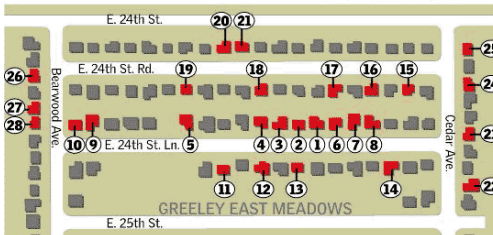


# A PRESENTATION TO

## Affordable Housing Conference 2011 CRA / CRA-ALHFA

### Reducing Foreclosures by Improving Community Design



Address	Sale date	Sale price	Foreclosure notice
1 1029 E. 24th St. Lane	Aug. 29, '02	\$148,500	May 30, '06
2 1025 E. 24th St. Lane	Aug. 5, '02	\$132,700	June 8, '06
3 1021 E. 24th St. Lane	Nov. 15, '04	\$147,700	Jan. 27, '06
4 1017 E. 24th St. Lane	Nov. 4, '05	\$141,000	Apr. 23, '06



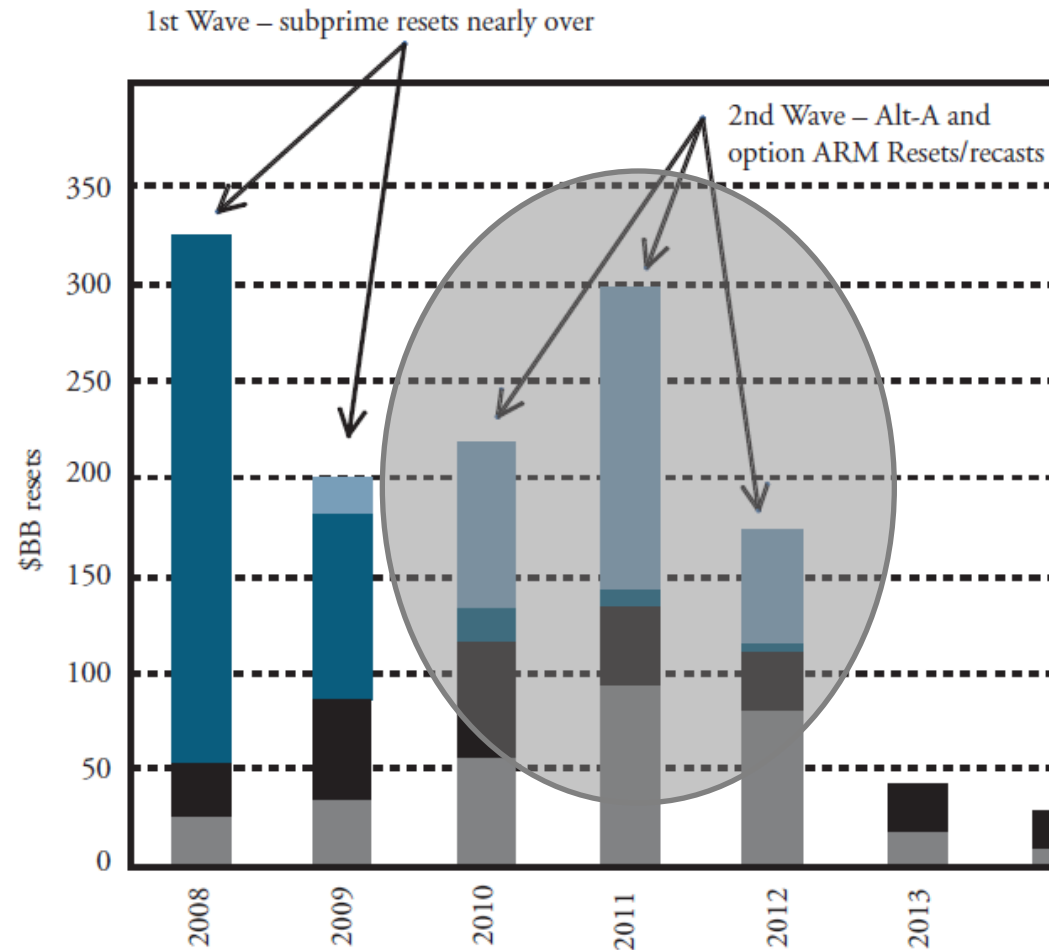
October 27, 2011

# Presentation Outline

1. Links between foreclosures & community design
2. Tools to address today's foreclosure problem
3. Location efficient design and creating “foreclosure resistant” communities

# It's Not Over!

- First wave of foreclosures is concluding
- Second wave in 2010 to 2012
- Shifting to different neighborhoods (low income to higher income)



# Tools for Existing Neighborhoods

## Reactionary Approach

- Typical approach will not work!
  1. Property falls into disrepair and / or become a nuisance
    - Weeds / tall grass
    - Garbage / debris
    - Squatters
    - Vandalism / graffiti
  2. Brought to attention of Code Enforcement
    - Patrols
    - Complaint driven
  3. Property visits
    - Problems verified (photos, documentation)
    - Citations issued – fines assessed
    - Time period must elapse to allow property owner time to address
  4. Additional enforcement action (if no action taken)
    - Citations may “pile up”
    - Property liens
    - Code enforcement authority may clean-up property and lien property

# Tools for Existing Neighborhoods

## Proactive Approach

- Vacant Property Ordinance (VPO)
  - Establishes property owner obligations (maintenance, security)
  - Penalties must be significant to “get the attention” of property owner
  - Clearly established procedures / appeals – “by the book”
- Vacant Property Registry (VPR)
  - Used in conjunction with VPO
  - Requires property to owners to register and (in most cases) pay a yearly fee
  - Also establishes property owner responsibilities
- Mapping and tracking
  - Data on foreclosures can be plotted on maps through GIS
  - RealtyTrac data can be used to establish trends and identify new properties
  - Data also helps to identify property owners (where to send the bill!)

# Links Between Foreclosures & Community Design

## Summary of Recent Research

- Urban communities increased building permit share (between '90 and '08)
- Inward shift of population continued throughout the downturn
- Fundamental shift in residential real estate
  - “Greenfield” homes cost less, but fuel and commuting time erode cost savings
  - Both empty nesters and young want interesting, engaging neighborhoods
  - Multi-family units in denser areas have remained stable throughout crisis

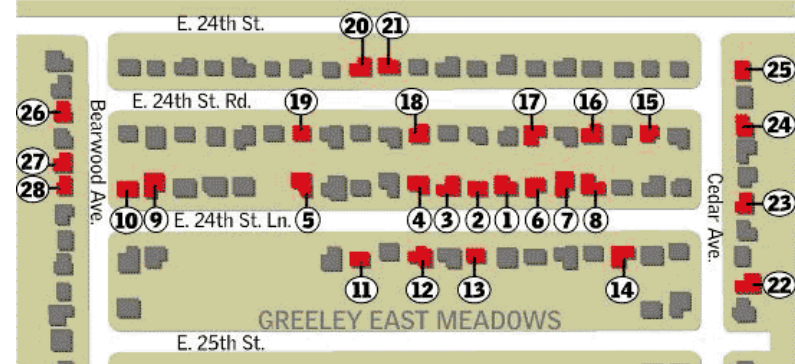
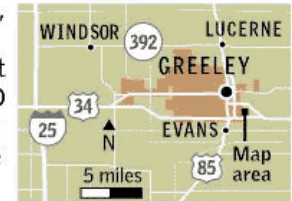
# Links Between Foreclosures & Community Design

## Summary of Recent Research

- Uniformity = high foreclosures
- Increased vacancy = high foreclosure
- Diversified housing stock
  - Size and type
  - Price variations
  - More units = more amenities
- More options = lower foreclosures
  - Transportation choices
  - Access to various jobs
  - Housing options
  - ***Access to urban amenities***

### Greeley foreclosures (Roberts, Lucas, Watt, Denver Post, 2007)

The original owners of 28 new houses in part of Greeley's East Meadows subdivision have received foreclosure notices since 2003, Weld County records show. All but six have lost their homes, and 10 are owned either by a bank, the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs. HUD retains partial ownership of another two. New owners of two of the foreclosed properties are now also in foreclosure.



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4	1017 E. 24th St. Lane	Nov. 4, '03	\$141,880	Aug. 23, '04
5	1001 E. 24th St. Lane	Dec. 2, '03	\$150,000	Oct. 24, '05
6	1103 E. 24th St. Lane	June 8, '02	\$143,100	Nov. 4, '05
7	1107 E. 24th St. Lane	Sept. 6, '02	\$147,900	July 22, '04
8	1111 E. 24th St. Lane	Nov. 29, '01	\$155,530	April 1, '04
9	907 E. 24th St. Lane	July 19, '05	\$153,470	Aug. 11, '06
10	903 E. 24th St. Lane	April 5, '05	\$142,700	April 3, '06
11	1008 E. 24th St. Lane	March 11, '03	\$140,623	May 26, '05
12	1016 E. 24th St. Lane	April 30, '04	\$135,000	May 18, '06

# Links Between Foreclosures & Community Design

## Summary of Recent Research

- “Chapter 1: The Ring of Death” (Foreclosing the Dream)
  - Farthest flung suburbs hit hardest by foreclosures
  - Sales prices down in exurbs and flat or rising in urban areas
- Trends are favoring more urban / central locations
  - Increased awareness regarding “fixed costs of transportation”
  - Demographic trends of elderly, empty-nesters, singles, DINKs, etc favor urban and dynamic suburban locales
  - May soon be a huge excess of large suburban homes
  - Attached, small lot and infill trends will dominate

# Median Commute Time

**26 Minutes**

# Commute Times (median one-way)

- U.S. = 25.5 minutes
- California = 26 minutes
- San Francisco = 30.7 minutes
- San Jose = 27.8 minutes
- Sacramento = 23.4 minutes
- Las Vegas = 25.4 minutes
- Kansas City = 21.9 minutes

# A Long Commute

- Lost Springs, Wyoming = 45 minutes  
(population 1)

# Links Between Foreclosures & Community Design

## Summary of Recent Research

- Low “location efficiency” = high foreclosure rates
- Transportation costs = 17% of average household income
- Proven link between vehicle ownership and high foreclosure rates
- Location efficiency = lower foreclosure rates
  - Variety of transportation options available (not limited to automobile)
  - Residents better able to manage transportation costs
  - Access to transit, bicycle, walking and shorter length vehicle trips

# Links Between Foreclosures & Community Design

## Summary of Recent Research

- Walkability = higher home values
  - \$4,000 to \$34,000 premium for high “walk scores”
  - Proximity to daily shopping and social destinations have high “walk scores”
  - Higher home value when real alternatives to automobile exist (walking, transit, etc.)

# Creating “Foreclosure Resistant” Communities

- Research suggests that more urban, better located communities will fare better in the long term
  - Lower foreclosures
  - Higher home values
  - More building permit activity
  - More investment and reinvestment
- What does this mean for suburban locations?
- Is it possible to retrofit?

# Creating “Foreclosure Resistant” Communities

- Mandate a diversity of housing types
  - Vast subdivisions with similar price points may create foreclosure concentrations leading to additional devaluation
  - Mix of densities and housing prices will reduce foreclosure risks
- “Drive till you qualify” is not sustainable
  - Create communities that reduce need for vehicle trips
  - Mandate multi-modal facilities and mandate a safe walking environment
- Create regulations that focus on “placemaking”
  - Creating pleasant full service communities
  - Build in amenities that will create long-term value
- Allow conversion of foreclosed homes to alternative uses
  - Home business / live-work / cottage industries
  - Neighborhood commercial hubs
  - Conversion of homes to commercial use

# Case Study

## Capital Village – Foreclosure Resistant?



# Case Study

## Capital Village – Foreclosure Resistant?



# Case Study

## Capital Village - Foreclosure resistant

- What makes Capital Village a good case study?
  - Rancho Cordova is a “middle of the road” community
  - Has been hit hard by first and second wave foreclosures
  - Foreclosures have not been concentrated
  - Foreclosed homes have resold quickly
  - Project construction started in 2005 and has continued throughout downturn
  - Project’s commercial shopping center has continued to lease up (slowly)
  - Shows how a suburb can be retrofitted

# Conclusion

- Long-term solutions
  - Focus on place-making
  - Build walkable communities
  - Retrofit your suburb!

## Contact Information

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