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To: Solomon Greene, Open Society Institute

From: Kathy Pettit and Jenn Comey, The Urban Institute

Subject: Final summary of key issues from the planning stage documents of the *Effect of Foreclosure on Children, Schools, and Neighborhoods* project

As the first step in the *Effect of Foreclosure on Children, Schools, and Neighborhoods* project, the Furman Center, NeighborhoodInfo DC, and the Baltimore Neighborhood Indicators Alliance each prepared an analysis plan describing their methodology to identify public school students affected by foreclosure, as well as their research questions and description of analysis (i.e., subpopulations, comparison groups) for Phase I and Phase II of the research. In addition, the sites submitted data diagnostic memos that describe the datasets to be used in the analysis, the geocoding success rate, and other diagnostics pertinent to the data. This memo highlights the differences between the methodological choices of the three sites, and discusses how the differences will be considered for the cross site brief. (An overview description of the project is available at <http://www2.urban.org/nnip/foreclosures.html>)

Below are tables summarizing the datasets that will be used in the local analyses.

Data Sources for Students and Foreclosures Analysis

	Reference school years	Date of the data files
New York City	2003-2004, 2006-2007 (will also use data from the previous and following school years for pre/post comparison)	October 31, March 1, June 1
D.C.	2003-2004, 2006-2007, 2008-2009	First week of October
Baltimore	2003-2004, 2006-2007, 2007-2008, 2008-2009 (will also use data from following year to determine if student moved)	July 31 at the end of the school year

	Foreclosure data source	Time period/update schedule
New York City	Lis pendens	2002-2009Q2 (updated quarterly)
Washington, D.C.	Notice of foreclosure Trustee's deed Private/REO sale	2002-2009Q4 (updated weekly)
Baltimore	Lis pendens	2002-2009Q4 (updated weekly)

*The foreclosure data includes the date for each administrative event (notice, trustee's deed, etc.).

Identifying students affected by foreclosure

The most significant difference between the three sites is how they intend to identify students affected by foreclosure. The sites will be using slightly different methods to identify students because: 1) the system governing foreclosures is non-judicial in D.C and judicial in Baltimore and New York and 2) New York has student addresses for three points of time within one year (October, March, and June) while D.C. and Baltimore have address information each year for only one point in time (October and July, respectively). After lengthy discussions among the sites, the sites agreed to test two scenarios in Phase I (one that sets a more restrictive window for the first notice of foreclosure and one that allows for a wider time window) to determine the impact of each method on the estimated number of students affected by foreclosure.

The sites will review and discuss their results after the Phase I analysis has been completed to determine how to proceed with the cross-site analysis presentation.

Scenario 1 (Conservative window for first notice). In this scenario, all sites limit the time window permitted for the first notice of foreclosure.

New York City: For example, New York will identify a student as affected by foreclosure in the 2003-2004 school year if their home received a *lis pendens* after the date of the reported student address up to the date of the next available address file (three to five months depending on the month of the student address file). See Figure 1a. Specifically:

- a. Students who live in a property on June 1st, 2003, which receives an LP between June 1st, 2003 and Oct 31st, 2003 (with the assumption that if the children experienced foreclosure in the summer of 2003, the effect was on the child's performance in the 2003-04 school year)
- b. Students who live in property on Oct 31st, 2003, which receives an LP between Oct 31st, 2003 and March 1st, 2004; and
- c. Students who live in a property on March 1st, 2004, which receives an LP between March 1st, 2004 and June 1st, 2004.

Figure 1a: NYU Conservative Window for Identifying of Children Facing Foreclosure

Date of Student Living at Address	Date of Lis Pendens											
	June 2003	August 2003	September 2003	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004	April 2004	May 2004	
6/1/2003												
10/31/2003												
3/1/2004												
<div style="background-color: #FFA500; width: 100px; height: 15px; display: inline-block;"></div> Foreclosure window: if an LP is issued during the shaded window, we will assume the student's family has experienced a foreclosure.												

Figure 1b: NYU Wider Window for Identifying of Children Facing Foreclosure

Date of Student Living at Address	Date of Lis Pendens											
	June 2003	August 2003	September 2003	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004	April 2004	May 2004	
6/1/2003												
10/31/2003	Property does not sell after LP is issued and before 10/31/03											
3/1/2004					Property does not sell after LP is issued and before 3/1/04							
6/1/2004									Property does not sell after LP is issued and before 6/1/04			
<div style="background-color: #FFA500; width: 100px; height: 15px; display: inline-block;"></div> Foreclosure window: if an LP is issued during the shaded window, we will assume the student's family has experienced a foreclosure.												

This assumption that foreclosures will not be completed before 5 months is reasonable because the average length of time to complete foreclosure in New York is 18 months. This tight-time window allows the researchers to be certain that the foreclosure was not resolved or completed before the student's family moved into the building. The identification could be in error in cases of a student moving after the reporting an address but before the date of the lis pendens, but they can be fairly confident that the student's family was still living in the property at the time the notice was issued. New York can apply a tight-time window because they have addresses for the students at three different points throughout the school year.

Baltimore. For Baltimore, a student will be identified as affected by foreclosure in the 2003-2004 school year if:

- a. Students who have the same address for the 2003-2004 and the 2004-2005 school year and receive an LP between August 1, 2003 and July 31, 2004.
- b. Students who have different addresses for the 2003-2004 and the 2004-2005 school year and receive an LP at the 2003-2004 address between August 1st, 2003 and December 15th, 2003.

Baltimore's method is based on the fact that although the file reflects student addresses as of July 31, 2004 (the end of the school year), city school officials believe that few families update their address after registration in August 2003 (the beginning of the school year). For students that have the same address for the 2003-2004 and the 2004-2005 years, we assume that they have not moved and would be affected by receiving a lis pendens at any point during the school year. For students who have different addresses for the 2003-2004 and the 2004-2005 school year, we cannot know at what point they moved, so are limiting the lis pendens window to approximately 135 days after the beginning of the school year. This amount of time is the minimum required by Maryland law before a lender can file a foreclosure notice (90 days for the family to be in default on their mortgage plus 45 days for the lender to send a Notice of Intent to Foreclose). Students who moved and have initial addresses that match properties with a notice of foreclosure whose date falls outside the time window will be excluded from the total count of affected students in this more conservative scenario. (See Figure 2a).

Figure 2A: BNIA-JFI Conservative Window for Identifying Children Facing Foreclosure

	Date of Notice																
	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
Child at same address between SY 2003/2004 and SY 2004/2005	Counted in previous school year		Address for SY 03/04												Address for SY 04/05	Counted in next school year	
Child NOT at same address between SY 2003/2004 and SY 2004/2005	Counted in previous school year		Address for SY 03/04	ANY FILING at 03/04 address between 8/1/03 and 12/15/03 will count											Address for SY 04/05	Counted in next school year	

If a first notice is issued during the shaded window, we will assume the student's family has experienced a foreclosure in given school year.

*Even though the address is reported from the database as of 7/31/2004, school officials think that addresses are unlikely to be updated over the school year from the initial register and are more confident that the address reflects the early part of the year.

Figure 2B: BNIA-JFI Wider Window for Identifying Children Facing Foreclosure

	Date of Notice																
	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
Child at same address between SY 2003/2004 and SY 2004/2005	Counted in previous school year		Address for SY 03/04												Address for SY 04/05	Counted in next school year	
Child NOT at same address between SY 2003/2004 and SY 2004/2005	Counted in previous school year		Address for SY 03/04												Address for SY 04/05	Counted in next school year	

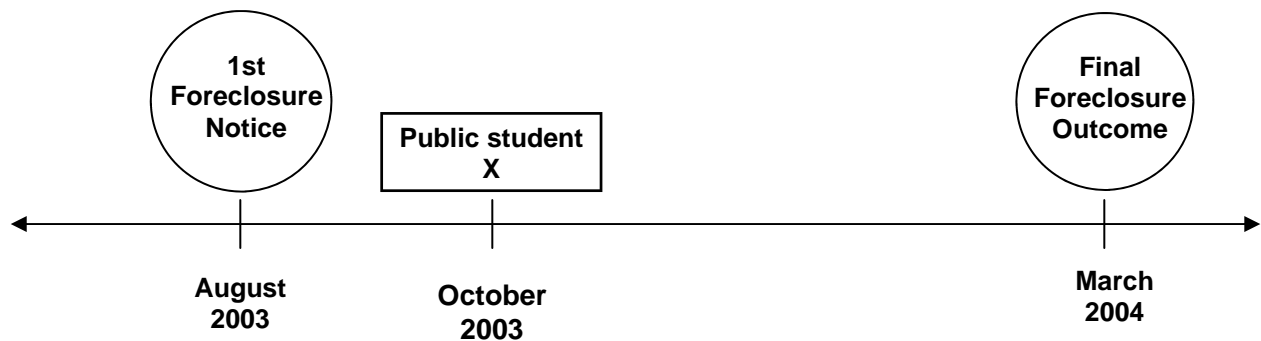
If a first notice is issued during the shaded window, we will assume the student's family has experienced a foreclosure in given school year.

*Even though the address is reported from the database as of 7/31/2004, school officials think that addresses are unlikely to be updated over the school year from the initial register

District of Columbia. D.C.'s conservative method relies on the date the outcome of the foreclosure episode is determined. An outcome can be when a trustee's deed is issued, a private sale took place, or the foreclosure was avoided. Given the short timeline for the non-judicial foreclosure process, NIDC classifies a foreclosure as "avoided" if there has not been a foreclosure deed or a private sale after one year. Therefore, the maximum length of time between a first notice and outcome date is one year.

Thus, DC will identify a student as affected by foreclosure in the 2003-2004 school year if 1) their home received a first foreclosure notice *before* the October date when the student address had been reported and 2) the outcome of the property's foreclosure episode happens *after* the October reference date (at most one year). In other words, the date of the student residence (in October) needs to fall in between a parcel's first foreclosure notice and its final foreclosure outcome..Below is an illustrative example:

Figure 3a: Conservative D.C. method



Having the notice of foreclosure date and outcome date for each property captures the activity that occurred in each parcel within a specific period of time (at most one year). Identifying students who lived in a property in that time period allows us to reasonably identify students affected by foreclosure. Since the DC procedure does not declare a foreclosure avoided until a year has passed, this identification would be incorrect in the case that the foreclosure was resolved before the child moved in. Analysis shows that only 20% of all households entering foreclosure manage to keep the home, so these cases should not be common.

The drawback of the D.C. conservative method is that highly mobile students who rent may not be living in the home for the entire foreclosure episode. They may not have been directly affected by the foreclosure (only the landlord was affected); the student could have moved into a unit that was part way through the foreclosure process; or a renter student may have moved out (or have been evicted) before the foreclosure process is completed. However, regardless of how long the child lived in the property, the child and family lived in a property for *at least some period of time* while that property was going through the process of foreclosure.

Summary: The sites' conservative methods attempt to identify those students they confidently believe were impacted by foreclosure. However, these methods may undercount other students who were actually affected. For instance, New York's conservative method may miss renter students who move into a unit after a foreclosure is filed but before a foreclosure is resolved. So, for example, if a property receives a *lis pendens* in July and a student moves into that property in August, the conservative method will not count them as affected and yet the foreclosure will likely not be resolved. Baltimore's conservative method misses students who move between the school years and have a foreclosure notice after December 15, but actually don't move until the spring or summer. D.C.'s conservative method will miss those students who live in a parcel as of the October date that subsequently receives a foreclosure notice *after* the October student residential date and the foreclosure process ended before October of the following year (the next round of student data). These misidentifications in D.C. would be more likely in the case of homeowners than rental households. All sites will take tenure into account when interpreting results and deciding on final methods.

Scenario 2 (Wider window for first notice). Because of the possible undercounting in the first method, sites will also match the students to foreclosure allowing for a wider window for the first notice.

New York City: Through the matching process in Scenario 2, New York will create a student-level data set with corresponding information about whether that student lived in a property that went through foreclosure during that academic year or the previous academic year (using our two definitions and indicating the window when foreclosure started). New York will also include in the file the foreclosure outcome. Not all *lis pendens* result in a foreclosure auction, because the borrower may be able to resolve the delinquency or modify the mortgage in order to keep the home. Accordingly, New York will look separately at children living in properties that sell at auctions, go to REO, or sell through arms-length sales within 12 months of the foreclosure notice.

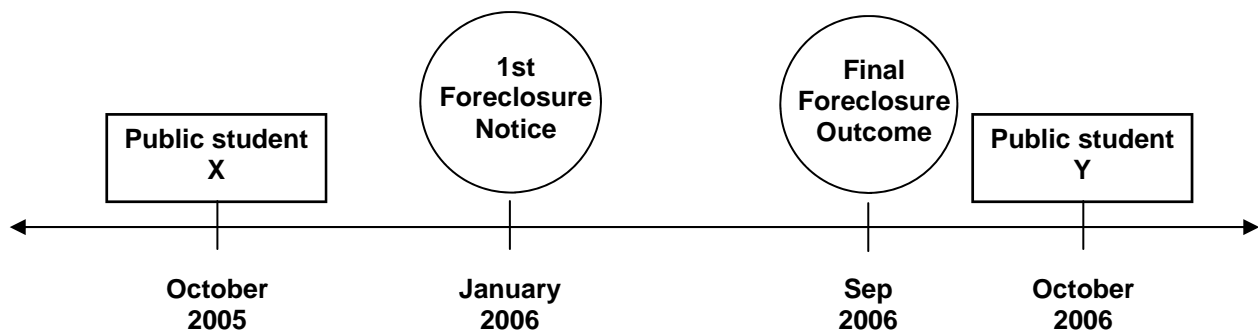
The following are some of the wider time periods that New York will analyze (see Figure 1b):

- a. Students who live in a property on June 30th, 2003, which receives an LP between July 1st, 2003 and Oct 31st, 2003;
- b. Students who live in property on Oct 31st, 2003, which receives an LP between June 30th, 2003 and March 1st, 2004, and which does not transact after the LP issued and before Oct 31st, 2003;
- c. Students who live in a property on March 1st, 2004, which receives an LP between Oct 31st, 2003 and June 30th, 2004, and which does not transact after the LP is issued and before March 1st, 2004;
- d. Students who live in a property on June 30th, 2004, which receives an LP between March 1st, 2004 and June 30th, 2004, which does not transact after the LP is issued and before June 30th.

Baltimore: Baltimore’s “wider window” scenario will set the time window for the first notice of foreclosure to the entire school year for any student, even if the student moves between school years. Thus, students from addresses that match properties with a notice of foreclosure will be included in the total count of affected students, no matter when the notice is received in the school year (Figure 2b).

District of Columbia: D.C.’s lenient method will analyze the properties of the students in October of each school year, and determine if those properties received a first notice 4 months afterwards (by January 31) and completed the foreclosure process before the following October student date. (If the outcome process lasted past October of the next year school, then the student would be identified in the following school year.) If this is the case, D.C. will flag those students as potentially affected by foreclosure, in addition to the students identified through the process described in Scenario 1. See below for an illustrative example.

Figure 3b. D.C. Method Using Wider Time Window



Conceptual issues with identification methods. Our cross-site report will need to take into account that the comparable indicators currently available for all three sites identify those children in homes that were *in the foreclosure process* for some or all of the school year. We are confident this reflects financial stressors for the families that own their home. However, for renters, they may be unaware of the owner’s financial difficulties, and thus not be affected at all during the filing and legal process. And for both types of families, it does not necessarily mean that the children had to change residences due to a foreclosure sale being completed or a private sale.

The District of Columbia has been working with outcomes for several months and will be able to provide the number of children affected by foreclosure-related residential moves. New York City and Baltimore are currently implementing their foreclosure outcome analysis. Depending on their progress, the two sites could include reports of outcomes overall (such as “75 percent of the homes entering in foreclosure are sold at auction”) or add an outcome-based analysis to their current identification criteria described below.

Data diagnostic issues

There are no significant data diagnostic issues hampering the efforts of any of the sites. Preliminary analysis in three sites shows that a growing number of school children are experiencing foreclosures (especially in families who rent), and significant shares of foreclosed properties house children that are attending public school. The sites will run the analysis reporting the number of school children affected by foreclosure as well as the number of foreclosed properties with children (which will be smaller due to families with siblings in school and those in multifamily buildings). We will likely only present one these indicators in the cross-site policy brief and include the full set in a technical appendix.

Urban Institute recommendation

As expected, determining how the sites will identify students being affected by the foreclosure process was complicated. However, we feel comfortable that the results of the analysis (using both the restrictive and the wider match windows) will result in a defensible range of the number of children affected by foreclosures, and that the team can then make reasonable judgments about how to present the findings in the local reports and the cross-site brief. We will ensure that the cross-site policy brief will report findings using comparable methodologies across the sites (as much as possible), which may lead to choosing the wider window for the practitioner-accessible policy brief with a technical appendix describing the more narrow options.

There are concerns about the high levels of mobility for low-income students in general and how that would hamper the validity of the analysis. New York can address this issue more directly, as they have student addresses for three points of time within one year. Baltimore and D.C. cannot address this issue with one address file per school year, but we believe this will result in undercounting the number of children affected as opposed to over-counting – a lesser evil. The context for high mobility for city students will be explicitly recognized in the framing of the local and cross-site briefs (see page 7 in the BNIA analysis plan, page 5 of the NIDC analysis plan and page 6 of the NYU analysis plan for background information already collected).

In conclusion, we believe that the analysis plans and data diagnostics from the three participating sites have demonstrated that the local administrative data adequately supports the proposed analysis of school-age children affected by foreclosure, and that OSI can be confident about valuable products from Phase I and II of the project's research.