Reserve Bank of Atlanta, April 21, 2009.

The third phase of our work, which we anticipate will take place over the next couple of months, will involve more detailed mapping at the neighborhood level of subprime lending, foreclosure filings, and REO properties along with an assessment of the characteristics of the neighborhoods with the highest concentrations of these indicators. Our primary purpose here will be to characterize the neighborhoods most affected by the foreclosure crisis and to identify how—if at all—these characteristics vary by geographic location within the Atlanta region. During this phase we will also address the most pressing research/data/mapping issues that emerged from our discussions with local stakeholders during a series of foreclosure forums held during January-March 2009 (see section IV below).

Though our work on mapping the dynamics of the foreclosure crisis in the greater Atlanta area continues to evolve, we have made a number of presentations to a wide variety of groups, organizations, and forums over the past several months. These include a presentation on December 3, 2008, at an event on the Neighborhood Stabilization Program co-sponsored by the Atlanta Regional Commission, the Georgia Department of Community Affairs, and the Atlanta Neighborhood Development Partnership; several presentations during January and February during meetings of the advisory committee (see below); and a presentation at a day-long workshop on the foreclosure crisis in Atlanta sponsored by more than a dozen local advocacy groups.

In addition, we continue to work with the DeKalb County Department of Community Development to provide assistance to them regarding their plans for the deployment of Neighborhood Stabilization Program funds. As part of that work, Emory University's Office of University-Community Partnerships has agreed to take on an in-depth neighborhood analysis of the impacts of the foreclosure crisis in the East Lake Terrace neighborhood in DeKalb County, one of the neighborhoods that has been particularly hard hit by foreclosures. During Summer 2009, Emory's OUCP will have a team of faculty, graduate and undergraduate students working with representatives of the East Lake Terrace Neighborhood Association, the DeKalb County community development department, and related community groups and associations to conduct an asset map of the East Lake Terrace neighborhood and to assess potential remediation strategies for the neighborhood, particularly strategies that might leverage DeKalb County NPS funds.

We have also made a data-based presentation on the foreclosure crisis to another DeKalb County neighborhood association (Wesley Chapel). A representative of that group had attended an earlier workshop and asked that we repeat the presentation to members of the Wesley Chapel Community Overlay Coalition, to aid their membership in assessing neighborhood options for addressing the foreclosure crisis. Though this group is not as far along in their thinking as the East Lake Terrace neighborhood, we will continue to provide data and mapping assistance to the Wesley Chapel COC, to aid that group in their formulation of appropriate local strategies.

Finally, we have had preliminary conversations with several reporters at the Atlanta Journal Constitution who have heard of our work and are interested in publishing a series



of in-depth stories on the foreclosure crisis in Atlanta. We will continue to explore with the AJC possibilities for disseminating our findings and communicating the role that data and mapping can play in formulating a response to the foreclosure crisis as well as monitoring and evaluating the effects of various local responses.

### **III. Inventory of Local Responses to the Foreclosure Crisis**

In January 2009 we convened an advisory committee to help guide our work on this project. The committee was comprised of more than 50 individuals, representing a wide range of agencies and organizations involved in addressing the foreclosure crisis in metropolitan Atlanta. Table 2 presents a listing of organizations that participated in this meeting along with subsequent meetings that followed. One of the primary purposes of the initial gathering was to introduce the project to the Atlanta community, invite their participation, and to encourage the attendees to begin to compile a comprehensive inventory of the various local responses underway throughout the region to address the foreclosure crisis. We were especially interested in identifying and compiling an inventory of foreclosure responses in the greater Atlanta area with special emphasis on who (agencies, organizations) was doing what (types of programs and initiatives), and where (communities, neighborhoods), in the Atlanta region. These responses were grouped into three sets of activities, which were largely organized along the framework identified by Dan Immergluck in his paper, *Community Response to the Foreclosure Crisis: Thoughts on Local Interventions* (Federal Reserve Bank of Atlanta, October 2008).

**Table 2 . List of Organizations Participating in Advisory Group on Atlanta Foreclosure Crisis.**

<b>Public</b>	<b>Private</b>	<b>Nonprofit</b>
Atlanta Bureau of Housing	First Service Mortgage	Atlanta Housing Association of Neighborhood-Based Developers
Atlanta-Fulton Land Bank Authority	GA Home Builders Association	Atlanta Neighborhood Development Partnership
Atlanta Regional Commission	Insights Plus	Annie E. Casey Foundation—Atlanta Civic Site
DeKalb County	JP Morgan Chase	Atlanta Legal Aid
Fannie Mae	Miller Realty	Charis Community Housing
Federal Reserve Bank of Atlanta	PRISM Realty Management	Consumer Credit Counseling Services of Greater Atlanta
Fulton County	Sun Trust Bank	Enterprise Community Partners
Housing Authority of Fulton Co.	The Power Group	GA State Trade Association of Nonprofit Developers (GSTAND)
GA Dept. of Community Affairs	Workforce Resource	Neighborhood Assistance Corp. of America
NeighborWorks America--Atlanta		Pittsburgh Community Improvement Association
		Reynoldstown Revitalization Corporation
		United Way of Metropolitan Atlanta

## Foreclosure Prevention Programs & Activities

Activity/Programs:	Who Is Involved?	Operating or Planned/In Process?
Foreclosure Counseling & Home Ownership Counseling, including: Loan Modifications Classes & Clinics Individual Sessions	Atlanta Legal Aid CCCS D&E, The Power Group NACA Reynoldstown Revitalization Corp. The IMPACT! Group The Urban League DeKalb Housing Counseling Cobb Housing, Inc. Green Forest CDC ACORN Home Free USA Metro Fair Housing Services Several private attorneys	All Operating, ongoing
Legal claims on behalf of borrowers	Atlanta Legal Aid Georgia Law Center Georgia Legal Services -- planning	Ongoing
Sound Reverse Mortgages for some senior home owners	Atlanta Legal Aid	Ongoing
Financial Support for Foreclosure Housing Counseling	NeighborWorks America Georgia DCA DeKalb County Gwinnett County Fulton County City of Atlanta HUD IFFLA The Urban League SEEDCO Fannie Mae SunTrust JP Morgan Chase / WaMu	Ongoing
Technology Systems: Hope Hotline – 24/7 call centers for borrowers	collaborative	Ongoing
Best Fit Program -- automated refi analysis system	NeighborWorks America	Used by TIG, RRC
Loss Mitigation Express – used in Florida		Not used in Georgia
Saves Homes Program – underwriting for refi's	Developed by and for NACA	
NEOCANDO System – predicts foreclosures by	Developed in Cleveland, OH	Not used in Georgia

Activity/Programs:	Who Is Involved?	Operating or Planned/In Process?
geography  Professional Training for Housing Counselors  Professional Training for Legal Services Lawyers	NeighborWorks America / NCHEC  IFFLA	
Pro-active outreach to delinquent homeowners	SunTrust Chase/WaMu Fannie Mae <i>Some other lenders not present</i>	Ongoing
Clayton County Foreclosure Resource Center	D&E CCCS	Ongoing
Collaborations with servicers & housing counseling agencies to standardize the workout process.	CCCS has developed a program	Ongoing and In Process
Loan fund for distressed borrowers (limited)	RRC	

There was a lot of discussion at this subgroup meeting about the challenges in achieving reasonable, sustainable workouts with servicers. It was noted that approximately 60 percent of the workouts re-default. In many cases, a write down of the loan balance is required because the home market value simply isn't there. If the lender forecloses, they won't get their booked value anyway. The "cram downs" through bankruptcy courts brings the balance to the true value of the home.

Several additional research opportunities were discussed that will help participants better understand what is happening in metro Atlanta, demonstrate the value of current strategies, and tell a more compelling story to potential funders. These include:

1. Assess housing counseling programs currently at work in the region: what do they do? How do they do it?
2. Determine the impact of the foreclosure prevention services by geography. Geocode successful workouts through counseling agencies by neighborhood. Are neighborhoods where workouts have occurred stronger than those without such efforts?
3. Identify standards for effective loan modifications – to advocate for effective processes.
4. What is the impact of credit card companies reducing credit limits –how do these actions impact credit scores and therefore mortgage options.

5. What is the ratio of foreclosures to housing counselors by region: there are many clients whom the counselors cannot serve because the borrower has become so financially distressed. What happens to these individuals? Also, there is a need to manage counselor burn-out.
6. What is the potential for collaboration among counseling organizations: What would a successful collaboration model look like? For example, what elements could boost their capacity? What actions would improve collaboration? How do they overcome the competitive nature of their business (they are competing for clients)? Are their geographic areas that are being over-/under-served?
7. What would a Rescue Fund/Bridge Loan program look like? Do they work? Who could do this? It was noted that the Reynoldstown Revitalization Corporation (an Atlanta CDC) has a small fund. Could NSP funds be used for this? Community banks?
8. What are effective strategies for local governments to help stem the tide of foreclosures?
9. Where are the Pay Option ARMs and Alt-A mortgages?

### Information, Systems & Collaborations

Action / Product	Champion(s)	Others Involved
Opinion Paper re: Section 257 Hope for Homeownership (strategies for implementing NSP)	Atlanta / Fulton County Land Bank Authority	
Studied & publicized the Tax Assessment processes and the Impact on neighborhoods and homeowners.	ANDP	
Education on the laws and processes of foreclosure and bankruptcy.	Atlanta / Fulton County Land Bank Authority	
Education of Foundations and Lenders on the issues and the Community Land Trust model	Beltline Partnership	
Convening of Housing Counseling Agencies to discuss current issues	DeKalb County Community Development	Housing Counseling Agencies
Formed a Think Tank/Collaborative on the Affordable Housing Delivery “system” and processes <i>(effort calls out the need for capacity \$ and subsidy \$)</i>	Enterprise Community Partners	CDCs Local governments
Educate new players in distressed	Pittsburg Community Improvement Association	

neighborhoods about the neighborhood culture, fabric, vision for its future.	Other neighborhood-based CDCs	
Educate Real Estate Community	DeKalb County Greater Atlanta Homebuilders Association	

### Mitigation of Foreclosure Impacts

Action / Product	Organization Involved	
Will land bank properties for jurisdictions and then redeploy the asset.	Atlanta / Fulton County Land Bank Authority	
Renaissance initiative coming to Atlanta and a Homeownership Preservation Office	JP Morgan Chase	planned
Looking to rehab properties in affected neighborhoods AND recognize resident services, interests	The Fuller Center	Planned

Questions for further inquiry that were raised in the mitigation of foreclosure impacts subgroup meeting included the following:

1. How do we define and measure foreclosure impacts with the local jurisdictions?
2. Is redlining happening?
3. Who are the new predators (example: Reverse Mortgage Arena)?
4. What are the dimensions of foreclosure displacement? Is there a new concentration of poverty/disadvantaged residents, and if so, are these in “typical” high poverty neighborhoods or are new areas being established?
5. Are affordable rentals now being marketed to otherwise displaced middle-income residents?
6. What are some of the impacts on public schools resulting from decreases in local property tax revenues?
7. How are neighborhoods dealing with the loss of Community: some neighborhoods have overall vacancy rates approach 30-40% (or higher). In some neighborhoods entire blocks are foreclosed.

8. What are the economic development impacts of the foreclosure crisis on neighborhoods? Many small businesses are faltering and/or have closed.
9. What about investor foreclosures and how do they differ from home owner foreclosures?
10. What are the racial dynamics of the foreclosure crisis?
11. What is the long-term value/impact of financial literacy training?
12. What is the nature of code enforcement in neighborhoods impacted by foreclosures and how has it affected neighborhoods? For instance, should local jurisdictions strengthen property maintenance and nuisance laws and fines and let those revenues fund code enforcement costs?
13. What are the nonfinancial costs of foreclosure?

### Property Reclamation & Household Recovery

Action / Product	Organization Involved	Active or Planned/In Process
Homebuyer Education & Preparedness <i>Requests for HBE are starting to grow.</i>	CCCS D&E RRC The IMPACT! Group	Active
Down payment Assistance	DCA City of Atlanta DeKalb County Fulton County	Active
First Mortgages <i>Note: Hope Now and FHA are not working!</i>	DCA ADA Lenders	Active
Web-based tool that integrates current info on down payment assistance and first mortgage products.	Workforce-Resource	In process
Education targeted to help households start over post-foreclosure, bankruptcy	CCCS D&E The IMPACT! Group	
Would like to expand property reclamation efforts	SunTrust Fannie Mae	
Preparing the Neighborhood Stabilization Program (NSP) applications for HUD	DeKalb County City of Atlanta Fulton County	

Questions for further inquiry that were raised in the property reclamation and household recovery subgroup included the following:

1. How do we utilize more aspects of HERA, specifically, the Hope for Home Ownership section that addresses government insured loans for at-risk homeowners?
2. What are best practices for the disposition/deployment/replacement of properties?
3. Who do we more widely share information about the REO inventory, and in particular use this information to fashion interventions and investments targeted to specific neighborhoods?
4. Where are there opportunities for collaboration among metro Atlanta jurisdictions to facilitate the process of returning reclaimed homes to service?
5. How do we market/promote neighborhoods to new residents (as well as to existing residents) ?
6. Does a concentration of Section 8 rental housing impact a neighborhood's foreclosure rate?
7. What happens to the homeowners we cannot help (result in foreclosure & eviction)? What is their next housing situation? For example, do they move in with a relative/friend, move to an extended stay hotel, move to a shelter, live in car, live in a storage facility? What happens to their children's health and education?
8. Where are successful models of condominium properties reclamation?
9. We have MANY collaboratives on this issue: local, regional, by stakeholder group. We need a structure and strategy to bring ALL the collaboratives together to promote information sharing and more effective collaborative responses. How might technology be used to promote a peer network?
10. Where are innovative tenure models – between renter and owner? (land trusts, legitimate lease-purchase, others?)



## Next Steps

Based on input from advisory committee participants at our March meeting, consensus was reached regarding the following next steps:

1. Continue to explore the feasibility of obtaining, analyzing, and mapping REO property inventories. We are currently working with our local Fannie Mae office to acquire a more recent listing of the Fannie Mae REO inventory as well as historical listings, and also continuing to pursue options for acquiring local REO listings from county government offices. In addition, we continue to explore options for acquiring a more comprehensive REO inventory list from various private vendors.
2. Explore the feasibility of establishing a local version of the Foreclosure-Response.org web site. While participants acknowledged the value of Foreclosure-Response.org as a general information source on the foreclosure crisis, there was a deeply expressed need for local information (data, maps, reports, organizations with programs and interventions, etc.) on the foreclosure crisis and response in the greater Atlanta area. Our intention is to post the findings obtained from our inventory of local programs and responses to the foreclosure crisis to a web site that would provide online search capabilities and links to the organizations and agencies for more information on their programs. We also would like to use the web site as a repository for local (and national) reports on the foreclosure crisis.
3. Continue to refine our inventory of local responses to the foreclosure crisis in greater Atlanta, and enhance the geographic information on those efforts (neighborhoods currently working in, neighborhoods considering work, etc.).
4. Continue to explore opportunities for greater engagement of public agencies, particularly in regard to local uses of NSP funds. Of particular interest is reconvening the local advisory committee later this summer once the details of the second round of NSP funding are announced. At that time we would provide an update on the data and mapping analysis we are conducting, provide more details on the feasibility of a local foreclosure response web site, and solicit conversation and discussion regarding appropriate strategies to pursue with NSP II. In addition, one of our local partners, Federal Reserve Bank of Atlanta, has been tracking the use of NSP funds in jurisdictions throughout the Southeast and we would provide a summary of the FRB's findings to the advisory committee at that time.
5. Our long-term goal is to find a permanent home for the dissemination of our data and mapping work on the foreclosure crisis. This might include a stand alone web site managed by one of our local partners (e.g., Neighborhood Nexus (the Atlanta NNIP affiliate), the Atlanta Regional Housing Forum, the Atlanta Regional Commission, the Federal Reserve Bank, or some combination thereof).