

Weathering the Storm: Stabilizing Communities in the Wake of Foreclosure

Session: Panel Discussion

Title: *What Happens Next? Challenges and Opportunities for Communities with REO Properties*

Presenters: Director Thomas Curry, moderator, Mayor Douglas Palmer, Trenton, NJ, Ali Solis, Enterprise Community Partners, Jim Satterwhite, Chase Bank, Amy Klaben, Columbus Housing Partnership

Submitted by: Corinne Cahill

Director Curry introduced the session, including stating that problems have gone from the subprime market to the prime market and to credit cards and student loans. He stated that according to RealtyTrac, in March, 2008, there were 235,000 foreclosures nationwide and many organizations are struggling to prevent foreclosures.

A video was shown that outlined what the panel participants are doing around the issue of REO properties. In Trenton, NJ, there is a Gift Property Program where banks and homeowners can donate homes to the City. Homeowners cannot have a lien on the property. The properties are then given to nonprofits to redevelop or auctioned off to homebuyers. Mayor Palmer stated that the biggest obstacle is money and also emphasized the importance of redeveloping in target areas most in need. Ongoing REO maintenance is also an issue.

In Cleveland and Dallas, Enterprise Community Partners has the objective of working to keep families in their homes and when not possible, they will either demo the properties or work in partnership with nonprofits that will acquire and rehab the properties for sale or lease-purchase. At the national level, Enterprise Community Partners is working with NeighborWorks® to determine strategies to address REOs in communities. Ms. Solis also discussed federal legislation that is being considered around foreclosure and encouraged the audience to contact their representatives to encourage passage of bills and to advocate with municipal leaders so the leaders can communicate the need for their communities.

Chase is partnering with nonprofits to reach out to troubled homeowners. Chase also has a five year freeze on ARMs. Chase can also pause the foreclosure process for 30 days. Mr. Satterwhite stated that the key to finding the owner of REOs is through the property management company. Chase recently initiated a department to assist refinancing for homeowners and to help with the disposal of REOs. Chase is interested in focusing on specific areas with nonprofits and other servicers.

Columbus Housing Partnership identifies neighborhoods with high rates of foreclosure and areas where its homebuyers have purchased homes. The organization has a 9.5 million New Market Tax Credits program to buy, rehab and sell REOs, with a goal of returning 500 REOs to the market. The organization also has rescue funds through a statewide collaborative with other Ohio NWOs to help qualified borrowers to catch up on their mortgage payments. Ms. Klaben stated that the most important issue is to look at scale. To have an impact on a community, a number of REOs in a target area must be addressed. Also, there is a need for funding for the difference between market value and the cost to acquire and rehab a REO.