



Spotlight on the Housing Market in Atlanta-Sandy Springs-Marietta, Georgia



The Obama Administration's Efforts to Stabilize The Housing Market and Help American Homeowners | November 2011

The Atlanta-Sandy Springs-Marietta, Georgia Metropolitan Statistical Area (Atlanta MSA) includes five core counties (Clayton, Cobb, DeKalb, Fulton, and Gwinnett) and 23 other counties in northwest Georgia. Although the share of distressed mortgages in and around Atlanta – those 90 or more days delinquent, in foreclosure, or bank owned – has been above the national average since mid-2000, the local foreclosure crisis has generally mirrored that of the nation as a whole, with a significant rise in delinquencies and defaults among subprime loans beginning in 2007. During the early part of the decade, local home prices grew at a slower pace than the national average; however, home prices in the MSA have since fallen by nearly as great a percentage as in the rest of the country. Declining property values in Atlanta and the extent of underwater mortgages in the current market were fueled in part by rising defaults but also by excess housing construction in the years prior to the crisis – which also increased rental vacancies and contributed to eventual price declines. The housing market in Atlanta remains fragile - with a high percentage of distressed mortgages, deeply-discounted foreclosed properties, low property values, and many severely underwater mortgages. Access to available credit also remains a barrier for potential and existing homeowners. However, the Administration's broad approach to stabilizing the housing market has been a source of real help to homeowners in Atlanta and surrounding cities. This addendum to the Obama Administration's Housing Scorecard provides a summary of trends and conditions in the local economy and the impact of the Administration's efforts to stabilize the housing market and help local homeowners.

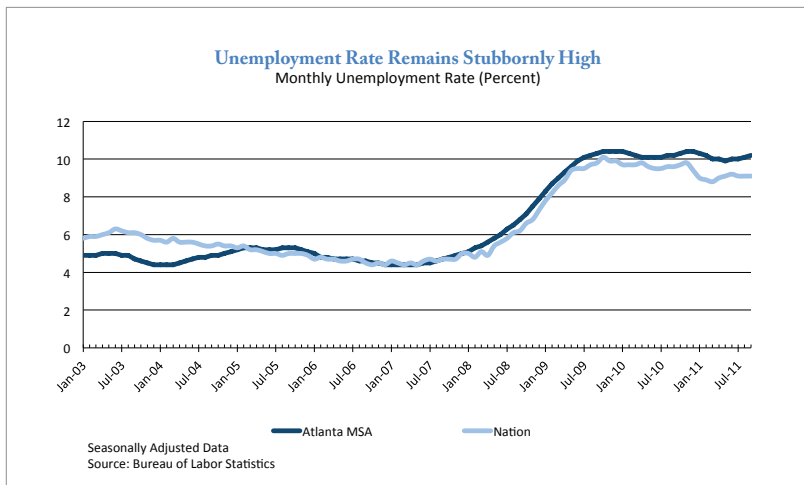
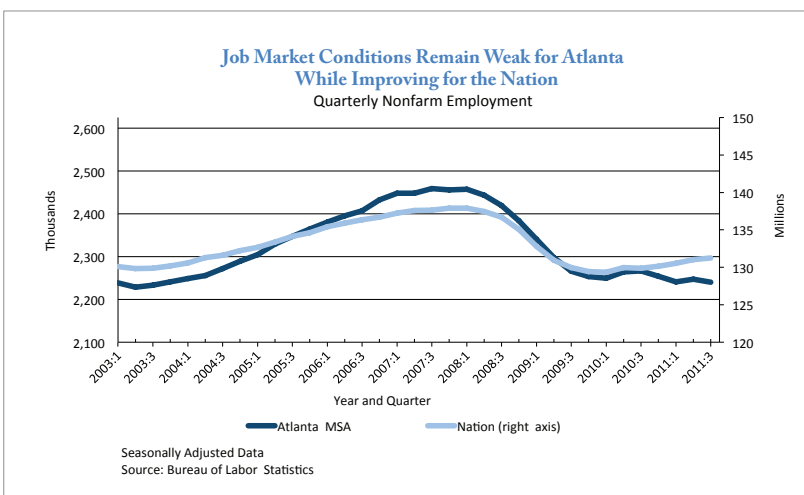
Population Growth, Employment, and Housing Market:

According to the most recent Census, the Atlanta MSA has a population of 5.27 million which has increased by an average of approximately 102,000 people (2.4 percent) each year since 2000 – including an average of 55,000 new residents that moved to the area. Migration was the most rapid between 2005 and 2007 when an average of 62,000 jobs a year were added. Population growth peaked at 160,000 in 2006 but has since slowed to less than half that level. Household growth averaged 2.5 percent annually between 2000 and 2010, but net annual housing unit growth at 3.2 percent exceeded corresponding population and household growth rates.

Atlanta Housing Unit Growth Outpaced Population and Household Growth During the Past Decade		
Date of Census	4/1/2000	4/1/2010
Atlanta MSA Population	4,247,636	5,268,860
Annual Growth Rate	-	2.4%
Atlanta MSA Households	1,554,154	1,937,225
Annual Growth Rate	-	2.5%
Atlanta MSA Housing Units	1,644,572	2,165,495
Annual Growth Rate	-	3.2%

Source: Census Bureau (2000 and 2010 Decennial) with 2000 Data Adjusted to Reflect 2010 MSA Definition.

From 2008 through 2010, Atlanta and surrounding cities lost a total of 194,000 jobs—and the area continues to shed jobs. While employment in the U.S. increased by 1 percent in the third quarter of 2011 from a year earlier, local employment in Atlanta fell by 26,000 jobs, or 1.1 percent, during the same period. More than half of job losses in the Atlanta MSA over the past year were from the financial services sector (11,300) and construction (7,000), primarily as a result of continued





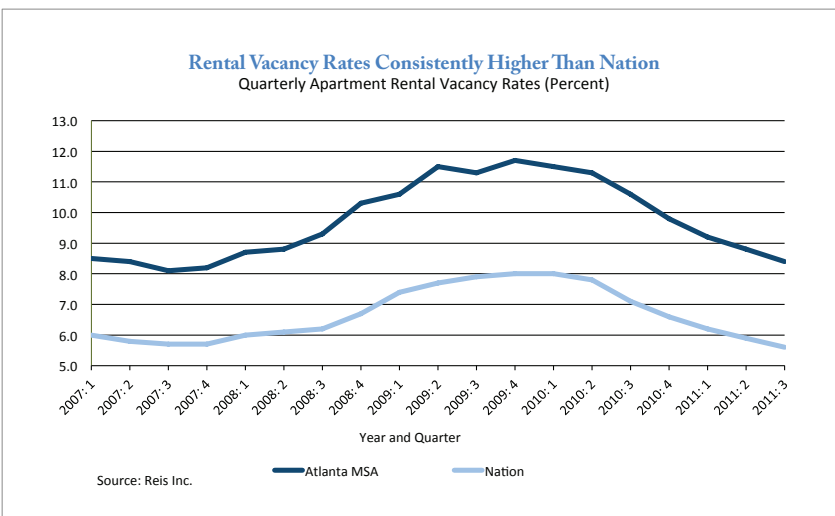
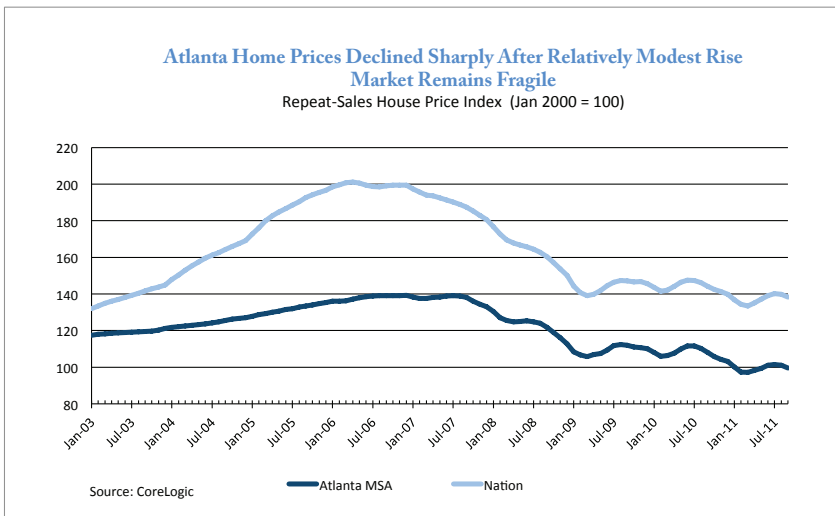
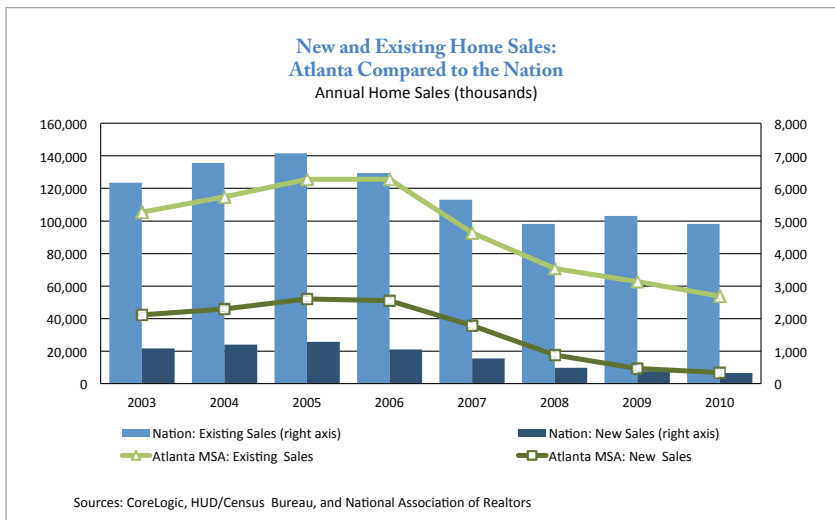
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weakness in the local housing market. Also, there was a decline in government sector jobs (12,700) as a result of state and local budget cuts. The local economy added jobs in transportation and utilities (4,400), manufacturing (4,200), and professional and business services (2,200). The average unemployment rate for the Atlanta MSA was 10.1 percent in the third quarter of 2011, down slightly from 10.2 percent a year earlier. The national average unemployment rate during the same period was 9.1 percent, down from 9.6 percent.

Home sales in the Atlanta MSA remain sluggish, with existing home sales on the decline since 2006 and new home sales declining since 2005. During the first eight months of 2011, existing home sales fell by 13 percent compared to the first eight months of 2010, while new home sales fell by 29 percent, according to CoreLogic. The high proportion of distressed sales, which currently represents 39 percent of all existing home sales in the Atlanta market and is well above the national rate of 27 percent – has weakened Atlanta home prices overall. The CoreLogic repeat-sales house price index shows that home prices in Atlanta rose at just one-third the national pace between 2000 and 2005. Although home prices in Atlanta did not inflate as they did in much of the nation, prices nonetheless declined 24 percent from their peak in December 2006 to their low in March 2009, nearly as high as the national average peak-to-low decline of 31 percent. Home prices in Atlanta have shown signs of rebounding since early 2009, but they remain at low levels not seen in more than a decade. The rental market in Atlanta is showing signs of improvement, but like the sales market, it remains fragile. According to Reis Inc., the overall apartment vacancy rate in Atlanta was 8.4 percent in the third quarter of 2011, down from 10.6 percent a year earlier but well above the national average of 5.6 percent. During the third quarter of 2011, average rents increased by 2 percent from a year ago to \$860. The average rent nationwide increased by 2 percent to \$1,060 during the same period.

Trends in Mortgage Delinquencies and Foreclosures:

Homeowners in Atlanta are still struggling with high levels of mortgage delinquency and foreclosure, although conditions have improved since February 2010. As of September 2011, the Atlanta metro area ranked 73rd out of 366 metropolitan areas for the percentage of mortgages at risk of foreclosure (90 or more days delinquent or in the process of foreclosure) according to LPS Applied Analytics. Through the efforts of numerous state and local entities in partnership with the federal government, the number of mortgages at risk of foreclosure in the Atlanta area declined from approximately 73,500 (8.7 percent of all mortgages) in September 2010 to 65,100 (7.5 percent) in September 2011, compared with a national decline from 7.3 to 6.9 percent. CoreLogic data since 2000 show that the share of mortgages 90 or more days delinquent, which includes loans in the foreclosure process or bank owned, has been consistently higher in Atlanta than in the nation. Since its January 2010 high of 10.7 percent, the rate of mortgages 90 or more days delinquent has fallen to 8.9 percent; national rates declined from 8.5 percent to 7.2 percent over the same period. Realty Trac data show that although the foreclosure rate in Atlanta remains higher than in the nation overall, it shows improvement for the most part since





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the third quarter of 2010. Foreclosure completions declined from 30,400 during the first nine months of 2010 to 27,700 during the first nine months of 2011, although lender process reviews continue to affect foreclosure completions locally and nationally. CoreLogic reports that 35 percent of mortgages in the Atlanta MSA are currently underwater – compared to 22 percent nationally - representing additional homeowners and loans potentially at risk.

Foreclosure Completion Rates in the Atlanta MSA				
Area	Third Quarter 2011		Since April 1, 2009	
	Foreclosure Completions	Foreclosure Rate	Foreclosure Completions	Foreclosure Rate
Atlanta MSA	11,100	0.5%	92,800	4.3%
Nation	196,500	0.2%	2,332,100	1.8%

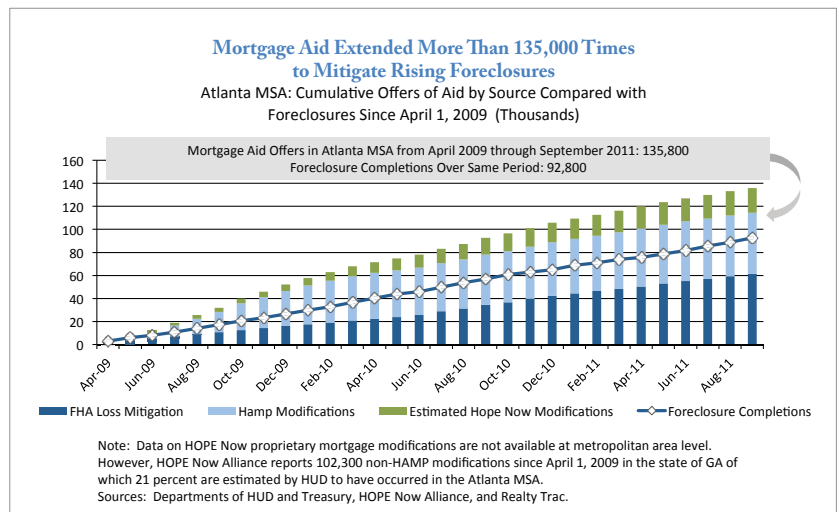
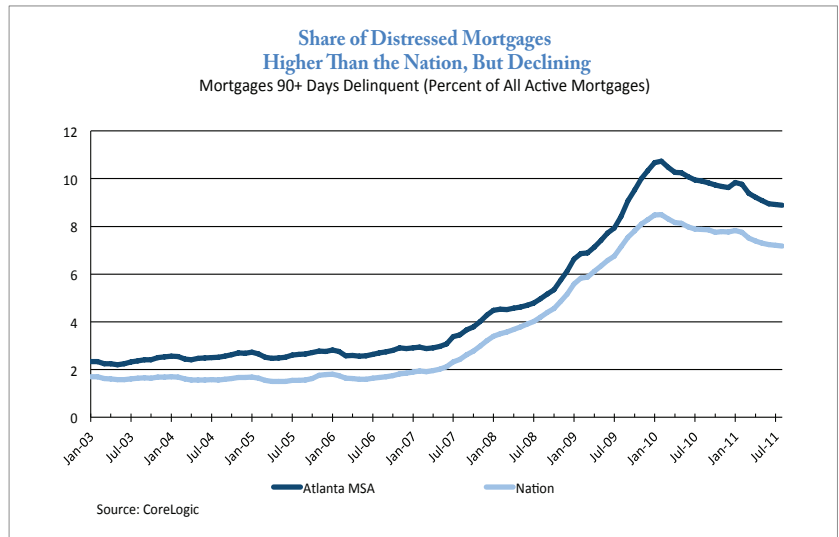
Note: Foreclosure Rates as Percent of All Housing Units; Data through September 2011 for Foreclosures since 2009
Source: Realty Trac and Census Bureau

The Administration's Efforts to Stabilize the Atlanta Housing Market:

From the launch of the Administration's assistance programs in April 2009 through the end of September 2011, approximately 135,800 mortgage assistance interventions have been offered to homeowners in the Atlanta metropolitan area. More than 114,300 interventions were offered through the Home Affordable Modification Program (HAMP) and the Federal Housing Administration (FHA) loss mitigation and early delinquency intervention programs. An estimated additional 21,500 proprietary modifications have been offered through HOPE Now Alliance servicers. While some homeowners may have received help from more than one program, the number of times assistance has been offered is nearly one and one-half times the number of foreclosures completed during this period (92,800) in the Atlanta MSA.

In addition to offers of mortgage aid to homeowners, the Administration's Neighborhood Stabilization Program (NSP) and Hardest Hit Fund have helped to stabilize the Atlanta housing market. *Piece by Piece*, a local initiative organized

Atlanta MSA NSP Activity (Housing Units)	Projected	Completed
NSP1 Total	957	511
Clearance and demolition	16	16
Construction of new housing	41	0
Homeownership assistance to low- and moderate-income	167	99
Rehabilitation/reconstruction of residential structures	733	396
NSP3 Total	1220	0
Clearance and demolition	12	0
Homeownership assistance to low- and moderate-income	992	0
Rehabilitation/reconstruction of residential structures	216	0



by members from both the public and private sectors with the assistance of the local and regional HUD offices, has also helped residents avoid foreclosure.

Given over three rounds, the **Neighborhood Stabilization Program** has invested \$7 billion nationwide to help localities work with non-profits and community development corporations to turn tens of thousands of abandoned and foreclosed homes that lower property values into homeownership opportunities and the affordable rental housing that communities need. In addition to stabilizing neighborhoods and providing affordable housing, NSP funds have helped save jobs. Each home purchased, rehabbed and sold through the NSP program is the result of the efforts of 35 to 50 local employees.

Overall, a total of \$91.2 million has been awarded to seven grantees in the Atlanta MSA: the City of Atlanta and the counties of Cobb, Clayton, DeKalb, Fulton, Gwinnett, and Paulding. The jurisdictions received \$68.3 million in NSP1 funds and \$22.9 million in NSP3 funds. The State of Georgia has also received \$97.0 million in NSP funds to be used across the state for neighborhood stabilization. Approximately 511 households have already benefited from NSP, and activities funded by the program are expected to provide assistance to an additional 2,177 owner and renter households. Here are some examples of how these funds have been put to use:



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- NSP funds in the **Atlanta MSA** provided the opportunity for more than 180 female heads of household to purchase homes with an affordable mortgage if their income was at or below 50 percent of area median income (AMI).
- The **City of Atlanta** secured a \$600,000 grant from the Green Home Advantage Program via Enterprise Community Partners and The Home Depot Foundation to improve air quality and reduce water and energy consumption in NSP homes. Buyers of green designated homes can save more than a third on utility expenses. Another innovative NSP program used green rehab practices developed by South Face and Enterprise Community Partners to lower utility costs. Money netted from home sales are being re-circulated back into the construction of other NSP eligible activities.
- The **City of Atlanta**, in partnership with developers and other firms, leveraged \$2.8 million to acquire and rehabilitate or demolish 265 units. Twenty-two blighted units were removed and 48 units have been rehabilitated so far. Twenty of the properties have been sold to homeowners and 22 have been rented to income eligible households. In some cases, NSP financing was provided towards the purchase of these foreclosed properties.
- The sale of NSP homes in **DeKalb County** has not only brought new life to once vacant properties, but has introduced higher-value market sales creating a “spillover” effect that is helping to stabilize communities, protect existing residents from further erosion of household wealth, stimulate lending, and attract private investment to these neighborhoods.
- In **Cobb County**, as part of a comprehensive strategy to partner with others and build a stronger, more sustainable community, NSP funds were used to rehabilitate Cedar Pines Apartments, a blighted 168 unit apartment complex. The project revitalized a substandard apartment complex and turned it into a highly desirable residential community. The complex is strategically located near local transportation and other amenities. More than half of the units are available for people with incomes at or below 50 percent of AMI.
- The **County of Gwinnet** used NSP funds to purchase 15 unfinished homes in Avington Glenn, a subdivision abandoned by its developers before completion. The completion of the homes revitalized the neighborhood and slowed the decline of home prices in the area. Nine of the homes have already been sold to eligible homebuyers.
- **Elevating local solutions to help heal the Atlanta metro market.** Under the coordination of the Atlanta Regional Commission, the top leadership from five Atlanta area counties – **Clayton, DeKalb, Fulton, Gwinnett, and Rockdale** – participated in a roundtable discussion of county-based solutions and best practices in addressing foreclosure, some of which are funded through the Administration's NSP program. Local NSP managers and other government staff from across the region meet monthly at the Atlanta Regional Commission and via web-conferencing to collaborate on a wide range of foreclosure mitigation challenges and opportunities.
- **Putting vacant homes back into positive use.** Under the leadership of the Westside Home Builders Association, **Douglas County** has implemented a local initiative to rehabilitate and sell foreclosed homes in the county. The Douglas County Initiative engages local home builders for the rehabilitation work, local real estate professionals for the sale transactions, and local lenders for mortgage lending products which are critical to the survivability of the local homebuilding industry. In addition, PBP partners jointly sponsored an information session for more than 150 housing professionals on mortgage lending products such as HUD's Section 203(k) which can help homebuyers or investors finance the purchase and rehabilitation of foreclosed homes.

As part of the State of Georgia's housing recovery efforts, the **HomeSafe Georgia** program was launched on April 1, 2011 to help approximately 18,000 Georgia homeowners who have experienced a substantial decrease in income due to job loss or underemployment, by providing a mortgage payment bridge while they seek new or better employment. *HomeSafe Georgia* is funded by a \$339 million grant from the Administration's **Hardest Hit Fund** and administered by the Georgia Department of Community Affairs (DCA) under contract with the Georgia Housing and Finance Authority's *GHFA Affordable Housing, Inc.*

Assistance is provided in one of two ways:

Mortgage Payment Assistance: Under this program, the homeowner's monthly mortgage payment is paid directly to the lender for up to 18 months. The homeowner's household income is reviewed to determine the level of assistance needed and the minimum mortgage payment that may be contributed by the borrower. Eligible homeowners close on a 0 percent interest rate subordinate loan similar to a home equity line of credit. Following the assistance period, the loan will be forgiven at a rate of 20% per year for five years.

Reinstatement Assistance: Under the Reinstatement Assistance program, a one-time payment is made to the lender to cover up to 6 months of missed mortgage payments and lender fees.

To date, more than 80 mortgage servicers have agreed to participate in at least one of the *Home Safe* programs. Georgia homeowners who believe they may be eligible for these programs should visit **www.homesafegeorgia.com**. Georgia has these funds available until 2017 or until all funds are expended to help struggling homeowners and prevent avoidable foreclosures.

In late 2010, more than 400 public and private sector housing stakeholders representing 140 agencies from across the Atlanta area organized an innovative local foreclosure response program, the **Piece by Piece** (PBP) initiative, which harnesses their collective forces to prevent foreclosures and to help reoccupy vacant and abandoned homes. The PBP leadership team includes local, regional, and national organizations such as the Atlanta Neighborhood Development Partnership, the Atlanta Regional Commission, CredAbility, Enterprise Community Partners, the Federal Reserve Bank of Atlanta, the Greater Atlanta Home Builders Association, the Home Depot Foundation, the National Housing Conference, and NeighborWorks America. The HUD Atlanta Regional Office has worked very closely with the leadership team from the earliest stages of the initiative to develop benchmarks of accountability. The **Piece by Piece** initiative has yielded major success in the local housing market: