Memorandum

DATE
October 31, 2008

TO
Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dr. Elba Garcia, Voneiel Jones Hill, Angela Hunt, Linda Koop, Pauline Medrano

SUBJECT
Dallas Foreclosure and Code Compliance Update

On Monday, November 3, 2008, you will be briefed on Dallas Foreclosure and Code Compliance Update. A copy of the briefing is attached.

Please let me know if you have any questions.

A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
   Mary K. Suhr, City Manager
   Deborah Watkins, City Secretary
   Tom P. Perkins, Jr., City Attorney
   Craig Kinton, City Auditor
   Judge C. Victor Lander, Judiciary
   Ryan S. Evans, First Assistant City Manager
   Forest Turner, Interim Assistant City Manager
   Ramon Miguez, P.E., Assistant City Manager
   Jill A. Jordan, P.E., Assistant City Manager
   Dave Cook, Chief Financial Officer
   Jerry Killingsworth, Housing Director
   Jeanne Chipperfield, Budget Director, Office of Financial Services
   Helena Stevens-Thompson, Assistant to the City Manager

"Dallas, The City That Works: Diverse, Vibrant and Progressive."
Dallas Foreclosure and Code Compliance Update

A Briefing
To The Housing Committee
November 3, 2008
KEY FOCUS AREA: ECONOMIC VIBRANCY

PURPOSE

To provide:

- An overview of home foreclosure concentrations in the City of Dallas and surrounding communities
- City of Dallas’ Continuing Strategy and Activity
Foreclosures in the City of Dallas

- As briefed to the Committee on September 2, 2008, foreclosure activity in the City of Dallas averages:
  - 550 to 625 foreclosure filings per month, and
  - 275 – 315 foreclosures per month
- 3,784 foreclosures in 2007 in the City of Dallas
- 2,292 foreclosures in the City of Dallas during the first six months of 2008
Foreclosures in the City of Dallas (Cont’d)

- The latest George Roddy Foreclosure Listing Services report for the month of August, foreclosures in the city of Dallas increased by an additional 308 properties

- Total of 2,789 foreclosures for the City of Dallas from January to August 2008
Foreclosures in the City of Dallas (Cont’d)

- The next slide, reported by the Dallas Morning News on September 19 provides an eye-opening view of the 11,800 residential foreclosures in a five county area from January to June 2008
  - Fewer than 10,975 locations are detectable on the map. Townhomes and condo developments may have multiple foreclosures and commercial properties and apartment properties are not included
  - 205 locations were not mapped due to insufficient information
  - Darker areas indicate locations where foreclosures are densely clustered

Sources: Foreclosure Listing Services, North Central Texas Council of Governments, ESRI, Dallas Morning News
Dallas-Fort Worth area foreclosures in the first half of 2008
Hitting close to home

In the first six months of 2008, there were more than 11,000 foreclosures in Dallas-Fort Worth. We mapped the foreclosed houses and condos to show you where the concentrations are. This map shows the density — the darker the color, the more houses seized. Also shown are ZIP codes with the highest number of foreclosures in each county.

Source: Dallas Morning News 9/19/08
Data Conclusions

- Largest number of foreclosures were in ZIP codes 75115 in De Soto and 75052 in Grand Prairie
  - Dallas’ 75217 ZIP code with 216 foreclosures was the highest in the city
- Largest number of foreclosures (thru June)
  - Dallas - 2,028
  - Fort Worth - 1,671
  - Arlington - 693
  - Garland - 498
Data Conclusions (Cont’d)

- The previous maps reflect the heaviest concentration of foreclosed homes in the City of Dallas are generally south of I-30 from south Oak Cliff along Loop 12 to Pleasant Grove and north of I-20.

- As requested by the Housing Committee, the next slide provides a view of City of Dallas foreclosures by Council District.
Foreclosures By Council District

Approximate number of foreclosed properties: **2789**

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Litigation Favorable to Dallas Homeowners

- Countrywide Financial Corporation (CFC) announced a $8.4B law suit settlement with 11 states, including Texas regarding predatory lending practices
  - Settlement to assist approximately 30,000 Texas homeowners to modify home loans as part of mandatory loan workout program
    - Direct relief includes waiving of late fees, prepayment penalties and suspends foreclosures on delinquent borrowers and assist borrowers who are four months or more behind on payments or foreclosed on, and provides relocation of troubled borrowers
  - * DFW estimates include 12,000 seriously delinquent loans, and 76,000 variable-rate loans or 52% as the share of all owner-occupied sub-prime loans
  - Countrywide holds the mortgage on approximately 20% of home loans nation-wide, according to CFC sources

* Source: Federal Reserve Board April 2008
Continuing Foreclosure Prevention Strategy

- In 2004, the City of Dallas donated $25,000 to the Dallas HOPE Partnership, through the North Texas Housing Coalition (NTHC) to be dedicated to foreclosure prevention efforts through their Homeownership Center.

- The Housing Department has donated $7,600 in 2004, $125,000 in 2005, $125,000 in 2006 and $50,000 in 2008 to the NTHC for homeownership and foreclosure prevention.

- The Housing Department will continue assisting borrowers through North Texas Housing Coalition (NTHC), with the Dallas HOPE Partnership, Fannie Mae and other Agencies.
  - Currently Foreclosure Prevention Workshops are scheduled for December 13, 2008; March 21 & June 20, 2009.

- The NTHC/Dallas Hope Partnership has received 774 contacts since September 2005, inquiring about assistance with foreclosure.
  - Approximately 65 clients are currently participating in HTHC foreclosure prevention activities.
Increased Code Inspection of Foreclosed Property

- Foreclosure listings are being provided to Code Compliance each month for regular monitoring
  - High weeds, vegetation, litter
  - Substandard structure, fence
  - Open (unsecured) and vacant structures
  - Swimming pool violations

- Notices of Violations are issued to property owners/lenders

- Should owner fail to comply, citations are issued, Mow/Clean crews bring property into compliance and liens are placed on properties
Increased Code Inspection of Foreclosed Property

- Code Compliance Preparedness
  - Seven community code districts have placed inspectors closer to neighborhoods to address problems
  - Council-authorized increases in staff and resources have increased capacity to address violations
  - Contracted services for closures to address open (unsecured) and vacant structures
Housing & Economic Recovery Act of 2008 - Neighborhood Stabilization Program (NSP)

- On July 26, 2008, H.R. 3221, the "Housing and Economic Recovery Act of 2008" (HERA) was enacted into law
  - Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes
  - Appropriates $3.92 Billion for grants to state and local governments for the purchase and rehabilitation of foreclosed, abandoned and vacant properties

- City of Dallas received a $7.9M HUD appropriation for NSP
  - NSP Application briefing to Housing Committee on November 17, 2008
RECOMMENDATIONS

- Continue supporting the North Texas Housing Coalition, Fannie Mae, & Dallas HOPE Partnership in providing quarterly Foreclosure Prevention Workshops
- Continue providing foreclosure listings to Code Compliance for tracking and monitoring the neighborhoods most heavily affected
- Develop HUD Application and amendment to City’s Consolidated Plan for acquiring & rehabilitating foreclosed properties for resale to low-moderate and middle-income persons pursuant to the HERA
Next Steps

- November 17, 2008 – Brief HUD application and Consolidated Plan Amendment recommending the adoption of programs to address local foreclosure issues
- November 19, 2008 – Seek Council Approval of HUD Plan
- December 1, 2008 – HUD Application Due
- December 13, 2008 Foreclosure Prevention Workshop being scheduled at Dallas Convention Center