



Mortgage Refinance as a Tool for Stabilizing Neighborhoods

The National Middle Neighborhoods Community of Practice

Middle Neighborhoods Initiative

A **National Initiative** focused on mobilizing attention to reverse the disappearance of middle neighborhoods through decline or gentrification. The initiative does this through

- A **Community of Practice** that facilitates peer-to-peer learning among middle neighborhood practitioners. The CoP connects more than 800 practitioners, policymakers and researchers to each other through webinars, events, case studies, newsletters, and virtual site visits.
- **Research** into topics relevant to middle neighborhood practitioners and policymakers.
- **Policy analysis and advocacy** around housing, lending and other community development issues.
- **Communications** strategies to advance awareness and technical knowledge among a wide variety of audiences.

The initiative is coordinated by the **National Community Stabilization Trust** and **NeighborWorks America** and is advised by a **Steering Committee** of 20 prominent researchers, practitioners, and policy makers.





Characteristics of Middle Neighborhoods

- Mostly single-family homes built for families with children.
- Still well more than 50% owner-occupied, but slowly eroding.
- Housing stock is aging, still in generally acceptable condition, but often lacks features and updates to compete well for today's homebuyers.
- More racially, ethnically and economically diverse.



Many Middle Neighborhoods Are Faltering In Their Sustainability

- Ability to ***reliably attract replacement owner occupants*** and other neighborhood-friendly buyers
- Ability to ***generate home values that support quality maintenance***, repairs and updates without appraisal gaps
- Ability to ***repel irresponsible investors***
- Ability to ***maintain engaged residents taking stewardship*** of the neighborhood
- Ability to ***deliver home equity to owners and revenue to municipal government***



Some Middle Neighborhoods Are Facing Gentrification and Displacement

- Regions with strong economies and/or housing supply shortages
- Loss of affordable housing
- Risk displacement of lower-income renters, homeowners, and commercial tenants.
- A critical opportunity to:
 - Ensure that existing residents and businesses share in the community's growing prosperity.
 - Preserve affordable housing before it is lost.

Click [here](#) to learn more about defining Middle Neighborhoods

Refresh Your Map Zoom Questions or feedback? Type in location GO

Your Map

Map Satellite

Choose a 2014-2018 layer to display

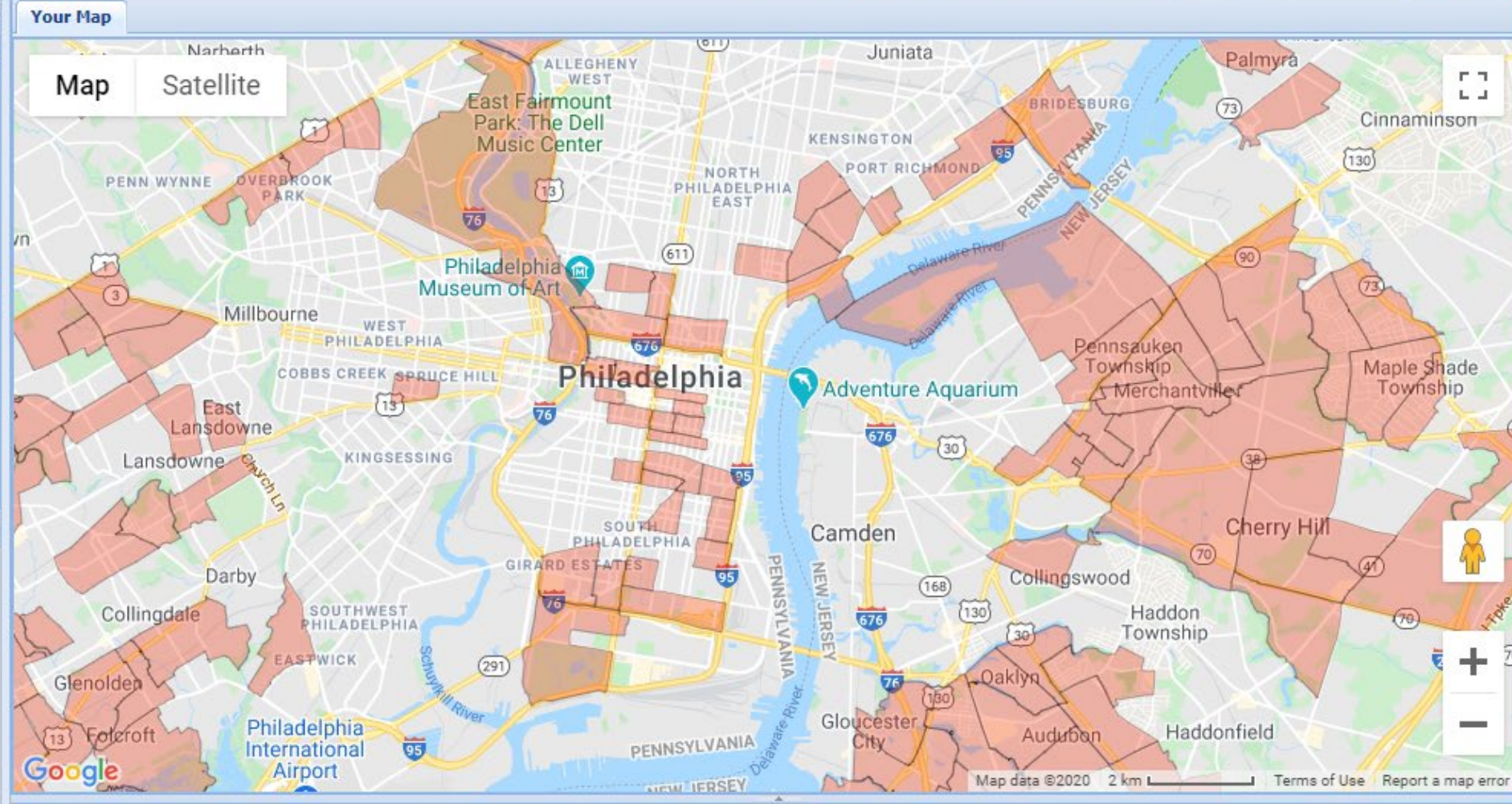
- 2018 City Test 1: 60-100% CMI
- 2018 City Test 2: 80-120% CMI
- 2018 National Test 1: 60-100% NMI
- 2018 National Test 2: 80-120% NMI
- 2018 Regional Test 1: 60-100% AMI
- 2018 Regional Test 2: 80-120% AMI
- 2018 Regional Test 3: 100-160% AMI

Choose a 2006-2010 layer to display

- 2010 City Test 1: 60-100% CMI
- 2010 City Test 2: 80-120% CMI
- 2010 National Test 1: 60-100% NMI
- 2010 National Test 2: 80-120% NMI
- 2010 Regional Test 1: 60-100% AMI
- 2010 Regional Test 2: 80-120% AMI
- 2010 Regional Test 3: 100-160% AMI

MSAs

- Panama City, FL Metro Area
- Parkersburg-Vienna, WV Metro Area
- Pensacola-Ferry Pass-Brent, FL Metro Area
- Peoria, IL Metro Area
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area
- Phoenix-Mesa-Scottsdale, AZ Metro Area
- Pine Bluff, AR Metro Area
- Pittsburgh, PA Metro Area
- Pittsfield, MA Metro Area



Displaying census tracts with median household incomes between 80 and 120 percent of regional/MSA median (\$69,465), or \$55,572 - \$83,358

Guests

Elena Gonzales

- Senior Director, Policy and Resource Development
- Homewise
- Albuquerque, NM

Steven Meyer

- CEO
- Renew Indianapolis
- Indianapolis., IN

Agenda

Intro to Middle Neighborhoods

Alternative Financing Trends and Issues

Refinance Strategies

Q & A





THE HOMEWISER MISSION

is to help create successful homeowners and strengthen neighborhoods so that individuals and families can improve their long-term financial wellbeing and quality of life.

Community Engagement and Refinance Initiatives

- Strategic partnerships to reach underserved and build trust.
- Positive impact on the racial homeownership and wealth gap by helping majority Hispanic homeowners save their home by refinancing out of a predatory Real Estate Contract (REC).
- Many of these REC's have short terms with balloon payments, high interest rates, high down payments AND no legal recourse if you become delinquent.



Refinance Benefits

- Can be an effective anti-displacement strategy.
- Preserves the family asset/wealth.
- Refinance into a fixed-rate, 30 year affordable mortgage product with no balloon payments.
- Safe space to do business for clients with an Individual Taxpayer Identification Number (ITIN) instead of a Social Security Number (SSN).





Engaging Our Community



Orpheum Community Hub

Albuquerque Homeownership Center: 500 2ND Street SW Albuquerque, NM 87102

Santa Fe Homeownership Center: 1301 Siler Road Building D Santa Fe, NM 87507

www.Homewise.org 505-983-9473

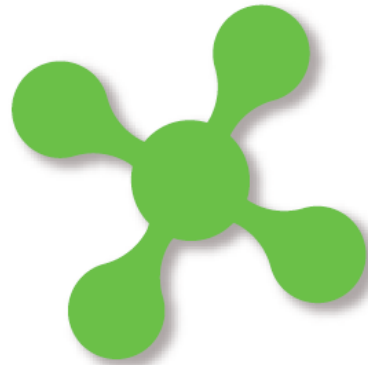
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renew INDIANAPOLIS

Advances comprehensive community development through innovative financing and development solutions that create and preserve affordable housing, support neighborhood revitalization efforts, and foster small business development.



INTEND INDIANA

OUR INITIATIVES



HOUSING DEVELOPMENT



BuildFund

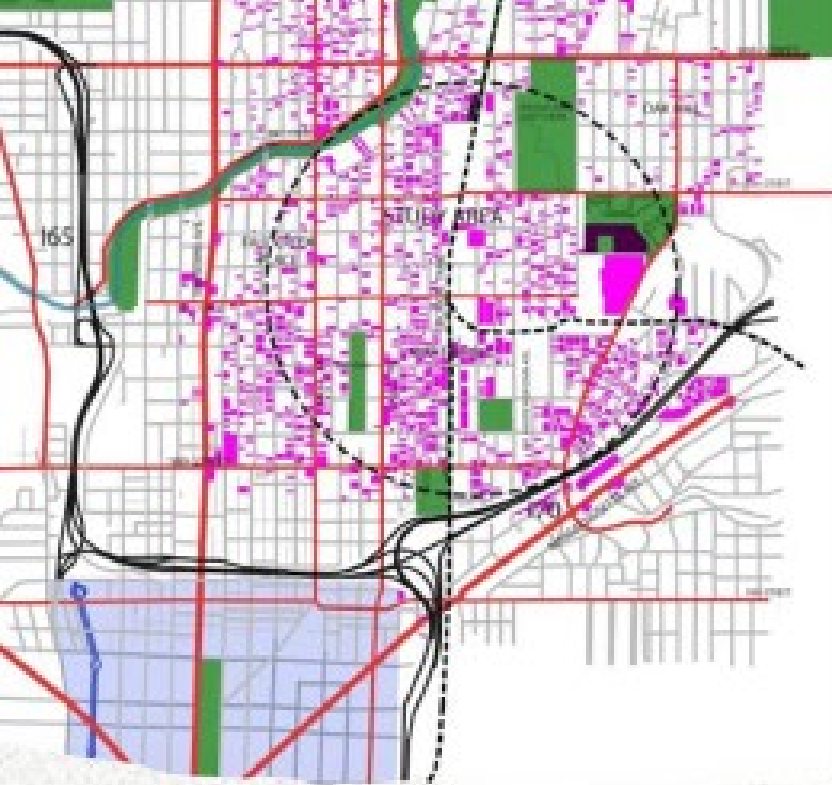
SMALL BUSINESS LENDING

edgefund

AFFORDABLE HOUSING LENDING

renew
LANDBANK

LAND BANK



2009 Vacant Property Survey

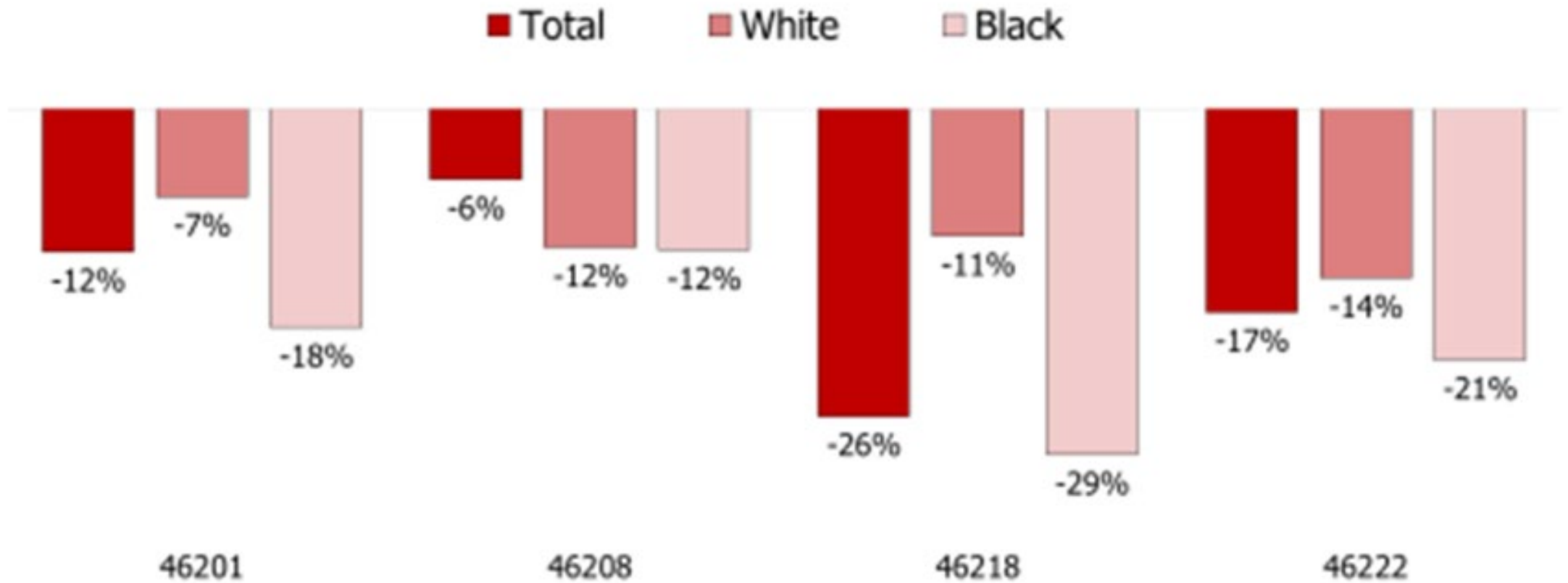


1940 Redline Map



2020 Racial Dot Map

PERCENT CHANGE IN HOMEOWNERSHIP RATE BY ZIP CODE 2011 - 2019

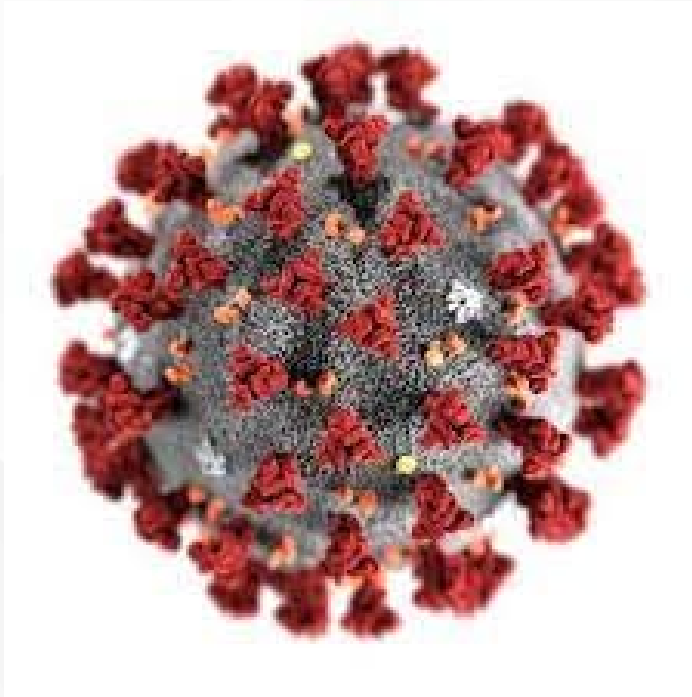


INDIANAPOLIS AFFORDABLE MODIFICATION PROGRAM

IndyAMP
mortgage
relief for
homeowners



PROGRAM ELIGIBILITY CRITERIA



- Current Indianapolis Homeowners
- Primary Residence
- Must have Existing Mortgage Debt
- Negatively Affected by COVID-19
 - Self-Certification

UNDERWRITING CRITERIA



10-, 20-, or 30-year Term

Overlays

- Fixed 3% Interest Rate
- \$20,000 - \$200,000 of existing mortgage debt
- Up to 44% Total Debt to Income Ratio*
- First Payment Deferred for 90-Days

UNDERWRITING CRITERIA



Exceptions

- Minimum Credit Score of 600
- Must have made 12 consecutive on-time payments before March 2020
- No Appraisal Required
 - 95% LTV based on REALTORS® Property Resource Report
- Alternative Wage Income Verification
 - Annualize 2020 Income Based on Most Recent 30-Days Paystubs
- **Allow consolidation of non-mortgage debt to qualify for program***

LEVERAGING EXPERTISE



PROGRAM
ADMINISTRATOR



FUNDING
PARTNERS



LENDING
PARTNERS



OUTREACH
PARTNERS

RENEW INDIANAPOLIS' ROLE



PROGRAM
ADMINISTRATOR

renew
INDIANAPOLIS



OUTREACH PARTNERS



KHEPRW

FUNDING PARTNERS



LENDING PARTNERS



- Apply Underwriting Criteria
- Originate & close loans
- Sell Loans to Edge Fund at Par

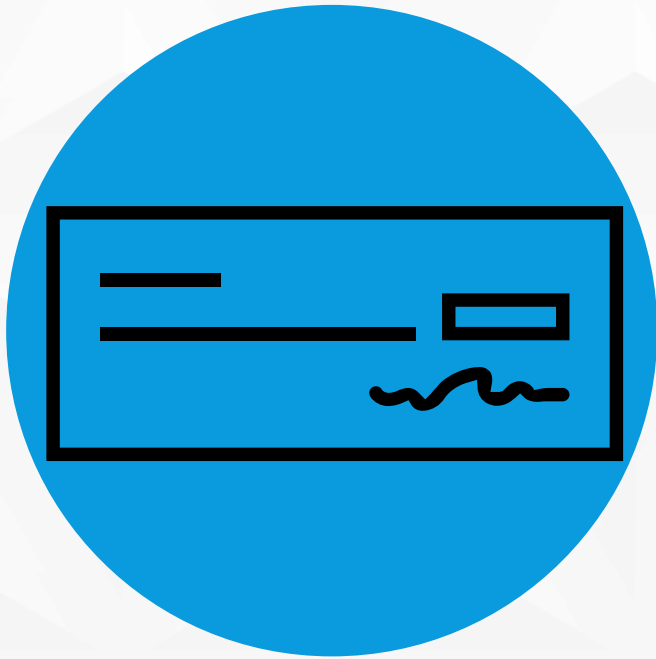


MERCHANTS BANK
OF INDIANA

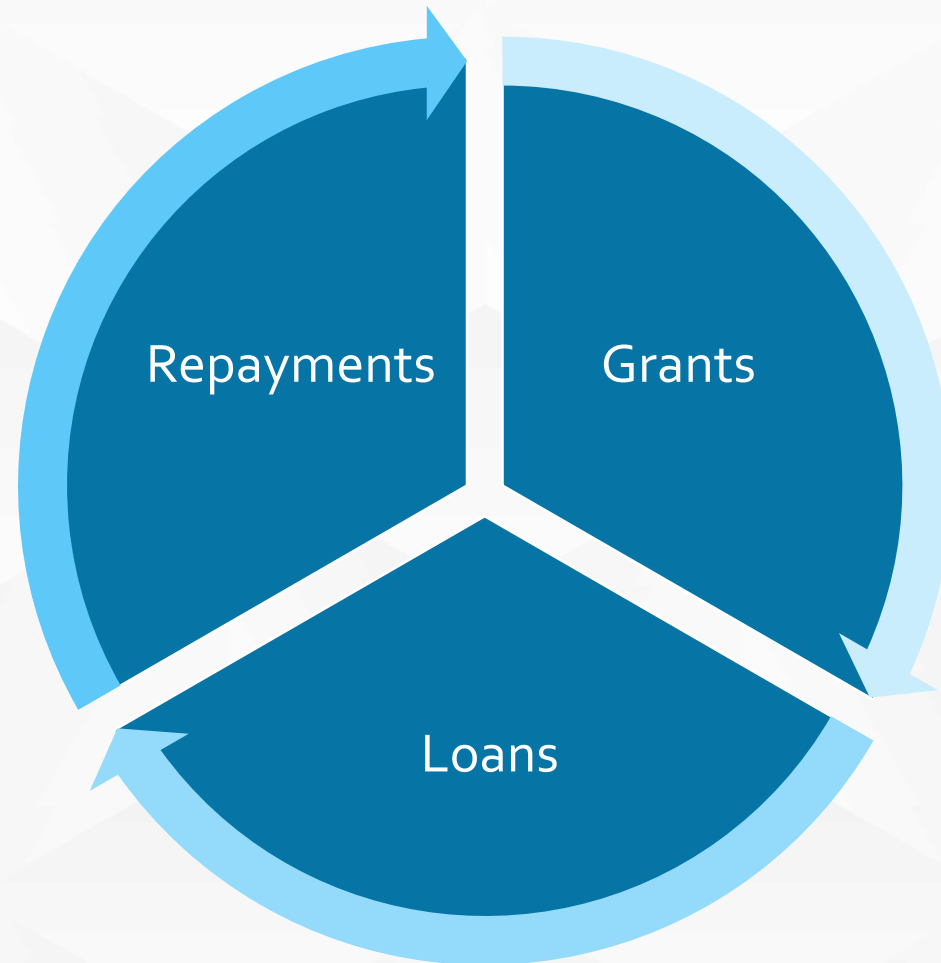
**Stock
Yards**
Bank & Trust

SERVICING PARTNER

- Apply Loan Servicing Guidelines to Edge Fund Loans
- Collect Monthly Payments
- Manage Escrow Accounts and Disbursements
- Withhold its Servicing Fee from Monthly Remittance



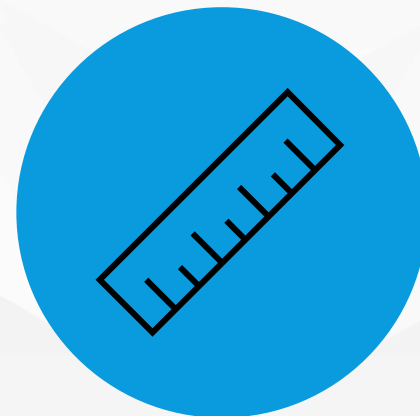
REVOLVING AND GROWING THE FUND



BY THE NUMBERS

YEAR 1

- **50,000 households** reached through direct outreach, targeted mailings, focused online advertising, and earned media
- **146 applications received** from homeowners in **26 Zip Codes** requesting more than **\$13 million**
- **19 loans** closed in **13 Zip Codes** totaling more than **\$2.6 million**.
- **75%** of the applications received are from households earning **less than 120% of the Area Median Income**
- **45%** of the applications received from households **below 80% AMI**
- **63%** of borrowers are **female head of household** and **32%** identified as **Black or African American**
- **Average mortgage of \$138,000**
- **Average monthly savings of \$175** - more than **\$60,000** in savings over the life of the loan!



EVALUATION



Feedback

- Correct and Improve
- Amplify and Distort

GOING FORWARD



- Focus marketing and outreach
 - < 100% AMI or within
 - Communities disproportionately affected by COVID-19
- Engage program navigators for additional direct assistance
- Allow non-mortgage debt consolidation
- Raise Total Debt-to-Income Ratio
- Explore credit score alternatives

GOING FORWARD



LEGEND

Percent Owner Occupied

- 18 - 21% owner occupied
- 21 - 30% owner occupied
- 30 - 43% owner occupied
- 43 - 55% owner occupied
- 55 - 67% owner occupied

Sale Price

- \$22,000 - \$61,000
- \$61,000 - \$86,900
- \$86,900 - \$116,000
- \$116,000 - \$143,500
- \$143,500 - \$175,000

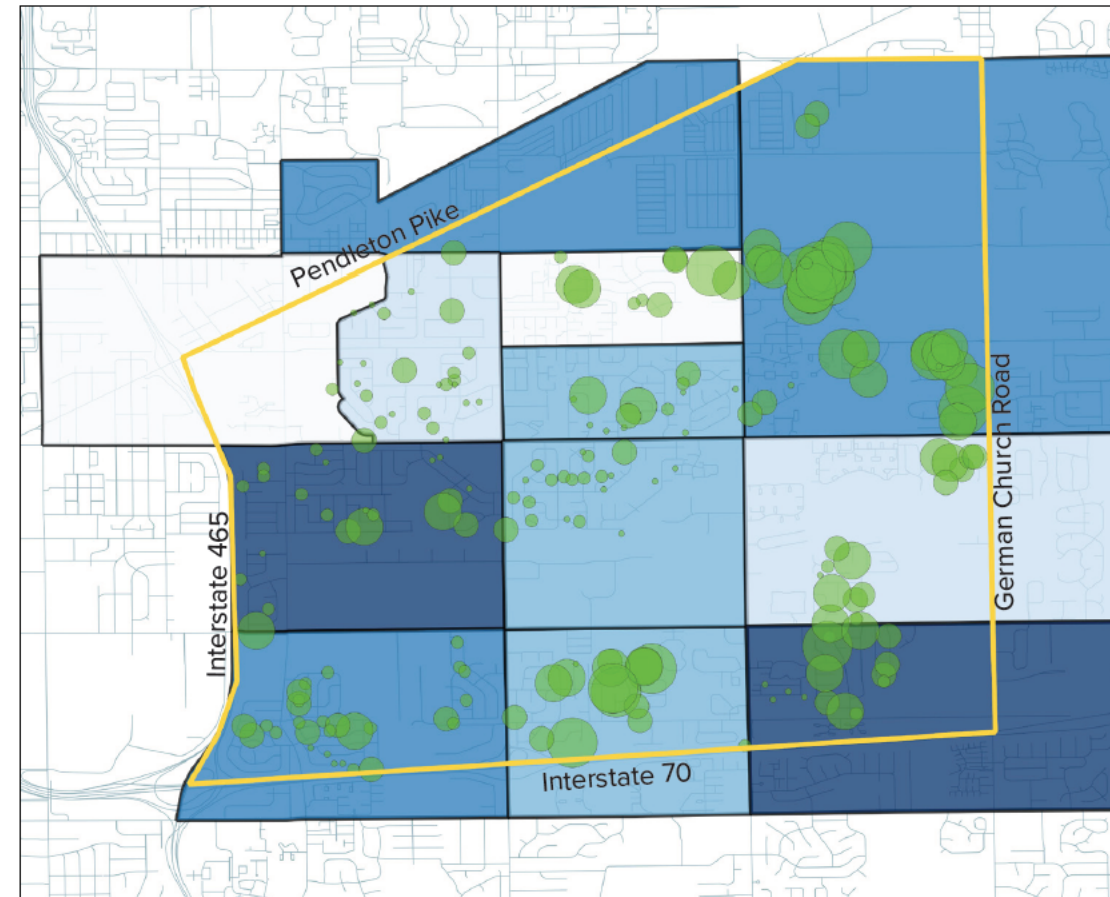



figure 9: The census tract southwest of the intersection of 38th Street and Post Road may be a good candidate for an acquisition and rehabilitation program, as it is a census tract with high homeownership, generally low home sale prices, but also select higher prices that could be useful in establishing comparables at the time of resale. Home sale data taken from MIBOR records, 3rd and 4th quarters of 2019.

GOING FORWARD



LEGEND

 Census Tract with evidence of high levels of predatory lending

Estimated median annual household savings

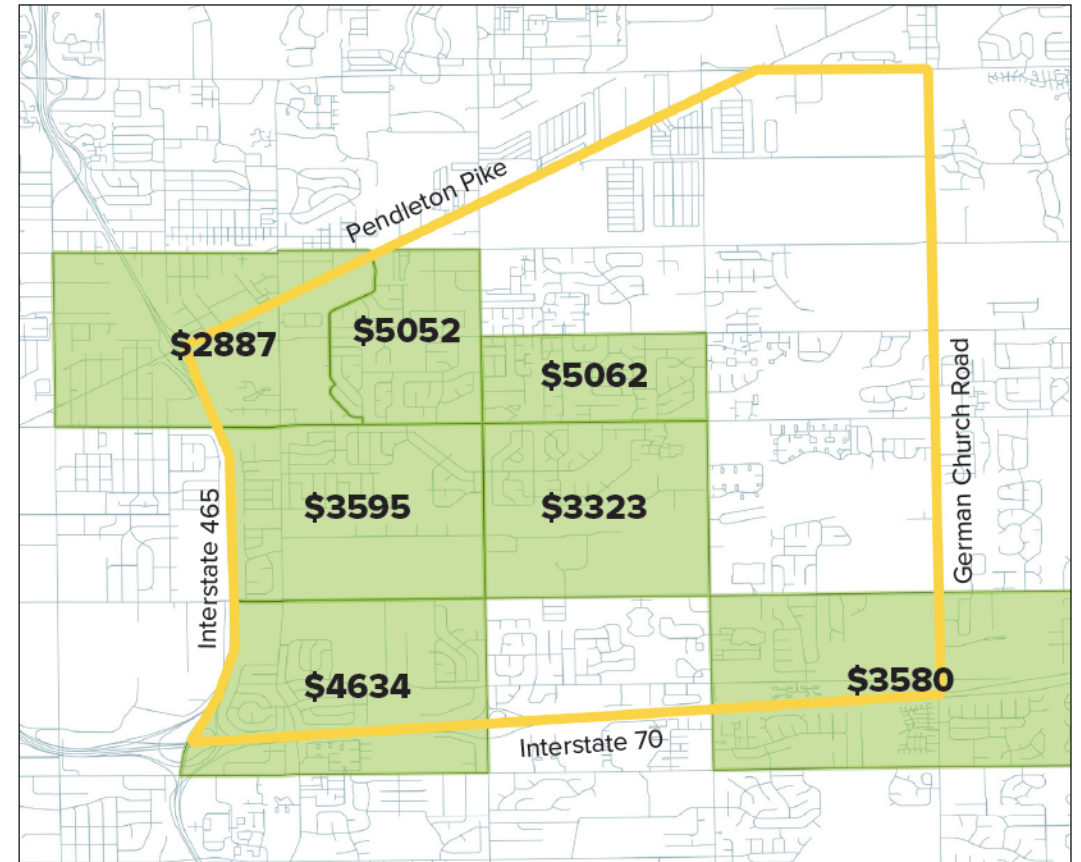


figure 10: Census tracts in green show evidence of high levels of predatory lending as evidenced by high housing payments compared to the home value. To determine these tracts, median value and payment data was computed to solve for the median interest rate. Where it was higher that the median interest rate solved for Marion Co. using the low end of the margin of error housing payment, the tract was identified as having high instances of predatory mortgages.



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JOIN US!
**The Middle Neighborhoods
Community of Practice
(CoP)**

The Middle Neighborhoods CoP is an informal, facilitated network of practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

There are currently more than 800 people in the CoP. Please join us!

middleneighborhoods.org



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Thank you for
joining us!

Please email us if you have ideas for webinars, case studies, news stories, etc.

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