

Statement of
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Before the
Council of the District of Columbia,
Joint Public Oversight Roundtable on
The Impact of Foreclosures on Home Ownership and
Affordable Housing in the District of Columbia

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Good morning. My name is Peter Tatian and I am a senior researcher in the Urban Institute's Metropolitan Housing and Communities Policy Center. I am also the director of NeighborhoodInfo DC, an information resource for the District of Columbia.¹ I appreciate the opportunity to provide this testimony highlighting data compiled by NeighborhoodInfo DC on housing foreclosures in Washington, D.C.

The most recent data that we have analyzed show that the national foreclosure crisis has not spared households in the District of Columbia. Although the intensity of the foreclosure problem is not as severe as in other parts of the region, the nation's capital has seen a marked and steady increase in foreclosures since the beginning of the housing market downturn.

According to records of foreclosure notices filed with the D.C. Recorder of Deeds (ROD), the number of residential properties that were issued a foreclosure notice in the first quarter of 2009 was the highest level for all first quarters in the past 10 years (table 1). ROD recorded that 911 single-family homes were issued one or more foreclosure notices in the first quarter of 2009, almost four times the number in the first quarter of 2006. An additional 255 condominium units were issued foreclosure notices in the first quarter of 2009, more than five times the number in the first quarter of 2006, and 178 multifamily residential properties (cooperatives or rental apartment buildings) were issued foreclosure notices in the first quarter of 2009, over seven times the number in the first quarter of 2006. (Almost all of the multifamily properties with a foreclosure notice were rental apartment buildings.)

As a result of the increase in foreclosures filed against District of Columbia property owners, the number of properties in the foreclosure process is growing (figure 1). As of the first quarter of 2009, 2,116 single-family homes and condominium units were in the foreclosure process, the highest number since the fourth

¹ NeighborhoodInfo DC is a partnership between the Urban Institute and the Washington, D.C., Local Initiatives Support Corporation. For more information, please visit <http://www.NeighborhoodInfoDC.org>.

quarter of 2000. Unlike at the end of 2000, however, when new foreclosure starts were declining, the number of homeowners entering the foreclosure process for the first time has been increasing every quarter since 2006. The growth in foreclosure starts indicates that the foreclosure problem in the District of Columbia will likely continue to get worse before it gets better.

In addition, foreclosure activity is not uniformly distributed throughout the city. In particular, wards and neighborhoods with lower housing prices have higher levels of foreclosure activity (figure 2). Wards 7 and 8, which have the lowest home prices in the city, had the highest rates of properties in foreclosure and new foreclosure starts in 2008. Ward 5, which is in the middle of the city's price distribution, had the highest rate of foreclosure sales, and Ward 4, which is likewise moderately-priced, also had relatively high levels of foreclosure activity.

The three neighborhood clusters with the highest rate of foreclosure starts are also at the bottom of the home price distribution (table 2). These were Cluster 28 in Ward 8, which includes the Historic Anacostia neighborhood (43 foreclosure starts per 1,000 existing units in 2008); Cluster 31 in Ward 7, which includes Deanwood and Burrville (41 foreclosure starts per 1,000 units); and Cluster 23 in Ward 5, which includes Ivy City and Trinidad (35 foreclosure starts per 1,000 units).

Finally, as noted in the recent report that we prepared for the Annie E. Casey Foundation (Tatian 2009), renters can also be affected by foreclosure. Renters occupy many homes and condominiums in the District of Columbia, and multifamily rental properties are entering foreclosure at increasing rates. All together, we estimated that, between 2006 and the third quarter of 2008, at least 2,800 renter households were living in properties affected by foreclosure, the largest share of which (1,500 households) were in small multifamily rental properties of two to four apartments each.

The D.C. Council is justified in being concerned about this situation and in considering policies that may help people avoid foreclosure and remain in their homes. Such measures should include steps to prevent foreclosures from occurring, such as increased support for housing counseling for troubled homeowners and funding for financing options to help borrowers out of unaffordable mortgage loans. Efforts to mitigate the negative impact of foreclosures on families and neighborhoods might include increasing the availability of affordable rental options and supporting efforts to purchase, rehabilitate, and resell foreclosed homes. I hope the data I presented will be useful in formulating those responses and targeting them to neighborhoods where the problem is most severe. Thank you for giving me the opportunity to speak to you today.



Peter A. Tatian is a senior research associate in the Urban Institute's Metropolitan Housing and Communities Policy Center. The author would like to thank Leah Hendey and Ashley Williams for their help in preparing data for this testimony.

The views expressed in this testimony are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders.

References

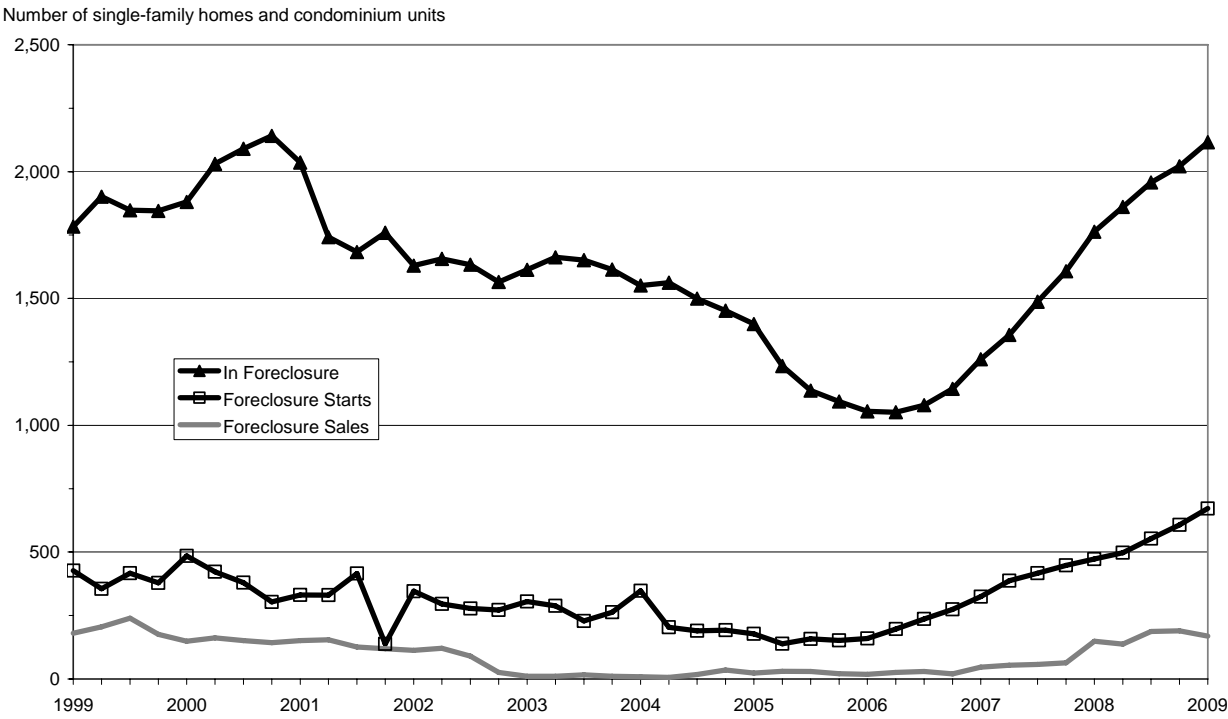
Tatian, Peter A. 2009. *Foreclosures and Renters in Washington, D.C.* Baltimore, MD: The Annie E. Casey Foundation. <http://www.urban.org/url.cfm?ID=411882>.

Table 1. Residential Properties with Notice of Foreclosure Sale Issued in First Quarter by Year, Washington, D.C., 1999–2009

Properties Issued a Notice of Foreclosure Sale			
	Single-family homes	Condominium units	Multifamily buildings (coops/rental)
1999 Q1	566	56	125
2000 Q1	531	52	113
2001 Q1	443	45	100
2002 Q1	485	54	103
2003 Q1	455	53	69
2004 Q1	408	36	69
2005 Q1	265	36	35
2006 Q1	229	49	24
2007 Q1	368	74	68
2008 Q1	597	134	107
2009 Q1	911	255	178

Source: D.C. Recorder of Deeds and Real Property data tabulated by NeighborhoodInfo DC.

Figure 1. Foreclosure Inventory, Starts, and Sales for Single-Family Homes and Condominium Units, 1999 Q1 - 2009 Q1 (Quarterly), Washington, D.C.



Source: D.C. Recorder of Deeds and Office of Tax and Revenue data tabulated by NeighborhoodInfo DC.

Figure 2. Foreclosure Inventory, Starts, and Sales by Ward for Single-Family Homes and Condominiums, 2008, Washington, D.C.

Rate per 1,000 existing single-family homes and condominium units

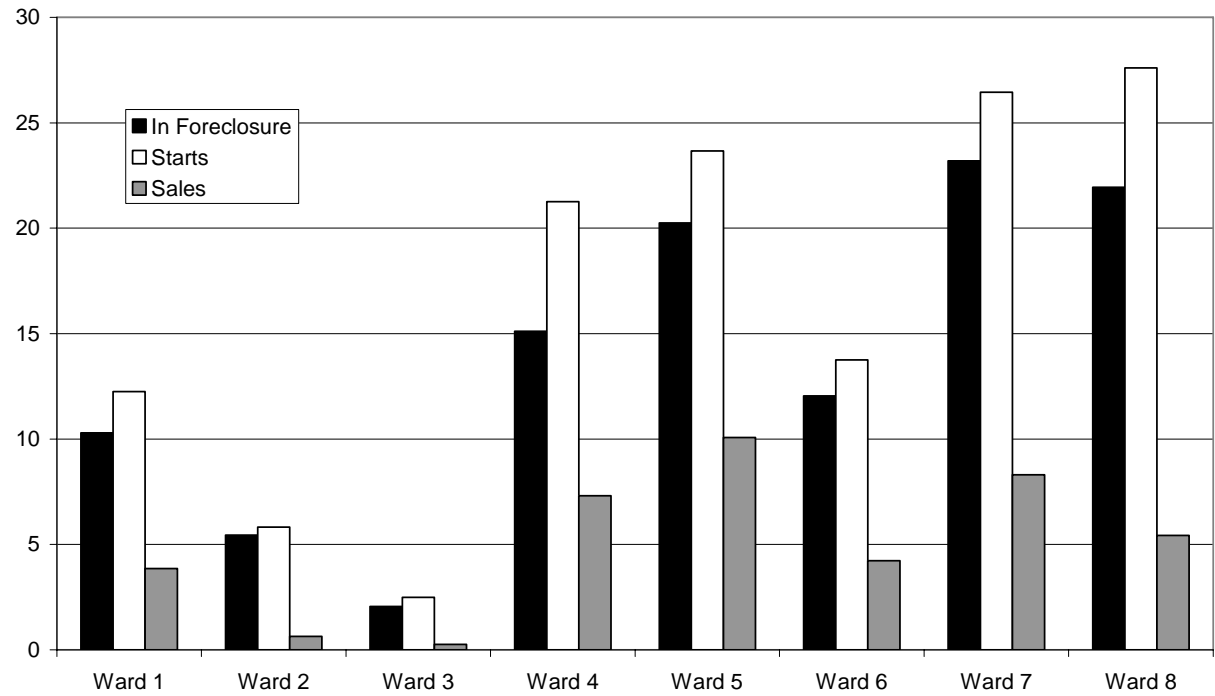


Table 2
Residential Foreclosures by Ward and Neighborhood Cluster, Washington, D.C., 2008

Ward <i>Neighborhood Cluster</i>	No. of S.F. Homes/Condo. Units						Rate per 1,000 Existing S.F. Homes/Condo Units					
	In Foreclosure (Jan 1)	New Foreclosure Starts	Foreclosure Sales	Distressed Sales	Foreclosures Avoided	In Foreclosure (Dec 31)	In Foreclosure (Jan 1)	New Foreclosure Starts	Foreclosure Sales	Distressed Sales	Foreclosures Avoided	In Foreclosure (Dec 31)
Washington, D.C. Total	1,763	2,130	662	682	434	2,113	12.6	15.2	4.7	4.9	3.1	15.1
Ward 1	147	175	55	61	31	174	10.3	12.2	3.8	4.3	2.2	12.2
1 Kalorama Hts./Adams Morgan	17	20	1	9	6	21	4.0	4.6	0.2	2.1	1.4	4.9
2 Columbia Hts./Mt. Pleasant	97	126	42	43	19	119	12.6	16.3	5.4	5.6	2.5	15.4
3 Howard Univ./Le Droit Pk.	37	34	11	12	6	41	12.4	11.4	3.7	4.0	2.0	13.7
Ward 2	112	120	13	64	33	122	5.4	5.8	0.6	3.1	1.6	5.9
4 Georgetown/Burleith	15	16	1	8	4	18	2.8	3.0	0.2	1.5	0.8	3.4
5 West End/Foggy Bottom	9	7	0	8	2	6	2.9	2.2	0.0	2.5	0.6	1.9
6 Dupont Circle/Conn. Av./K St.	13	16	1	4	7	17	2.4	3.0	0.2	0.7	1.3	3.2
7 Shaw/Logan Circle	64	74	10	39	20	69	11.4	13.2	1.8	7.0	3.6	12.3
Ward 3	48	58	6	25	15	60	2.1	2.5	0.3	1.1	0.6	2.6
11 Friendship Hts./AU Pk.	5	11	2	3	1	10	1.2	2.5	0.5	0.7	0.2	2.3
12 N. Cleveland Pk./Forest Hills	10	9	1	3	4	11	2.5	2.3	0.3	0.8	1.0	2.8
13 Spring Valley/Palispades	14	10	0	5	4	15	2.2	1.6	0.0	0.8	0.6	2.4
14 Cathedral Hts./McLean Gardens	11	12	1	8	3	11	3.1	3.4	0.3	2.2	0.8	3.1
15 Cleveland Pk./Woodley Pk.	5	9	1	4	1	8	1.5	2.6	0.3	1.2	0.3	2.3
Ward 4	312	439	151	107	63	430	15.1	21.3	7.3	5.2	3.1	20.8
10 Hawthorne/Barnaby Woods	9	10	2	3	2	12	2.3	2.6	0.5	0.8	0.5	3.1
16 Colonial Village/Shepherd Pk.	14	23	3	2	4	28	8.9	14.5	1.9	1.3	2.5	17.7
17 Takoma/Brightwood	60	99	24	23	15	96	12.8	21.2	5.1	4.9	3.2	20.5
18 Brightwood Pk./Crestwood	201	280	108	72	37	265	20.2	28.1	10.8	7.2	3.7	26.6
19 Lamond Riggs/Queens Chapel	56	54	26	17	13	54	19.5	18.8	9.1	5.9	4.5	18.8
Ward 5	362	423	180	113	80	409	20.3	23.7	10.1	6.3	4.5	22.9
20 N. Michigan Pk./Michigan Pk.	43	45	23	10	8	47	12.8	13.4	6.9	3.0	2.4	14.0
21 Edgewood/Bloomingdale	125	127	68	42	28	113	27.3	27.7	14.9	9.2	6.1	24.7
22 Brookland/Brentwood	45	42	15	13	12	47	20.1	18.7	6.7	5.8	5.3	20.9
23 Ivy City/Arboretum	47	73	30	16	11	63	22.5	34.9	14.4	7.7	5.3	30.1
24 Woodridge/Fort Lincoln	71	107	33	22	14	107	18.7	28.1	8.7	5.8	3.7	28.1

Table 2
Residential Foreclosures by Ward and Neighborhood Cluster, Washington, D.C., 2008

Ward <i>Neighborhood Cluster</i>	No. of S.F. Homes/Condo. Units						Rate per 1,000 Existing S.F. Homes/Condo Units					
	In	New	Foreclosure Sales	Distressed Sales	Foreclosures Avoided	In	In	New	Foreclosure Sales	Distressed Sales	Foreclosures Avoided	In
	Foreclosure (Jan 1)	Foreclosure Starts				Foreclosure (Dec 31)	Foreclosure (Jan 1)	Foreclosure Starts				Foreclosure (Dec 31)
Ward 6	225	257	79	109	50	244	12.0	13.8	4.2	5.8	2.7	13.1
8 <i>Downtown/N. Capitol St.</i>	30	30	1	18	13	28	7.6	7.6	0.3	4.6	3.3	7.1
9 <i>SW Employment Area/Waterfront</i>	31	30	4	18	9	30	11.7	11.4	1.5	6.8	3.4	11.4
25 <i>NoMa/Union Station/Stanton Pk.</i>	146	161	67	60	26	154	17.8	19.6	8.1	7.3	3.2	18.7
26 <i>Capitol Hill/Lincoln Pk.</i>	39	52	17	13	11	50	8.0	10.7	3.5	2.7	2.3	10.3
27 <i>Near Southeast/Navy Yard</i>	11	14	7	8	0	10	13.9	17.7	8.8	10.1	0.0	12.6
Ward 7	363	414	130	140	99	410	23.2	26.5	8.3	8.9	6.3	26.2
29 <i>Eastland Gardens/Kenilworth</i>	5	3	0	1	2	5	13.2	7.9	0.0	2.6	5.3	13.2
30 <i>Mayfair/Hillbrook</i>	24	26	10	11	6	23	24.2	26.2	10.1	11.1	6.0	23.2
31 <i>Deanwood/Burrville</i>	99	141	48	30	30	132	29.1	41.4	14.1	8.8	8.8	38.8
32 <i>River Terrace/Benning</i>	43	51	14	9	11	61	18.3	21.7	5.9	3.8	4.7	25.9
33 <i>Capitol View/Marshall Hts.</i>	108	70	22	59	23	75	36.6	23.7	7.5	20.0	7.8	25.4
34 <i>Twining/Fairlawn</i>	58	71	24	15	19	70	14.7	18.0	6.1	3.8	4.8	17.8
35 <i>Fairfax Village/Naylor Gardens</i>	29	56	3	19	11	53	13.4	25.9	1.4	8.8	5.1	24.5
Ward 8	194	244	48	63	63	264	21.9	27.6	5.4	7.1	7.1	29.9
28 <i>Historic Anacostia</i>	19	35	11	8	5	30	23.1	42.5	13.4	9.7	6.1	36.5
36 <i>Woodland/Fort Stanton</i>	10	23	3	1	3	26	16.5	38.0	5.0	1.7	5.0	43.0
37 <i>Sheridan/Barry Farm</i>	15	24	1	6	5	27	15.6	25.0	1.0	6.3	5.2	28.1
38 <i>Douglas/Shipley Terrace</i>	28	21	7	5	15	22	28.6	21.5	7.2	5.1	15.3	22.5

Source: D.C. Recorder of Deeds and Real Property data tabulated by NeighborhoodInfo DC.

Notes: Since neighborhood clusters do not conform to ward boundaries, ward totals will not exactly equal the sum of cluster numbers.