MORTGAGE FORECLOSURE IN SOUTH PITTSBURGH’S HILLTOP

Defining the issue and causes, and, testing and designing effective responses
THE HILLTOP???
THE HILLTOP

- Allentown
- Arlington
- Arlington Heights
- Beltzhoover
- Bon Air
- Carrick
- Knoxville
- Mt Oliver Borough
- Mt Oliver City
- St Clair

2000 Population = 26,408
2010 population = 21,924
8.3%< (City 8.6%<)
includes loss of St Clair population of 1,435
Since 2009 ..... WORKING COLLABORATIVELY ACROSS 10 SOUTH PITTSBURGH NEIGHBORHOODS (City + County)

PRESERVING AND CREATING COMMUNITY ASSETS (People + Place) – Economic, Social, Political, Environmental, Quality of Life ......

WORKS THROUGH ACTION TEAMS (Organizations + Residents)
   – Community Services Coordination, Public Safety, Repurposing Vacant Properties
THE HILLTOP ALLIANCE

• KEY: COLLABORATIONS AND PARTNERSHIPS TO PROVIDE “SERVICES” AND SUPPORT ALLIANCE ACTIVITIES

• PPND CHAMPION NEIGHBORHOOD 2010, 2011

• TAP RESOURCES AND EXPERTISE OF CD COLLABORATIVE AND HILLTOP CORRIDOR WORKING GROUP

• Go see .... www.pghhilltopalliance
KEEPING HOMES ON THE HILLTOP

- Projects, programs, initiatives
- Linkage to resources & assistance
- Based on partnerships & collaborations
- Recently created Resource Center
WHY PARTNER WITH PNCIS?

• EDUCATE AND BUILD THE CASE FOR ACTION
  – “MAGIC MAPS”
  – CONTENT/SUBJECT EXPERTISE AND NETWORK

• INFORMED, STRATEGIC DECISION-MAKING – BASED ON FACTS/DATA NOT ASSUMPTIONS, PERCEPTIONS OR GUT FEELINGS

• REDUCE UNCERTAINTY
THE FORECLOSURE ISSUE

• Foreclosure in Allegheny County concentrated in once stable communities - many Hilltop communities rank among the most impacted in Allegheny County

• Impacts individuals, families and communities
  – Property owners – depleted savings, ruined credit
  – Forced relocation of owners and tenants – rips the social fabric
  – Increased vacancy, blight, and crime leading to depressed property values, reduced equity of surrounding property owners + increased demolitions and public safety costs for municipalities
  – Steep discount purchase price entices questionable investors – “slumlords”
EVEN SNOOPY!!!
FORECLOSURE IN THE HILLTOP

DATA GATHERED AND ANALYZED BY PNCIS:
• Number of foreclosures by Neighborhood
• Date of last sale
• Homeownership + homestead exemption
• Tax Delinquency
• Lenders
• Mortgage Servicers
• Distressed and Non-Distressed Sales
• Purchasers of Foreclosed Property
• # of Sales + Sales Prices by Neighborhood/year
• Properties probably on the brink of foreclosure

Plus MAPS
- Foreclosures in the Hilltop 2006 – 2010 plus for each year
- Foreclosures by Neighborhood 2006 – 2010 plus for each year
THE BIG BLUE BLOB
• FROM 2006 – 2010, 1,167 residential properties (5.7% of all residential properties) were subject to at least 1 foreclosure filing in the court system.

• Number of parcels receiving filing in most recent years has declined, from 325 in 2006, 219 residential properties in the Hilltop were involved in foreclosure in 2010.

• Most Hilltop communities had higher levels of foreclosure than the City of Pittsburgh
  – On average, 1.4% of all Hilltop residential properties had a foreclosure filing each year between 2006 and 2010.
  – Only 4 communities (Bon Air, Southside Slopes + Arlington Heights and St Clair) had a smaller share of properties in foreclosure than the City of Pittsburgh (1% of all residential properties on average each year)
  – Highest rates of foreclosure = Mt Oliver Borough (2.3% or 155 foreclosure filings ), Knoxville (2.0% or 159 foreclosure filings), Allentown (1.9% or 122 foreclosure filings), Mt Oliver Neighborhood (1.6% or 21 foreclosure filings).

* Also includes Mt Washington, Overbrook and South Side Slopes
<table>
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<td>37</td>
<td>33</td>
<td>27</td>
<td>14</td>
<td>11</td>
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<td>15</td>
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<td>12</td>
<td>12</td>
<td>15</td>
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<td>Beltzhoover</td>
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<td>16</td>
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<td>Bon Air</td>
<td>4</td>
<td>2</td>
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<td>2</td>
<td>4</td>
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<td>Carrick</td>
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<td>69</td>
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<td>37</td>
<td>37</td>
<td>26</td>
<td>19</td>
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<td>37</td>
<td>30</td>
<td>23</td>
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<td>5</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>261</td>
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<td>Mount Washington</td>
<td>56</td>
<td>44</td>
<td>66</td>
<td>45</td>
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<td>Overbrook</td>
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<td>13</td>
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<td>22</td>
<td>20</td>
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<td>Saint Clair</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>153</td>
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<td>South Side Slopes</td>
<td>17</td>
<td>25</td>
<td>22</td>
<td>21</td>
<td>18</td>
<td>2,703</td>
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<td>Total Hilltop</td>
<td>325</td>
<td>277</td>
<td>302</td>
<td>256</td>
<td>219</td>
<td>20,342</td>
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<td>Pittsburgh</td>
<td>1,376</td>
<td>1,149</td>
<td>1,234</td>
<td>1,113</td>
<td>906</td>
<td>117,591</td>
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<td>Allegheny County Total</td>
<td>4,557</td>
<td>3,937</td>
<td>4,317</td>
<td>4,116</td>
<td>3,604</td>
<td>506,293</td>
<td>0.8%</td>
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**Residential Properties with a Foreclosure Filing by Hilltop Community, 2006 – 2010**

**Top 4 in foreclosure filings**

**City average 1%**
AT RISK INVESTORS

• In the Hilltop, 14 investors had at least 1 property in or at-risk of foreclosure as of October 2010 = 43 properties total

• 5 at-risk investors owned at least 4 properties, with 1 investor owning 9 properties

• About 10% of the Allegheny County’s 421 at-risk investor properties are located in the Hilltop

* Includes Mt Washington, Overbrook and South Side Slopes
FORECLOSURE PREVENTION AND
MITIGATION PILOT PROJECT Phase 1

• PARTNERSHIP BETWEEN HILLTOP ALLIANCE, PNCIS, NEIGHBORWORKS, AND BRASHEAR ASSOCIATION ...... PPND FUNDS = 20% of annual grant for project services from PNCIS and NeighborWorks – separate contract with each

• Why?
  – Determine what strategies and tactics would prompt at-risk property owners to seek counseling services
  – Identify core issues and effective practices

• What Did over Five Month Project
  – Ongoing PNCIS data gathering and analysis
  – Presentation to Alliance Board
  – Monthly targeted mailing of tailored “Fight Foreclosure” brochure
  – Two community-wide information sessions
  – Flyer handout at food pantry + social service sites, and distribution through community organizations
  – Articles, Press Releases, Service Ads
  – Presentation at Senior Center – ambassadors
  – NeighborWorks Housing Counselor > to 2 days in Hilltop
WHAT LEARNED FROM PILOT PROJECT

• At-risk procrastinate or ignore problem
  – Get those at-risk of foreclosure to contact trained housing counselors as soon as problems arise (borrowers working with housing counselors are 60% more likely to prevent foreclosure)
  – Social service providers key as ambassadors of and linkers to foreclosure services
  – A plus for neighborhood group/social service provider to legitimate counseling provider
  – Need for door-to-door contact + community spokespeople/organizations

• Message – Framing, Method, Frequency
  – What say, how disseminate and by whom, how often – Avoiding/removing “Stigma”
WHAT LEARNED FROM PILOT PROJECT

• Suggestion that most in foreclosure due to job loss

• Many properties not vacant at time of initial foreclosure notice but become vacant as property moves through the process

• Sales involved in foreclosure sell for a considerably lower price than those not in foreclosure – affects appraisals, assessments and confidence in market
WHAT LEARNED FROM PNCIS DATA ANALYSIS + BEST PRACTICES NETWORK

• Monthly monitoring is essential – current data needed to refine and adjust strategies due to ever changing nature of foreclosure

• CBO and near-neighbor role in helping local government hold property owners accountable via monitoring, reporting to building inspection; police

• Unexpected learnings
  – Many Hilltop homeowners don’t apply for homestead exemption ($15,000 reduction in assessed value for county property taxes) – Allegheny County Foreclosure mediation program to allow plaintiffs and homeowners to meet to develop a satisfactory resolution to foreclosure – eligibility determined by homestead exemption
  – Many mortgage servicers or property owners may continue to make tax payments even after loan is in default – using tax delinquency as predictor of foreclosure problematic
FORECLOSURE PREVENTION AND MITIGATION PILOT PROJECT Phase 1

WHAT LEARNED FROM PNCIS DATA ANALYSIS + BEST PRACTICES NETWORK

• Need to work to prevent or shorten vacancies

• Need to encourage renters and homeowners not to vacate and inform of their rights and responsibilities

• Need to monitor when home goes vacant or changes ownership – hold owners accountable; encourage transfer of properties to responsible owners
FORECLOSURE PREVENTION AND MITIGATION PILOT PROJECT Phase 2

• TARGETS: INVESTOR OWNED PROPERTIES and RENTAL PROPERTIES

• PLANS – still in development
  – Monitoring
  – Housing Alliance of PA = Tenant’s Rights Project
  – Transfer of foreclosed properties to responsible for-profit and nonprofit developers and homeowners
  – Hold property owners accountable for property condition
THE FUTURE