



Welcome!

Under contract to PHFA to provide assistance to DCED, The Reinvestment Fund collected and analyzed data from multiple sources to identify areas where the investment of NSP dollars has the greatest likelihood of positively impacting the community. The analysis looks to highlight the NSP eligible areas where foreclosures, high cost lending and delinquency rates are high and where the median home sales price falls between 50% and 130% of the county average. This tool is designed to assist both DCED and practitioners to develop plans that appropriately respond to the unique nature of the foreclosure problem in their local community.

This information is presented using the Adobe Acrobat Pro software; however only the free Adobe Reader 9.0 is required for viewing the maps. The PDF document contains a map and various data layers showing HUD and DCED eligible areas within a given county. In addition, the maps also display information about the median sales price range for properties in the county and the density of current real estate owned properties (REO) This information will be used by DCED to determine the Priority Need rating of your application.

This document provides:

- technical directions on how to use Adobe Acrobat Reader version 9.1;
- a step-by-step detailed explanation of how to view the data layers;
- an explanation of data used to determine the Priority Need/Qualified Need level of a census block group and;
- a list of anticipated Frequently Asked Questions

After viewing this information, if you still have questions you can contact TRF Policy Staff through email at nsp.priorityarea.maps@trfund.com.

Getting Started:

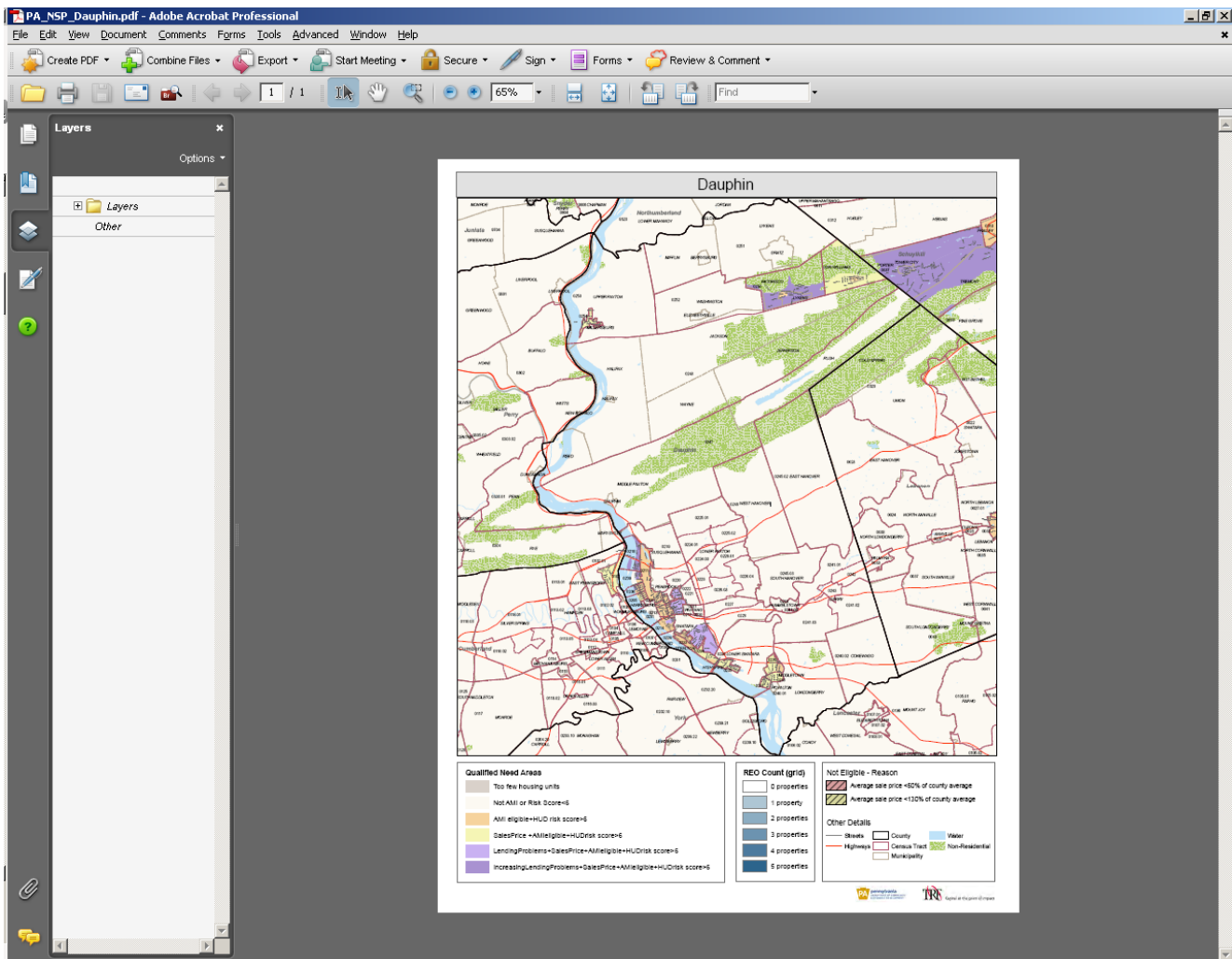
This report is viewed best in the current 9.1 version of Adobe Reader. Follow this link to download this free software to your computer: <http://get.adobe.com/reader/>

Once you complete the installation, return to this website <http://www.trfund.com/planning/NSPforPADCED.html> and select the county that you wish to view. We created separate maps for each county (as well as a separate map for the City of Pittsburgh).

Step I: General Adobe Information

Due to the size of the files give your computer five minutes to fully load all of the data before you start to use the functions. It may appear downloaded sooner than that, but please be patient.




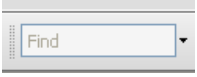

When you open the document the following screen will appear.

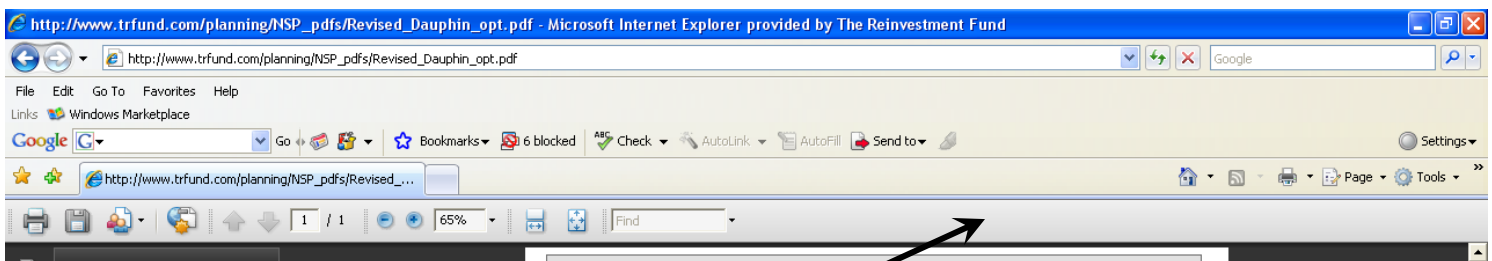


Toolbar

Along the top of the screen are the functions of Adobe Reader. Go to the “tools” section and under the “customize tool bar” drop down category add the “select and zoom” function to allow you to more easily navigate around the map. By adding this to the tool bar you are able to:



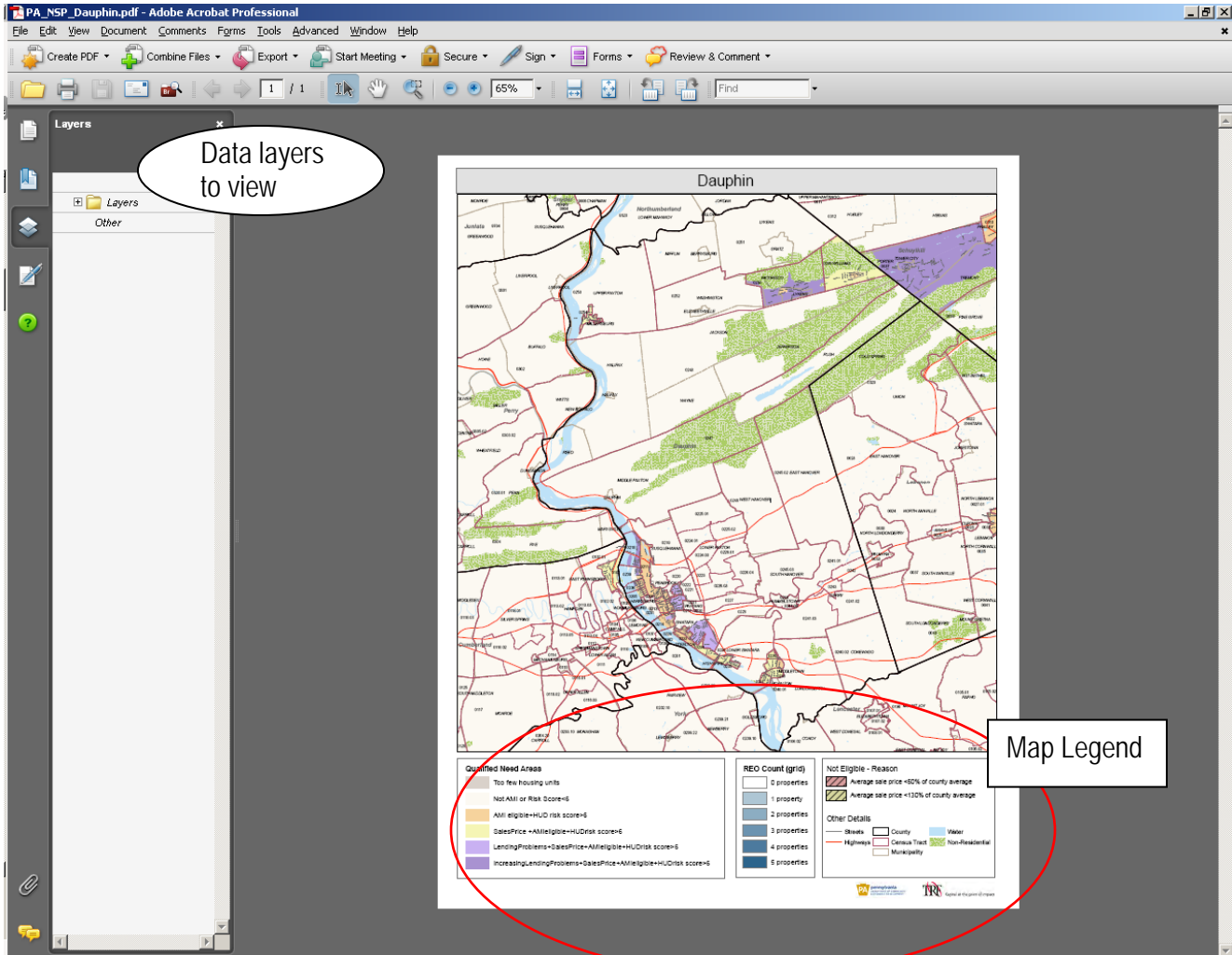
	Use the hand shape to move the map page – (do this by clicking and dragging the image)
	Use the magnifying glass with the rectangle shape to enlarge a specific section of the map
	Use the + and – signs to increase or decrease the size of the image on the screen
	Because this is an image not a word document the find function will not assist you (i.e. you can not use it to find a specific sheet on the map).
	Use the camera image to take a snapshot of a zoomed in area. If you print from the document it will print the whole county map. If you take a picture using “snap shot,” you can copy and paste the image into a Word document.



You can add the additional zoom functions by right clicking your mouse on the Adobe Tool bar and following the instructions noted above.

Step II: Reviewing the Maps

Below the toolbar you will see an image of paper and the title Layers. Layers is the title of a folder containing additional data that can be displayed on the map (we'll review these momentarily.) Note that the document is only one page, so you will not use the "page" function.



Along the bottom of the map is a legend (circled in red above). The legend remains constant as you add data layers to the map.

Defining the Legend

This analysis helps to identify middle market communities in Pennsylvania counties where NSP resources can most effectively work to stabilize neighborhoods. For this analysis **TRF defined middle market census tracts as those where the sales price falls between 50% and 130% of the countywide average.** In places where TRF was unable to secure sales price data, TRF used 2007 Home Mortgage Disclosure Act (HMDA) purchase money mortgages to identify a county average loan amount and each tract's average in relation to the county average. In Philadelphia and Pittsburgh TRF recently completed our Market Value Analysis (MVA); the MVA replaces sales prices as the means to identify middle market communities in those cities.

Column I- Under the Qualified Need Areas:

Qualified Need Areas	
	Too few housing units
	Not AMI or Risk Score < 6
	AMI eligible + HUD risk score > 6
	Sales Price + AMI eligible + HUD risk score > 6
	Lending Problems + Sales Price + AMI eligible + HUD risk score > 6
	Increasing Lending Problems + Sales Price + AMI eligible + HUD risk score > 6

Too Few Housing Units:

Census block groups with fewer than 50 units were excluded from the analysis.

Not AMI or Risk Score Eligible:

These areas have a HUD Risk score below 6 or the Area Median Income is above 120%.

AMI Eligible and a Risk Score of 6 or Greater:

Areas with this designation have a HUD Risk Score of 6 or greater and the AMI falls below 120%. These areas are not within the middle market sales price range. Sales Prices are either below 50% or above 130% of the countywide average.

NOTE:

98% of all block groups in this category fall below the 50% of median sales price designation. 2% of the census block groups have sales prices above 130% of the countywide average.

Sales Price and AMI Eligible and HUD Risk Score of 6 or Greater:

Sales prices in these areas meet our middle market definition and also meet the AMI requirements as well as have a HUD Risk Score of 6 or greater.

Lending Problems and Sales Price and AMI Eligible and HUD Risk Score of 6 or Greater:

For all of the areas that met the middle market sales price range (i.e. 50-130% of county average), are HUD AMI eligible and have a HUD Risk Score of 6 or greater, TRF conducted a factor analysis to identify the Priority Need Areas. This approach looked at 2007 and 2008 prime and subprime loan delinquency rates and presence of high cost loans originated in 2007. Our approach builds upon the HUD model released with its official NSP Notice and allows Pennsylvanians the benefit of using the 2007 HMDA data and as recent as September 2008 loan performance data to identify the areas of greatest need.

TRF conducted the analysis by looking at the rate of the following factors in each area:

- Percent of non-current subprime loans in September of 2008
- Percent of non-current prime loans in September of 2008
- Percent of high cost loans that were issued in 2007
- Percentage change in non-current subprime loans over the past year (based upon quarterly reports)
- Percentage change of non-current prime loans over the past year (based upon quarterly reports)

The least and most impacted 25% of the tracts we excluded because these are the census tracts where the lending problems are either relatively modest or are relatively overwhelming.

Increasing Lending Problems + Sales Price +AMI Eligible + HUD Risk Score >6:

These areas rate as a high priority meeting all of the factors noted under the previous category. These areas also show the problem is getting worse over the last year.

Column II: REO Count



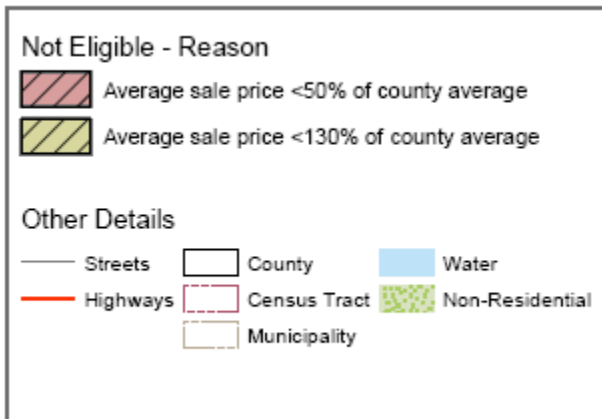
TRF purchased a list of REO residential properties in Pennsylvania from RealtyTrac. The REO present in an area provides a benchmark for the number of properties that may be eligible for acquisition and/or land banking using NSP funds.

Over each of the Qualified Areas TRF created a grid of 1000 foot squares (representing approximately a one block area) and shaded the areas based upon the density of existing REOs.

The blocks display the actual number of REOs in each area. Zero properties indicate that there are no known REOs in that area as of 12/31/08. Each grid box directly corresponds to the number of actual units in REO ownership. No grid area has more than five REOs.

The shade of the color corresponds to the increased density of known REOs units in the area.

Column III: Not Eligible Need Areas



This map does not display all the reasons why areas are excluded from the eligibility designation. This only shows the areas that were not eligible for TRF’s middle market analysis. Areas that were ineligible due to the area’s AMI being above 120% or because they have a HUD Risk Score below 6 are not mapped in this document.

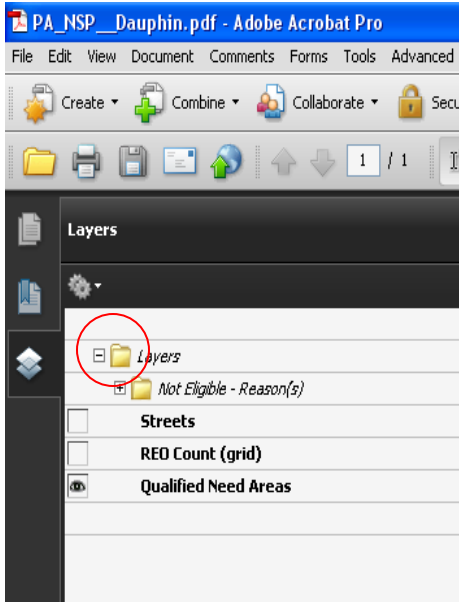
Policymap.com allows you to view the HUD Risk Score for each census block group online; no fee is required to view these data elements. You can also view the AMI for counties as well.

Average Sales Price < 50% of the County Average:

The average sales price (or mortgage amounts) for properties in this census tract are below 50% of the countywide average.

Average Sales Price > 130%:

The average sales price (or mortgage amounts) in this area are greater than 120% of the countywide average.



Viewing the Additional Data Layers:

Additional data layers can be viewed on the map. Expand the **Layers** folder by clicking on the box next to it (circled in red). Expanding turns the plus sign into a minus sign showing the folder is open.

The next folder **Not Eligible** will provide you with two additional data layers. These can be viewed individually or simultaneously. Click on the folder once to open it and then click on the box for the map to code the areas ineligible.

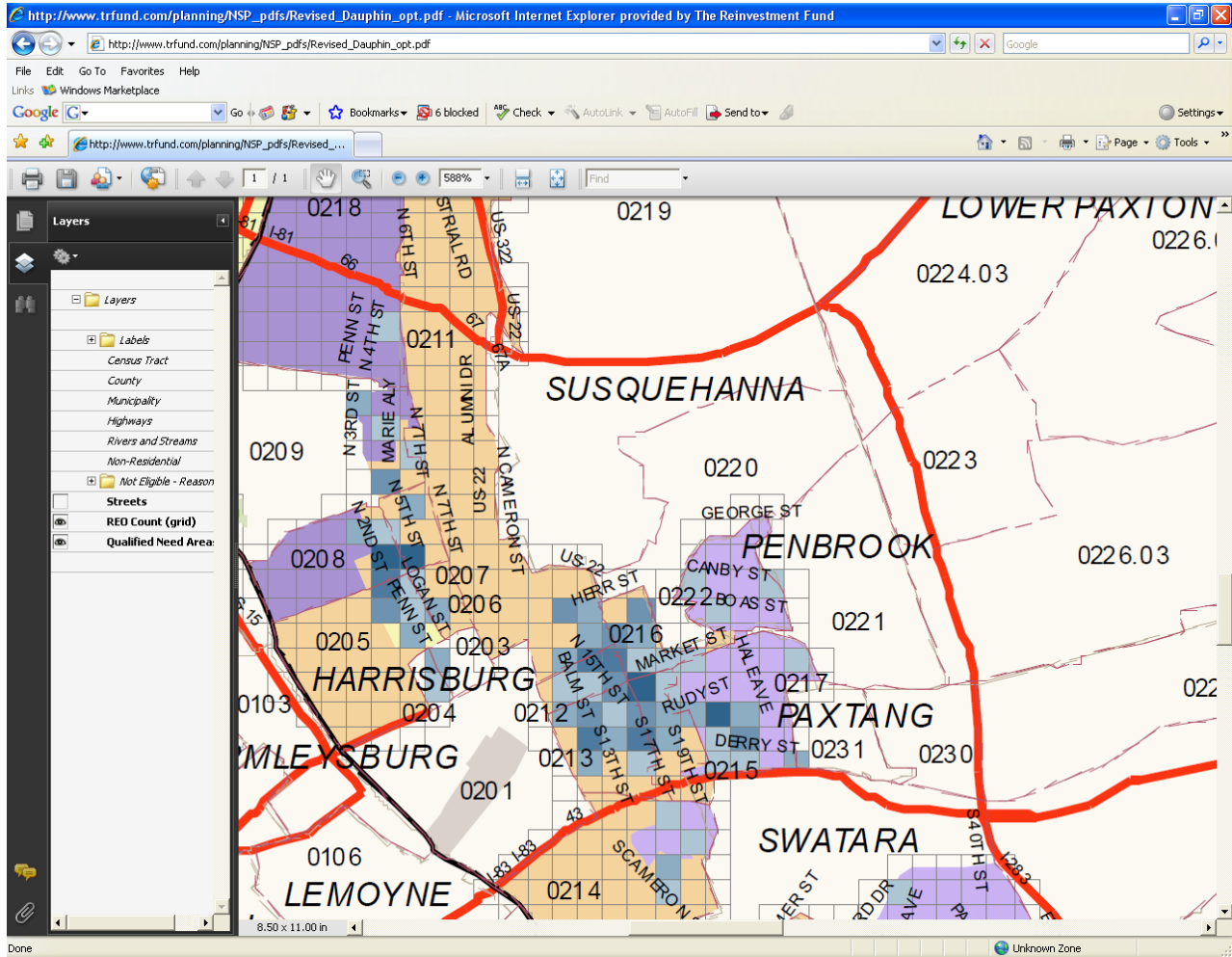
The next layer **Streets** will put the street grid on the map. Additional street names will not appear on the map.

REO Count (grid) will place this layer on the map.

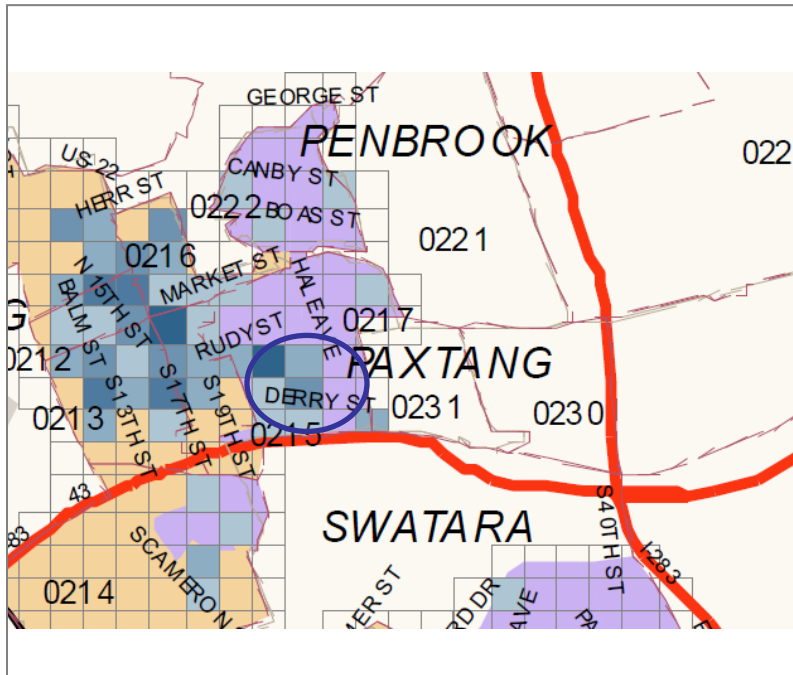
Qualified Need Area will highlight or remove this data layer on the map.

Viewing the Additional Data Layers (continued)

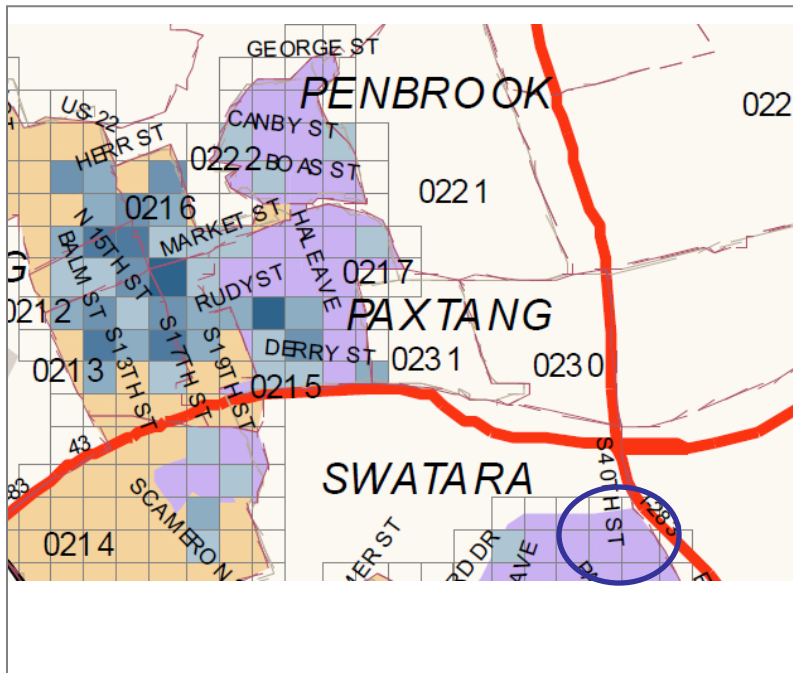
The image below shows what the map looks like when displaying the REO grid and the Qualified Need Areas.



Viewing the Additional Data Layers (continued)



The circled area meets the high priority criteria. This section of the map shows the varying levels of existing REO inventory in the area.



The circled area in this image meets the priority criteria but does not reflect that there is a current inventory of REOs in the area.

Question and Answers

How did TRF get the REOs for our area?

On behalf of DCED, TRF purchased address level data from RealtyTrac.com of all current REOs present in the Commonwealth of PA up through 12/31/2008. RealtyTrac claims that they capture 96% of the REOs present in the market. RealtyTrac collects data from County Recorder of Deeds offices on a consistent basis (most often bi-weekly and in more rural areas on a monthly basis). In places where they have limited coverage they acquire data from other real estate data collection companies.

What is the source of the subprime lending data?

Similar to HUD's approach for this program, TRF used Home Mortgage Disclosure Act records. The NSP guidelines used 2004-06 lending data, TRF added 2007 data for our analysis.

Where does your loan delinquency information come from?

TRF acquires data at the zip code level from McDash Analytics on loan performances. McDash aggregates data from at least 7 of the top 10 loan servicing companies. The data we purchased includes the number of loans that are 30, 60 and 90 days delinquent by loan type. TRF purchases this data on a quarterly basis and used data up through September 2008 for this analysis.

How will this tool be used to evaluate proposals?

The tool is designed to show the extent of the problem in each area currently through the presentation of known REOs and the near term projections using loan delinquency data and concentrations of high cost loans. It was created to assist local practitioners and DCED assess whether the proposed activities are appropriate measures for preserving the current values in the market.

How can I use this tool?

The information can help you:

- To evaluate your plan and determine if your proposal is seeking funding to work in an area of greatest need.
- To assess where you may be able to build upon the stable areas of the market to increase the likelihood that properties acquired/rehabilitated with NSP funding will have a market demand for resale.
- To determine whether the project is appropriately sized to address the extent of the problem.
 - Is this course of action enough to produce any impact on the market?
 - Could the project concentrate resources in one area and achieve better results?
 - Can other programs and funding sources be directed to address the area that has historical disinvestment and concentrate funding to the area where the presence of REOs is a new problem?