

## 1. Housing Profile

- Plainfield is predominantly an owner occupied city with:
  - 43% of the owner occupied home values ranging from \$300K to \$499,999.
  - 32% the owner occupied homes purchased or refinanced between 2005 and later.
  - 26% of the owner occupied homes purchased or refinanced between 2000 and 2004
  - 46% of the owner occupied homes paying at least 35% of their monthly income towards housing costs.
- Housing Market
  - Number of foreclosures 125 (source is Trulia) 604 (RealtyTrac-includes notices of default, frclsr action and bank repossessed)
  - Median home value \$305,700 (2010 US Census).
  - Recent (wow) sales price increased by 9% (Trulia)
- Demographics
  - 50% Black and 40% of Hispanic ethnicity (includes black and white populations.).
  - Median income: \$52,056

## 2. Foreclosure impacts (Center for Responsible Lending, 11.11 Report)

### **People:**

1. African Americans and Latinos have a
  - higher percentage of higher-rate loans
  - likely to have 'risky' loans
  - almost twice as likely to lose home through foreclosure than whites.

2. Studies indicate that the foreclosures affect:

- physical health of families
- creates insecurity in children, affecting
  - behavior, cognitive development, academic performance and more.
- Family's financial well-being
  - Inability to 'tap' equity for new business
  - Pay for higher education
  - Retirement
  - Removes cushion for unexpected hardships, including
    - Loss of job, divorce, medical expenses
  - Removes family's main ability to transfer wealth to next generation.

**Community:**

When inadequately secured and maintained, foreclosed properties can lead to increased crime, pest infestations, disorder, and violence. Municipalities impacted by foreclosures face a troublesome combination of decreasing property tax revenues combined with increasing costs of responding to foreclosure-related problems.

1. Costs to neighborhood and taxpayers

- Abandoned properties impact home values and weaken future homebuyer sales.
- Abandoned properties create opportunities for crime.

2. Study indicates that an average of \$5,400.00 is spent by a local government to 'maintain' an abandoned foreclosed property in code compliance.(Chicago Foreclosures, Agar and Duda 2005)

## The Remedy(ies)

- Housing Mortgage Data Act (HMDA) data indicates that more than 20 percent of mortgage holders in the United States owe more on their loan than their home is worth.
- Between predatory lending practices, the packaging and sale of questionable mortgages by Wall Street and the loss of home value, the most effective tool to relieve distressed mortgages and prevent foreclosure is to forgive some mortgage debt owed by struggling borrowers through "principal reduction."
- the recent foreclosure settlement between banks, states and the federal government would require the banks to pay \$25 billion to participating states as a result of their failure and omissions to execute foreclosures properly.
- this agreement has far-reaching potential, because it attacks the fundamental engine that defies an abatement to the foreclosure crisis: exaggerated home values, beyond the amount of the loan.
- A reduction in principle translates to a reduction in monthly mortgage payments, making the mortgage affordable and preventing a foreclosure. It also has the potential to
  - Re-adjusts the housing market, potentially increasing the volume of housing sales and their sales price.