



91 DAYS, 1,001 FORECLOSURES

The first 3 months of 2008 shed light on Pinellas County's ongoing crisis and its implications.

**A WARN / ACORN REPORT
MAY 2008**

THE EXTENT OF THE CRISIS

This report examines a snapshot of the foreclosure crisis in Pinellas County through an analysis of homes undergoing foreclosure proceedings during January, February, and March of 2008. Records of foreclosure proceedings in Pinellas County Circuit Court are available to the public on the County's official website. A review of these records shows that 3,005 residential foreclosure proceedings were in progress during the first three months of 2008. While foreclosure on any home is a threat to property owners and communities, we wanted to focus on borrowers in the most dire need. Therefore, we eliminated from our list property owners who owned more than one property in the county, or whose address of record is outside of the county, and ended up with a list of 1,001 foreclosure proceedings—all of which likely involve homeowners in danger of being evicted from their only home and residence (i.e., likely involving "homesteaded" properties). This is the data set presented in this report.

Almost half of these 1,001 foreclosures were occurring in St. Petersburg, but the remainder were spread throughout practically every community in the County—from Tierra Verde to Tarpon Springs. In fact, there was no spot in Pinellas County more than 2 miles from a homeowner facing foreclosure proceedings in early 2008. Furthermore, the crisis is affecting homeowners across the economic spectrum, with homes in foreclosure having market values ranging from under \$50,000 to over \$1 million. (Almost 10% of the homes on the list are worth more than \$300,000.)

THE EFFECTS OF THE CRISIS

While the effects of the foreclosure crisis are harder to quantify than its extent, numerous social and economic ills can be linked to foreclosure. Those evicted from their homes are clearly the most affected—for them, foreclosure may mean a substantially lowered standard of living or even homelessness. Their former neighbors and communities, however, also feel the impact.

Between 2005 and 2007, the homeowner vacancy rate in the Tampa-St. Petersburg-Clearwater metropolitan area rose from 1.8% to 5.1%, giving it in 2007 the second-highest vacancy rate among large metropolitan areas nationwide. High rates of foreclosure and resultant vacancy have been linked to higher crime rates¹ and lower property values.² Lower property values, in turn, often result in cuts to much-needed social services, from schools to law enforcement. The Center for Responsible Lending predicts that Pinellas County properties will lose over \$700 million in value as a result of foreclosures related to subprime mortgages issued in 2005-2006 alone.¹ That equates to a loss of over \$14 million in property tax revenues.

All of these problems, along with the less concrete but no less important impact of foreclosures on the social fabric of communities, mean that no one in Pinellas County is unaffected by the ongoing foreclosure crisis.

WHAT CAN BE DONE . . . RIGHT NOW

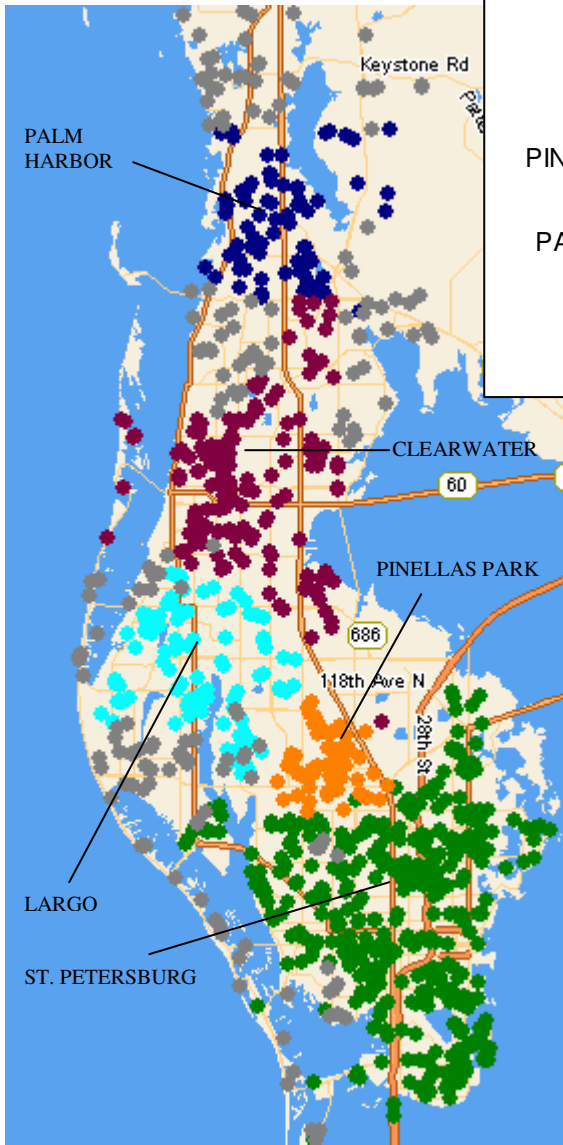
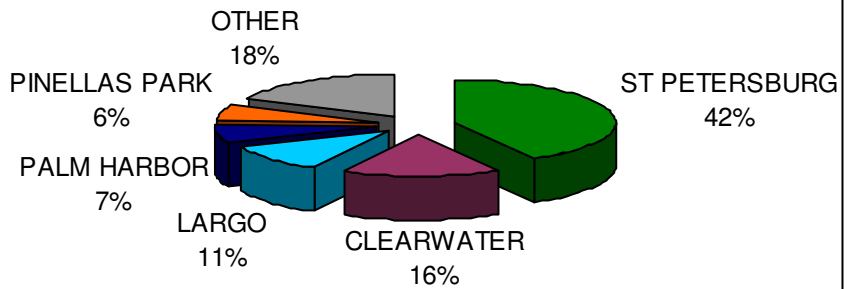
Much has been said about the causes of the current foreclosure crisis and how to prevent a similar crisis from arising again in the future—and much remains to be said. However, the more immediate question facing communities like Pinellas County is how to keep imperiled homeowners in their homes. The answer, in almost every case, is a loan modification. While each homeowner in foreclosure requires assistance tailored to their specific needs and circumstances, repayment plans and other shell-game mortgage "workouts" are not likely to keep most homeowners in their homes. Luckily, independent third-party organizations exist which can help homeowners negotiate loan modifications which eliminate the threat of foreclosure.

ACORN Housing Corporation, a national non-profit housing agency, recently received a \$7.8 million grant through the National Foreclosure Mitigation Counseling Program in support of its ongoing provision of free foreclosure prevention services to homeowners in need. Approved by Congress in the FY08 Consolidated Appropriations Bill, the National Foreclosure Mitigation Counseling Program is administered through a competitive application process by NeighborWorks[®] America (a Congressionally-chartered non-profit organization), within guidelines defined by Congressional legislation. ACORN Housing's loan modification success rate stands at over 60%, and the recent grant has allowed it to contract with national community organization ACORN to reach more families in need of assistance. WARN, a St. Petersburg-based ACORN affiliate, is working to address Pinellas County's foreclosure crisis by connecting the county's struggling homeowners with ACORN Housing's free, professional loan modification services.

¹See, e.g., Immergluck, Dan, and Geoff Smith, 2006, *Housing Studies*, "The Impact of Single-Family Mortgage Foreclosures on Neighborhood Crime."

²See, e.g., Center for Responsible Lending, 2008, "Subprime Spillover." <http://www.responsiblelending.org/issues/mortgage/research/subprime-spillover.html>

Number of Foreclosures by Community



Sources & Methodology

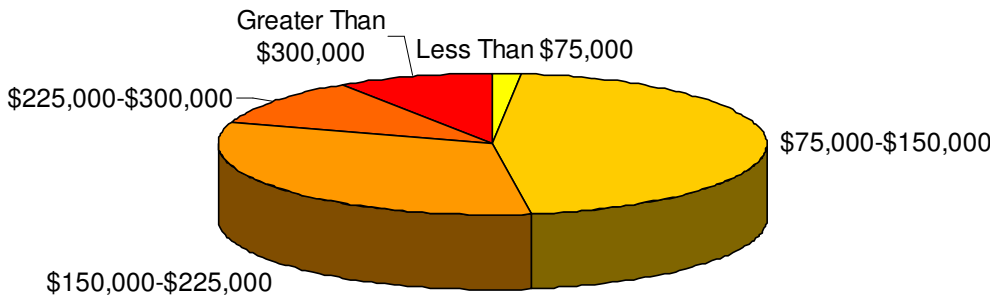
Pinellas County Circuit Court records reveal 1,001 owner-occupied homes undergoing foreclosure proceedings in January-March 2008. After mapping these homes, we divided them into communities based on postal address, rather than based on strict municipal boundaries. Since St. Petersburg contained nearly half of the foreclosures, we also visually identified prominent clusters of foreclosures within that city—i.e., areas with noticeably higher densities of foreclosures than the surrounding areas—delineated them, and counted the number of foreclosures in each cluster. Since the areas of the clusters vary, larger numbers of foreclosures do not necessarily represent higher densities.

Conclusions

1,001 owner-occupied homes in Pinellas County were undergoing foreclosure proceedings in the first three months of 2008. St. Petersburg bore the brunt of the foreclosures, with 42% located there—despite the fact that, according to the most recent U.S. Census data, the city contains only about 27% of the county’s population. Within St. Petersburg, foreclosures were widespread, but noticeable clusters were identified in the following areas: Central Oak-Childs Park, South of Lealman, Pinellas Point, Lake Maggiore-Bayfront, Coquina Key and Riviera Bay.

Prominent Foreclosure Clusters in St. Petersburg	Description	Number of Homes in Foreclosure
Central Oak-Childs Park	Central Oak & Childs Park Neighborhoods, and W to 58 th St. N	47
South of Lealman	22 nd Ave. to 38 th Ave. N, and MLK St. N to 34 th St. N	36
Pinellas Point	Pinellas Point Neighborhood	20
Lake Maggiore-Bayfront	I-175 to 22 nd Ave. S, and I-275 to 4 th St. S	19
Coquina Key	Coquina Key Neighborhood	15
Riviera Bay	Riviera Bay Neighborhood, and W to 9 th St. N	14

Value of Homes in Foreclosure

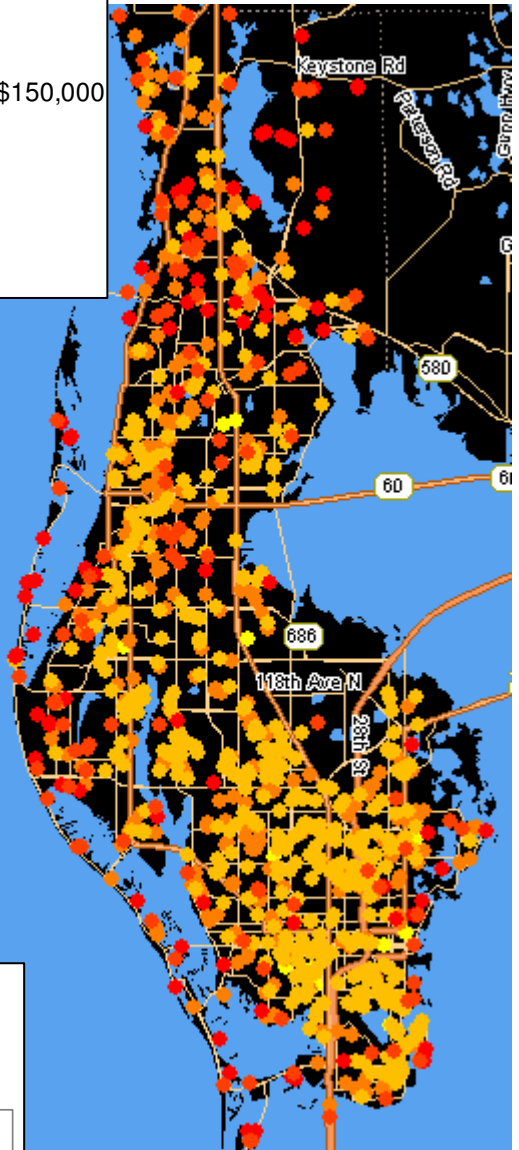


Sources & Methodology

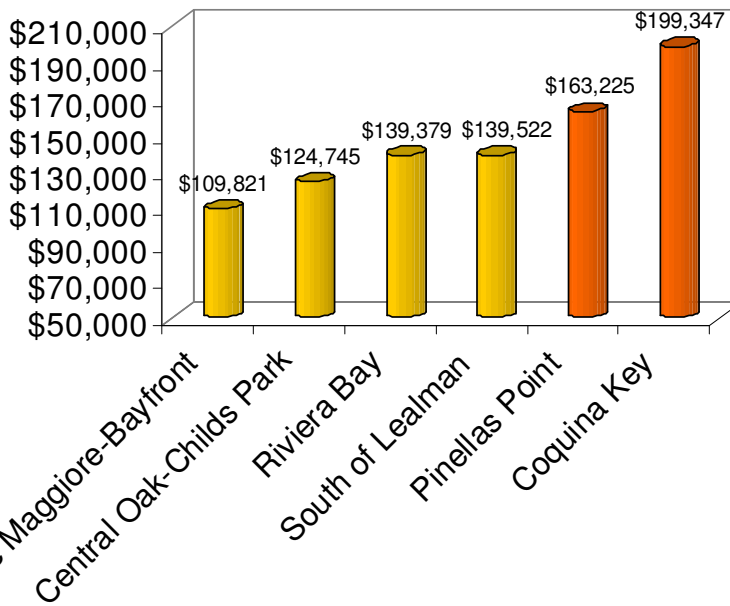
The value of homes undergoing foreclosure proceedings in the first three months of 2008 was determined by reviewing the most recent market value for the property listed on the Pinellas County Property Appraiser’s website. Values of homes in each of the St. Petersburg foreclosure clusters identified above were averaged.

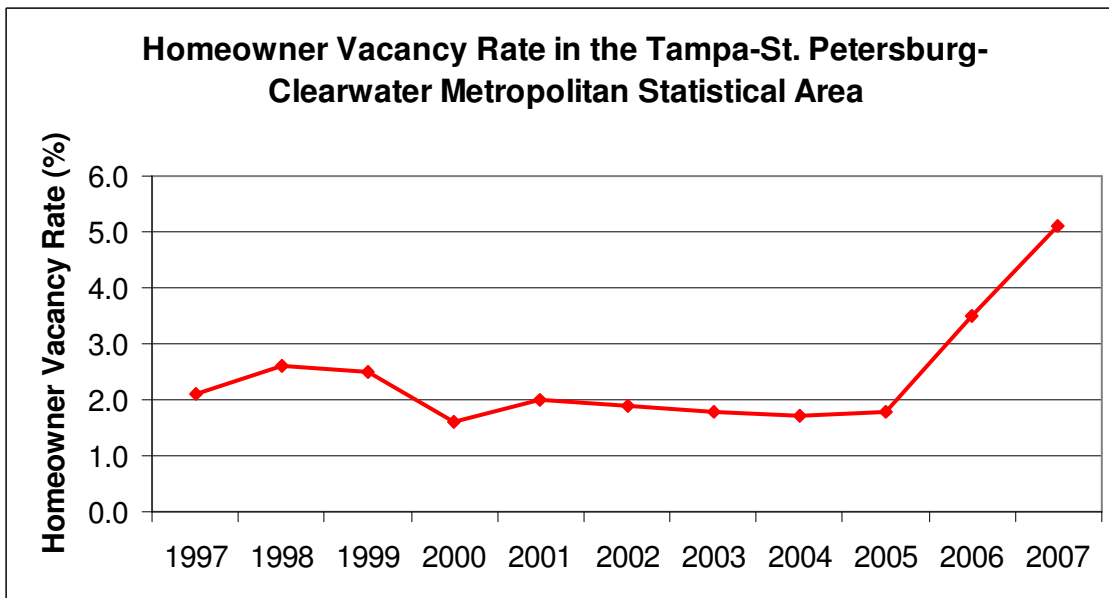
Conclusions

Homes undergoing foreclosure proceedings have a very wide range of values (homes on our list ranged from under \$50,000 to over \$1 million). Wealthy beach community residents as well as low-income homeowners in economically depressed neighborhoods stand to lose their homes as a result of the ongoing foreclosure crisis. In the foreclosure clusters in the city of St. Petersburg, average values ranged from under \$110,000 to nearly \$200,000.



Average Value of Homes in St. Petersburg Foreclosure Clusters



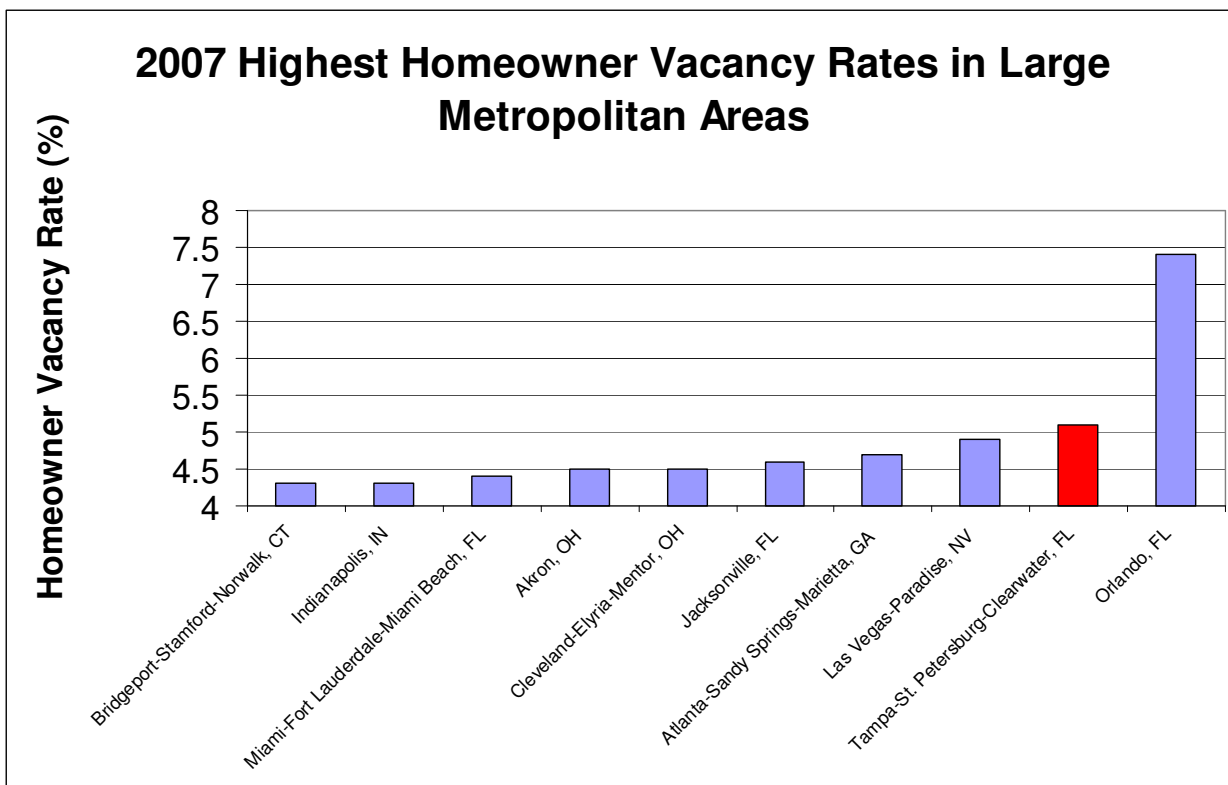


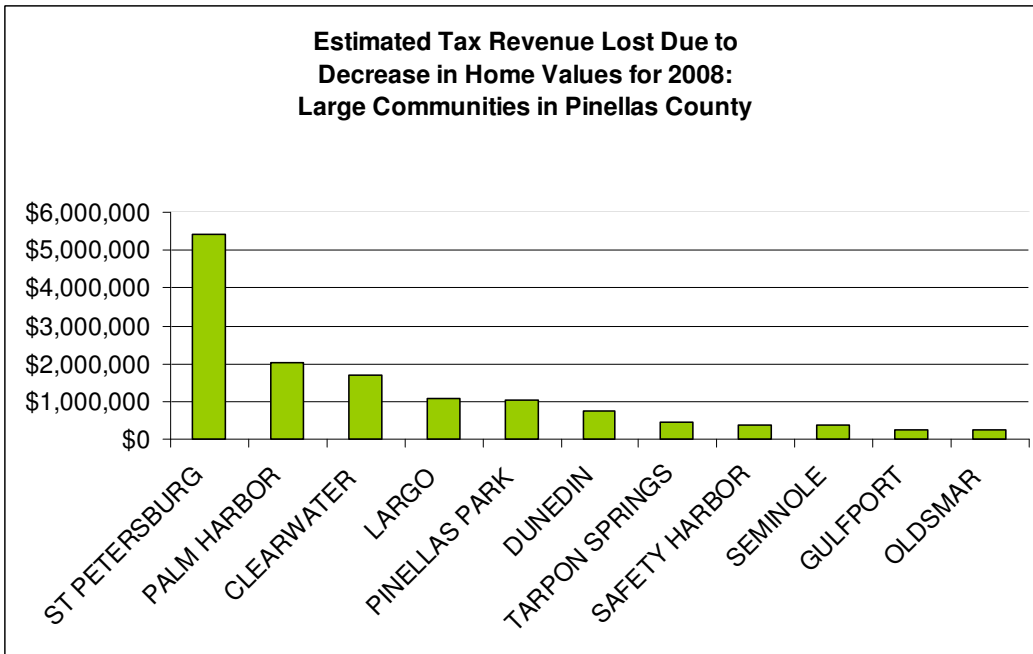
Sources & Methodology

The U.S. Bureau of the Census Housing Vacancy Survey publishes yearly data on homeowner vacancy rates across the country. The homeowner vacancy rate is the number of unoccupied housing units awaiting sale to a primary owner-occupant, expressed as a percentage of the total number of owner-occupied housing units and units awaiting sale to a primary owner-occupant. Each year, the Survey's *Annual Statistics* report provides homeowner vacancy rates for the 75 largest Metropolitan Statistical Areas in the United States; we surveyed the last 10 years.

Conclusions

The homeowner vacancy rate in the Tampa-St. Petersburg-Clearwater MSA stayed relatively steady from 1997-2005, then rose dramatically in the last three years. From 2005 to 2007, the rate nearly tripled. It is currently the second-highest rate of any large MSA in the country. Although the exact contribution of foreclosures to the vacancy rate is unknown, the timing of the rate's increase has coincided with the rapidly growing foreclosure crisis, and reason dictates that the crisis is having a substantial impact on the vacancy rate.



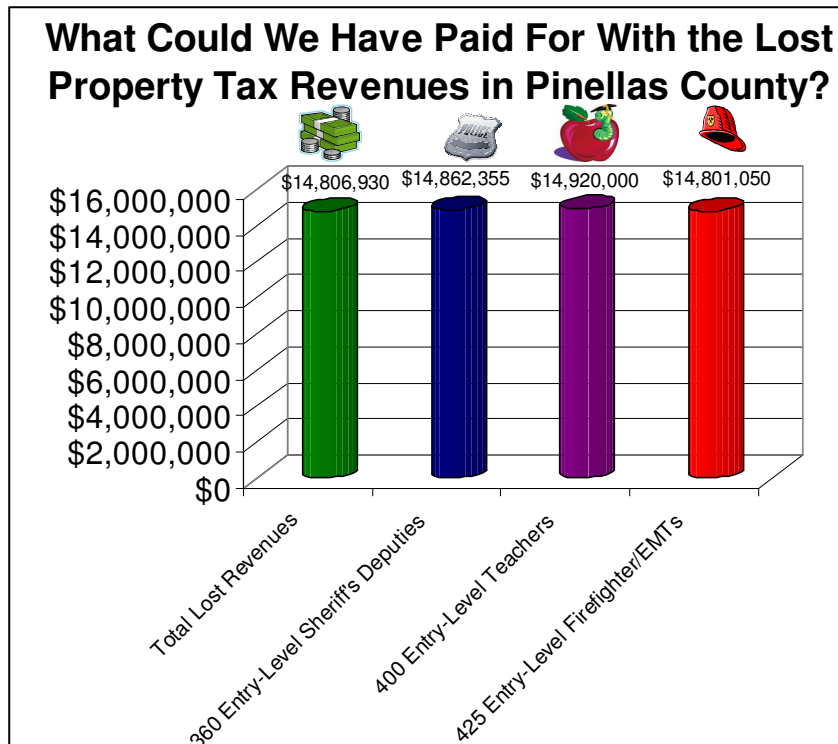


Sources & Methodology

The Center for Responsible Lending’s “Subprime Spillover” report (see above) estimates the total lost property value in Pinellas County as a result of foreclosures of subprime mortgages issued in 2005-06 only. We estimated the lost value in each community by applying to this total a fraction equivalent to the proportion of foreclosures each community represented on our list of 1,001. We then estimated lost property tax revenues by applying relevant millage rates. We compared the total lost revenues in the county as a whole to entry-level salaries listed on the websites of the Pinellas County School District (teachers), the Pinellas County Sheriff’s Department (deputies), and the St. Petersburg Fire Department (firefighters/EMTs).

Conclusions

Pinellas County and its municipalities will lose \$14.8 million in property tax revenues from foreclosures on 2005-06 subprime mortgages alone. The city of St. Petersburg will lose \$5.4 million. In an environment of rapidly decreasing local government budgets, this will have a substantial impact on services. \$14.8 million would pay the salaries of roughly 360 sheriff’s deputies, 400 teachers, or 425 firefighters/EMTs.



CURRENTLY, THERE IS NO SPOT IN PINELLAS COUNTY THAT IS MORE THAN 2 MILES FROM A HOMEOWNER GOING THROUGH FORECLOSURE PROCEEDINGS.

Sources & Methodology

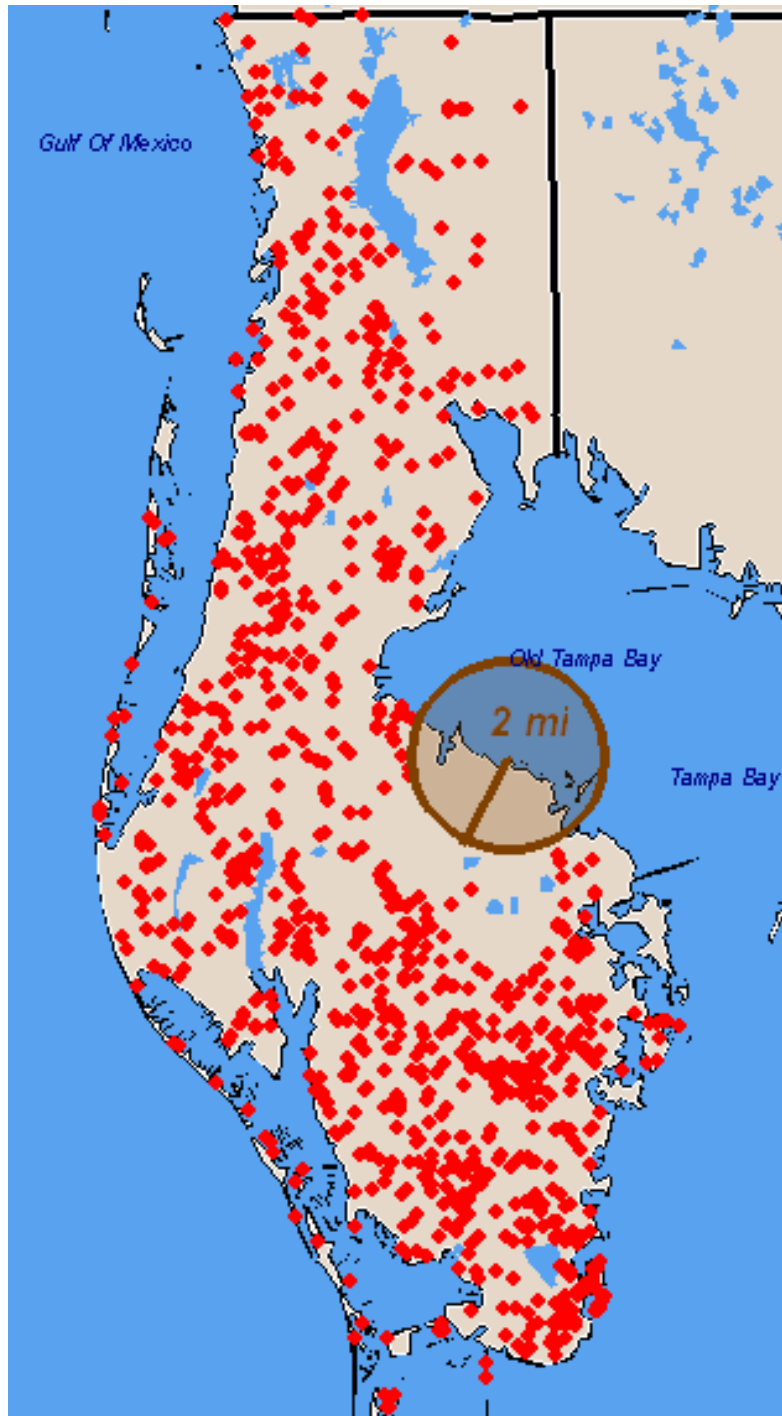
We used our map to determine the point in the county most distant from any of the 1,001 homes in foreclosure as well as the approximate distance between this point and the nearest home in foreclosure.

Conclusions

The foreclosure crisis in Pinellas County affects everyone who lives or works in the county. These effects are wide-ranging and serious. Indeed, while former property owners forced into homelessness must be the most severely impacted by this crisis, it is now clear that no one can escape the pain of foreclosure in Pinellas County.

Every part of the county is likely to experience decreased property values. In many areas, this problem will be exacerbated by increased crime rates, which can also interact with decreased tax revenues and smaller local government budgets to catalyze the breakdown of social services. Perhaps most importantly, the sense of community which holds so many neighborhoods together may collapse under the stress of the unwilling departure of neighbor after neighbor.

The number of foreclosures occurring in Pinellas County means that this nightmare scenario could easily—and quickly—become a reality if immediate and effective action is not taken.



APPENDIX: SUMMARY TABLES FOR COMPLETE DATA SET

Total Count of Foreclosures by Community		Avg Value of Properties in Foreclosure by Community	
Community	Count	City	Avg Property Values
ST PETERSBURG	418	BELLEAIR	\$391,920
CLEARWATER	157	BELLEAIR BEACH	\$624,333
LARGO	109	BELLEAIR BLUFFS	\$209,750
PALM HARBOR	75	CLEARWATER	\$186,124
PINELLAS PARK	61	DUNEDIN	\$234,026
TARPON SPRINGS	38	GULFPORT	\$191,514
SEMINOLE	37	INDIAN ROCKS BEACH	\$380,260
DUNEDIN	31	KENNETH CITY	\$135,000
OLDSMAR	15	LARGO	\$157,739
SAFETY HARBOR	13	MADEIRA BEACH	\$503,700
GULFPORT	7	NORTH REDINGTON BEACH	\$163,300
BELLEAIR	5	OLDSMAR	\$311,400
INDIAN ROCKS BEACH	5	PALM HARBOR	\$248,825
TREASURE ISLAND	5	PINELLAS PARK	\$147,898
BELLEAIR BLUFFS	4	REDINGTON BEACH	\$286,900
KENNETH CITY	4	REDINGTON SHORES	\$265,200
ST PETE BEACH	4	SAFETY HARBOR	\$224,108
TIERRA VERDE	4	SEMINOLE	\$212,303
BELLEAIR BEACH	3	SOUTH PASADENA	\$206,100
REDINGTON BEACH	2	ST PETE BEACH	\$384,675
MADEIRA BEACH	1	ST PETERSBURG	\$161,806
NORTH REDINGTON BEACH	1	TARPON SPRINGS	\$211,542
REDINGTON SHORES	1	TIERRA VERDE	\$353,125
SOUTH PASADENA	1	TREASURE ISLAND	\$345,200
Grand Total	1001		

Lost Property Tax Revenue by Community	
Community	Lost Property Tax Revenue
ST PETERSBURG	\$5,402,979
PALM HARBOR	\$2,009,027
CLEARWATER	\$1,684,785
LARGO	\$1,092,415
PINELLAS PARK	\$1,040,103
DUNEDIN	\$749,859
TARPON SPRINGS	\$465,060
SAFETY HARBOR	\$382,121
SEMINOLE	\$357,644
GULFPORT	\$259,020
OLDSMAR	\$239,217
ST PETE BEACH	\$198,957
TREASURE ISLAND	\$144,205
SOUTH PASADENA	\$112,842
TIERRA VERDE	\$111,769
BELLEAIR	\$111,553
KENNETH CITY	\$105,177
MADEIRA BEACH	\$76,725
INDIAN ROCKS BEACH	\$75,137
BELLEAIR BLUFFS	\$51,210
REDINGTON SHORES	\$43,543
BELLEAIR BEACH	\$37,720
REDINGTON BEACH	\$33,350
NORTH REDINGTON BEACH	\$22,511
Grand Total	\$14,806,930

Market Value of Property in Foreclosure	Percentage of Whole
Less than \$75,000	1.8%
\$75,000 - \$150,000	46.1%
\$150,000 - \$225,000	32.2%
\$225,000 - \$300,000	10.8%
Greater than \$300,000	9.2%