Embracing Renting to Accelerate Neighborhood Recovery

by Danilo Pelletiere
National Low Income Housing Coalition

When it comes to neighborhood stabilization, the primary problem policymakers face today is not falling homeownership rates or house prices, though attention often focuses on these. The more fundamental problem is the growing numbers of vacant homes. Today, nearly 19 million homes nationwide are vacant, and both the for-sale and for-rent vacancy rates are at or near record highs.[1] Prices and neighborhoods cannot stabilize unless households are able to remain in their homes and the vacancy rate is reduced.

It is tempting to perceive the vacancy problem as an "oversupply" of housing, whether in specific areas or nationwide. Yet millions of Americans are unable to afford their homes and are being evicted. If we have too much housing, why should these families have to move in with others or become homeless, and why are hundreds of thousands more already homeless? Unlike agricultural commodities, which can be easily removed from the market to help stabilize prices, removing vacant homes—either proactively or through neglect—from residential use in all but the worst-hit neighborhoods not only destroys the housing but also can detract from the value of neighboring properties, leading to further instability.

For policymaking, it is better to view the vacancy problem as a deficit of households willing and able to buy or rent and sustain homes on their own, rather than as an oversupply issue. From this deficit-of-households perspective, the overarching questions for policymakers become more positive. How do we keep current households independently housed? At the same time, how can we add to their numbers? To address the current overhang of vacant homes and stabilize the housing market as broadly as possible, we need to not only keep existing households in their homes but also to increase the number of households in the U.S. so that it approaches 115 million as quickly as possible.[2]

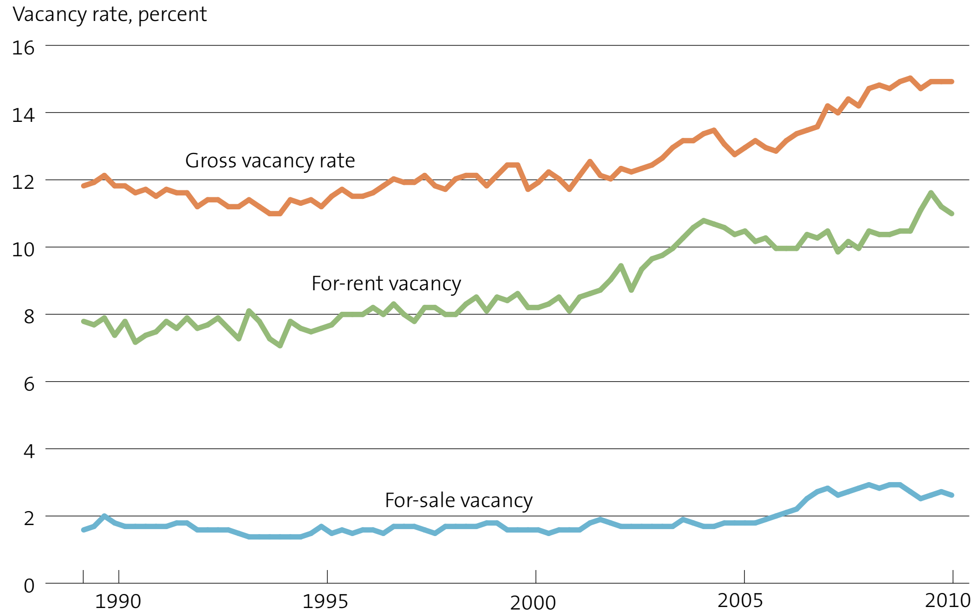
This article argues that, in order to achieve these outcomes, policymakers at all levels of government must put a greater emphasis on renters and rental housing than they have in the past. The major barrier to this approach is that after years of focusing on raising homeownership rates, policymakers at all levels are unaccustomed to seeing rental housing as a solution to any community problem. Fortunately, a number of local and federal policies have begun to show the way.

Vacancy and the Lagging Demand for Housing

During the growth of the housing bubble in the first half of this decade, the nation's housing supply increased ahead of demand. According to the Housing Vacancy Survey, in the first quarter of 2010, the for-rent vacancy rate was 10.7 percent and the for-sale rate stood at 2.6 percent, near-record highs for both indexes.

After remaining just below 8 percent for more than a decade, the for-rent vacancy rate began to increase dramatically in 2001, reaching 10.4 percent in the first quarter of 2004, the highest rate since the series began in 1956 (see figure 1). Renters were moving into ownership and taking advantage of low interest rates and looser credit. As they left the rental sector, however, they were not replaced by new renters at the same rate. Though at first there was a corresponding decrease in the for-sale vacancy rate, as new construction and conversion of

Figure 1
National Vacancy Rates By Quarter
Q1 1989 – Q1 2010



Source: NLIHC calculations U.S. Census Bureau Housing Vacancy Survey Data

existing buildings to for-sale housing picked up, the rental vacancy rate subsided, and the for-sale vacancy rate grew from 1.8 percent to 2.9 percent between 2004 and 2008. This was a historical high for that series as well, representing an increase of nearly 1 million homes for sale.

After the housing bubble burst in 2007, building continued for a time and vacant units were increasingly offered for rent. At the same time, the unemployment rate grew to more than 10 percent, limiting the demand for housing in general.[3] In this environment, the rental vacancy rate once again shot upward, to more than 11 percent.

From the perspective of the entire housing industry, the problem of vacancy continues to worsen. Census Bureau estimates from the first quarter of 2010 showed 131 million units of housing and only 112 million households (that is, occupied homes) in the country, resulting in a gross housing vacancy rate of 14.5 percent.[4] Almost a decade earlier, in the first quarter of 2001, the gross vacancy rate was 11.9 percent and the average for all quarters from 1990 through 2000 was 11.4 percent. More important, the gross vacancy rate has continued its upward trend even in recent quarters, when both the for-rent and for-sale vacancy rates dipped. The total number of distressed and vacant homes has continued to grow as more homes are being delayed in the foreclosure process, adding to the swelling inventory.[5]

The country's vacancy problem can certainly be attributed in part to overbuilding in areas where housing demand never fully materialized as expected and to population loss from local economic shocks. But nationwide, the population continues to grow. What's happening to explain this? The demand for housing has been tempered by a decline in the "headship rate," the rate at which the number of households increases with population.[6] A number of recent reports have highlighted the growing numbers of households moving in together and the increased household sizes and rates of crowding in the past few years.[7] In the past decade alone, the incidence of multigenerational households within the population has climbed to levels not seen since World War II.[8] First in response to higher housing costs and foreclosure and then to the current recession, families and individuals who previously lived alone—including the growing ranks of the elderly—have increasingly "doubled up." Perhaps more important, the number of new households—defined as newly established households of individuals or families[9] who previously lived with others, were homeless, or are new immigrants—entering the housing market has declined dramatically. This drop is a reflection of fewer children leaving their parents' homes and the recent slowing of immigration.[10]

The most important factors in boosting the nation's headship rate are economic recovery and policies that increase employment and minimize loss of income, such as extending unemployment insurance. Income and job security help current households maintain their homes; similarly, families and individuals within larger households are more likely to move out on their own when they, and the households they are leaving, are economically secure.[11] Policymakers can speed up household formation with housing policies that reduce the costs associated with establishing and moving into one's own household. This is where shifting attitudes in favor of rental housing will be decisive.

A Focus on Renting Can Boost Housing Demand

The first step to stabilize housing markets reeling from the foreclosure crisis is to keep as many current residents in their neighborhoods as possible, preferably in their own homes. Such actions will minimize the disruption to communities, schools, and of course the households themselves. This has certainly been a focus of policy in reacting to the crisis. However, at all levels of government, policy aimed at stabilizing existing households during this crisis has focused largely on helping owners maintain ownership through mortgage counseling and loan modification programs. Renters have not been a primary focus of such policies. And while many households have been helped by these programs, success nationwide has been limited.[12]

One concern with this homeowner-focused approach is that owner-occupiers are not the only ones in distress or facing eviction due to foreclosure and turmoil in housing markets. Nationally, as many as 20 percent of properties in foreclosure and 40 percent of households facing eviction due to foreclosure may be renters.[13] Many of the properties in distress and foreclosure or vacant are single-family (defined as one- to four-unit) buildings that were purchased or refinanced during the bubble and rented out. More recently, larger commercial multifamily properties have also begun showing signs of distress.[14] Another concern with a homeowner-focused policy approach is that many distressed homeowners never had the resources or financial prospects necessary to sustain homeownership without assistance, such as from politically unpalatable write-downs of mortgage principal balances.[15] The recession has only increased the number of households unable to sustain homeownership in the foreseeable future.

However, while many of these households cannot afford the payments and maintenance costs for their current homes, they can afford rents in nearby markets.[16] Households that can make an ownership-to rental transition that involves renting the house they currently live in or moving to a rental property elsewhere in the community can keep their children in the same schools, shop in many of the same stores, and access the same institutions they did as owners, minimizing community as well as household upheaval.

With existing households shored up by the addition of an owner-to-renter conversion strategy to existing stabilization tools, the second step in stabilizing a community involves encouraging new households to move into vacant homes. To date, the major focus of most local and federal programs has been on attracting new, first-time homebuyers to the community through down payment incentives

In periods of uncertainty, renting provides tenants with greater flexibility to scale their housing consumption up or down as their circumstances change.

Renters are an integral part of most communities, and keeping rental properties occupied is as much a concern to the recovery of these places as maintaining homeowner occupancy.

and subsidized purchase–renovate–resell programs. At the federal level, there has also been a series of first-time homebuyer tax credits.

A challenge facing any program aimed at boosting the number of new homeowners is the lagging economy. The success of these programs is predicated on achieving a level of homeownership that was difficult to achieve before the recession, when credit was easy and labor markets were stronger. Moreover, households that choose and qualify to be new homeowners today are not likely to be new households at all, but rather existing households that are currently occupying rental housing. As discussed above, some rental demand may be coming from existing households moving from ownership into rental; these are likely households that recently suffered a foreclosure or job loss, for example, as well as others making lifestyle choices, such as seniors moving out of the homes where they raised their children. But these households' moves, either from rental to homeownership or vice versa, are not part of increased demand for housing overall. In fact, without a new household to take its place, the community (or, more broadly, the national housing market) is simply swapping one vacancy for another.

Where can new households come from? The most likely prospects are young people who are doubled up or living at home, and recent immigrants. These two groups are also more likely to rent than to own. In general, the growing age groups in the population are those under 35 and those 65 and over, both traditionally considered age groups that are more likely to rent or end up living with others when they move.[17] Providing—and making these groups aware of—affordable renting options may increase the likelihood that they will choose this option. As recent experience has shown, extremely lenient terms and down payment requirements encouraged some new and re-emerging households to move directly from shared or rental housing into owner-occupancy. However, even without questioning the wisdom of such a move, after the pushing of credit and ownership during the boom and the subsequent increase in credit-damaged households, it must be recognized that there is no longer a large pool of potential new households with access to the financing necessary to make the jump directly into homeownership.

In addition to young people and immigrants, the other pool of potential new households consists of those returning to the housing market after a period of living with others or being homeless, perhaps following an eviction or divorce. As economically recovering households, often with damaged credit and limited income, these households appear likely to rent when they return to the housing market. Those who recently endured a foreclosure may also be reluctant or unable to pursue homeownership in the near future.

A final reason why new households appear more likely to turn to renting versus homeownership in the early stages of the economic recovery is that homeownership is inherently more difficult to enter and exit than renting. In the current market, with nearly a quarter of American single-family homes with mortgages in negative equity,[18] it seems likely that many households, even those who are eligible to own, will choose to rent for the foreseeable future.[19] In periods of uncertainty, renting provides tenants with greater flexibility to scale their housing consumption up or down as their circumstances change. Renters can move to take advantage of employment and other opportunities at a lower up-front cost than homeowners. Such benefits can limit households' preference for ownership. In addition, some economists have argued that a high rate of homeownership in general limits labor mobility, increases joblessness during an economic transition, and slows growth more generally.[20]

The upward trend in renter household growth, in the face of growing vacancies and declining household headship nationwide, reflects the fact that renters are growing as both a number and as a proportion of all households. Renters were responsible for the net increase in households from the fourth quarter of 2006 to the first quarter of 2010, adding 2.6 million households against a decline of 698,000 owner households in the same period. In the first quarter of 2010, renters comprised 33 percent of all households nationally, up from an historic low of 31 percent in the fourth quarter of 2004.[21]

Addressing Policy Challenges

The biggest challenge to housing policies placing greater emphasis on renting is that for decades a growing homeownership rate was a top-line indicator of success for a neighborhood or community. This simple metric never really accounted either for the numerous vital and stable mixed-tenure and majority-renter neighborhoods across the country or for the significant failure rate among low-income owners at sustainable homeownership, even prior to the current crisis.[22] This crisis has begun to undermine the belief that homeownership is a sufficient contributor to neighborhood stability. Many of the neighborhoods hardest hit by foreclosures, in fact, were those with the highest rates of ownership.[23]

Today, the choice faced by an increasing number of communities is no longer between a rental and an owner-occupied property; it is between an occupied rental home and a vacant property. Communities are seeing previously owner-occupied homes convert to rentals, formally and informally, contributing to a conundrum for many: While rental homes are far more desirable than vacant homes, these communities often lack the staff and the institutions to regulate rental housing without discouraging it.[24]

Another barrier to a greater policy emphasis on rental housing stems from the fact that banks own a significant proportion of vacant homes.[25] Historically, banks have not been in the business of managing rental properties. In an age of national and international banking and securitized loans, banks must overcome significant inertia to develop this capacity, often without local market knowledge. Policies to address these challenges should include stepped-up enforcement of bank-owned homes and technical assistance that focuses on being good local landlords.

Challenges are not exclusive to reluctant policymakers, local officials, and lending institutions. Local nonprofit organizations often are motivated to pursue rental strategies but have difficulty acquiring rental properties using existing resources. Even where funding is available, they often lack experience managing rental housing, particularly scattered single-family homes and properties traditionally owned and managed by small "mom and pop" landlords.[26]

Indeed, there is an overall dearth of well-financed, capable, responsible, long-term landlords. Few communities recognize or support these landlords where they exist, and many actively discourage them with stepped-up inspections and higher tax rates (costs that are often passed on to tenants). Any policy to encourage renting should include a requirement that landlords be accountable,[27] but should also include incentives that reward good landlord behavior and support struggling rental owners with training and, where possible, low-cost financing and reduced taxes.

Policies and Proposals

Recent policies that seek to encourage renting in vacant and distressed housing fall into a few distinct categories. In the first category are policies designed to provide short-term assistance to renters affected by the foreclosure crisis. The Protecting Tenants at Foreclosure Act, for example, which was passed on May 20, 2009, allows bona fide tenants to occupy the property until the end of the lease term except if the unit is sold to a purchaser who will occupy the property, and provides all such tenants with 90 days notice prior to eviction. Similar state provisions exist in New Jersey, Ohio, and the District of Columbia.

Another federal program, the Homelessness Prevention and Rapid Rehousing Program, passed as part of the American Recovery and Reinvestment Act of 2009, directed $1.5 billion in funds to renter households in need of short-term assistance to remain in their current homes and to displaced owners and renters in need of help to move quickly into a new home in their community and avoid being doubled up or in the shelter system.[28] Similar short-term emergency assistance exists with state and local funding nationwide, though these funds are often threatened by the tight fiscal conditions at the state and local level.[29]

In the second category are policies aimed at providing longer-term assistance to renters. These policies, many in the proposal stages now, employ renting as a strategy for keeping distressed homeowners within their communities. For example, an own-to-rent policy proposal from the Center for Economic and Policy Research would simply provide all underwater owners the option of giving up title and becoming market-rate renters with a long-term lease, perhaps as long as five years.[30] A bill along these lines—the Right to Rent Act of 2010—was introduced on April 15 by Representative Raul M. Grijalva of Arizona. Similar legislation has been introduced at the state level, with recent bills in the Arizona[31] and New Jersey legislatures.[32]

There has been related activity at Fannie Mae and Freddie Mac, the government-sponsored entities currently under government conservatorship. Formally, both agencies now offer households the option to rent at the end of the foreclosure process. While the Freddie Mac program offers a lease after foreclosure, the current Fannie Mae policy has the homeowner sign a lease and voluntarily transfer the property deed back to Fannie Mae through a deed in lieu of foreclosure. Avoiding foreclosure reduces costs for Fannie Mae and should limit the damage to the homeowner's credit and future financial opportunities. The house is leased back at a market-rate rent to the homeowner, who must live in the home as his primary residence. To be eligible, a household must show proof that, while it cannot afford its current mortgage, it can afford the rent, which Fannie limits to no more than 31 percent of the household's gross income.[33]

Another approach involves a third party purchasing a home at some point in the foreclosure process in order to rent it back to the owner. This kind of "rescue" transaction has been associated with mortgage fraud; nevertheless, a number of communities have begun to experiment with programs that provide funding and support to nonprofit groups to undertake such transactions. In New Jersey, the Mortgage Stabilization and Relief Act, passed in December 2008, established a $15 million housing recovery program that will help nonprofits buy dwellings from homeowners who cannot afford their mortgages, then lease the homes back to homeowners for up to seven years while they recover financially.

A third category of neighborhood stabilization policies seeks to provide rental housing that results from the foreclosure crisis. One approach involves purchasing multifamily buildings that are foreclosed and vacant, mostly vacant, or soon to be vacated, for the specific purpose of providing low-income rentals. Some communities have undertaken such projects with dollars from the federal Neighborhood Stabilization Program, which requires that some funds be spent on lower-income households and rentals.

Programs to turn scattered-site housing into rentals are more complicated. Much of this activity is purely private and conducted by speculative investors; it has led to community concerns and the need for new local policies.[34] But local community development organizations from Chelsea, Massachusetts, to Cleveland, Ohio, to Chula Vista, California, have undertaken such projects, and NeighborWorks America has begun offering a class in scattered-site rental management to increase the capacity of local groups to succeed in this realm.[35] Some programs explicitly seek to house formerly homeless families,[36] for instance, while some seek to provide a planned transition to ownership.[37]

At the federal level, the Center for American Progress recently proposed a program based on the Home Ownership Loan Corporation rental program set up in the Great Depression.[38] The 1930s program was meant to establish a market for houses that could not be easily sold. Not only did renting the homes generate income for the corporation, but a verifiable cash flow and rent-paying tenants also provided a clear indication to homebuyers and investors that the housing had market value—an added benefit of renting vacant homes versus allowing them to sit vacant. In this vein, the Center for American Progress program proposes to "convert already foreclosed homes owned directly by the federal government into thoroughly energy efficient, affordable rental homes that can be resold as portfolios of rental properties to private investors."[39] The proposal's authors reason that homes that have been repaired, weatherized, and rented should sell more quickly as a portfolio and command a higher price than if speculators purchased the properties singly. In addition, they argue that the program would boost employment (and perhaps housing demand) by creating jobs in repairing, retrofitting, and managing foreclosed homes.

Finally, a policy that should also be under consideration is one that involves federal housing vouchers and local rent supplements that enable and encourage households, particularly those doubled up and homeless, to live on their own in rental properties. This could be one of the most important policies to help families as neighborhoods and the housing market recover. Additional vouchers could significantly boost demand for housing while also stabilizing households. While general vouchers would likely serve this purpose well, programs targeted specifically at doubled-up and homeless up populations, similar to the Veterans Affairs Supportive Housing voucher program, would most directly increase housing demand.

Conclusion

Recognizing current renters and stabilizing current rental properties should be a necessary part of any neighborhood stabilization plan. Renters are an integral part of most communities, and keeping rental properties occupied is as much a concern to the recovery of these places as maintaining homeowner occupancy. Moreover, the new and returning households that are needed to reduce vacancy and stabilize neighborhoods are most likely to be renters, whether by choice or from necessity, a trend that is already observable. Plans and policies that accommodate just owners, whether directed at the recovery or instituted previously and for other purposes, will not help all the households that need assistance and will only delay a return to higher occupancy levels and housing market vitality.

Today, the choice faced by an increasing number of communities is no longer between a rental and an owner-occupied property; it is between an occupied rental home and a vacant property.

Danilo Pelletiere *is research director of the National Low Income Housing Coalition. Previously, he held positions at George Mason University, the World Resources Institute, and Virginia's Center for Innovative Technology. Dr. Pelletiere received a BA in regional science from the University of Pennsylvania and a PhD in public policy from George Mason University, where he continues to teach and conduct research at the School of Public Policy.*

Endnotes

1 National vacancy statistics cited throughout this report come from the Census Bureau's Housing Vacancy Survey. Recent and historical data are available at http://www.census.gov/hhes/www/housing/hvs/hvs.html.

2 This three-million increase in households should be considered a rough order of magnitude, based on applying the average gross vacancy rate of 11.4 percent for the 1989–2000 period to the current housing supply.

3 Gary Painter, "What Happens to Household Formation in a Recession?" (Washington, D.C.: Research Institute for Housing America, 2010).

4 The Census Bureau defines the gross vacancy rate as the percentage of total housing inventory that is vacant. The rate is computed with the formula (All vacant units/All housing units [occupied + vacant)] * (100). This measure includes seasonal properties. It is possible to calculate a gross year-round vacancy rate that excludes these units, but this distinction does not affect the trend and conclusions discussed here. Further, it is likely that many second and vacation homes were originally purchased as first homes or investment properties, supporting the use of the Census-defined gross vacancy rate. See also http://www.census.gov/hhes/www/housing/hvs/annual09/ann09def.html.

5 According to the Census Bureau's Housing Vacancy Survey, the number of units held off the market increased by 211,000 between the first quarter of 2009 and the first quarter of 2010. The number of vacant for-rent units increased by 297,000 and the number of for-sale vacancies fell by 107,000. More recently, it seems, for-sale inventories have increased as well. See James R. Hagerty, "Housing Inventories Rise in Many Cities," *Wall Street Journal* Development Blog, May 10, 2010. Available at http://blogs.wsj.com/developments/2010/05/06/housing-inventory-rises-in-many-cities/.

6 More formally, the headship rate is the inverse of the average household size.

7 Rob Collinson and Ben Winter, "U.S. Rental Housing Characteristics: Supply Vacancy and Affordability." Working Paper 10-01 (U.S. Department of Housing

Policies that accommodate just owners will not help all the households that need assistance and will only delay a return to higher occupancy levels and housing market vitality.

and Urban Development, Office of Policy Development and Research, 2010); and Gary Painter, cited above.

[8] Paul Taylor and others, "The Return of the Multi-Generational Family Household" (Washington, D.C.: Pew Research Center, 2010).

[9] A family is formally defined as two or more people, related by blood, marriage, or adoption, living in one housing unit. A household, defined as any group of people living in one housing unit, may be made up of a single family; singles or groups of unrelated individuals; multiple families; or a mix of individuals and families.

[10] *The State of the Nation's Housing 2010* (Cambridge Mass.: Joint Center for Housing Studies, Harvard Kennedy School, 2010).

[11] Gary Painter, cited above.

[12] See, for example, United States Department of the Treasury, "Making Home Affordable Program: Servicer Performance Report through January 2010," available at http://www.financialstability.gov/docs/press/January%20Report%20FINAL%2002%2016%2010.pdf; James R. Hagerty, "An Odd Way to Measure the Success of Mortgage Mods," *Wall Street Journal* Development Blog, at http://blogs.wsj.com/developments/2010/03/16/an-odd-way-to-measure-the-success-of-mortgage-mods/; and Neil Mayer, Peter A. Tatian, Kenneth Temkin, and Charles A. Calhoun, "National Foreclosure Mitigation Counseling Program Evaluation: Preliminary Analysis of Program Effects November 2009" (Washington, D.C.: Urban Institute, 2009).

[13] Danilo Pelletiere, *Renters in Foreclosure: Defining the Problem, Identifying Solutions* (Washington, D.C.: National Low Income Housing Coalition, 2009).

[14] Congressional Oversight Panel report, "Commercial Real Estate Losses and the Risk to Financial Stability" (Washington, D.C., 2010).

[15] Loan modifications, including principal write-downs, may be preferable for some distressed owners. This paper does not argue that renting is a one-size-fits-all solution, but the success rate of loan modification programs has not been high, and there remain concerns about subsidizing homeownership to this degree, not least for what a principal write-down based on the buyers' circumstances without relation to market values may do to surrounding property values, along with the potential for some of these assisted owners to reap significant profits as a result when they sell their homes. Households that cannot maintain homeownership without such a subsidy should be assisted in making the transition to rental housing.

[16] A number of recent media stories have chronicled households that left their owned home and moved into the same neighborhood as renters, for example, Mark Whitehouse, "American Dream 2: Default, Then Rent," the *Wall Street Journal,* December 16, 2009. Recent publications also look at typical current rental and homeownership costs. See, for example, Danilo Pelletiere, Hye Jin Rho, and Dean Baker, "Hitting Bottom? An Updated Analysis of Rents and the Price of Housing in 100 Metropolitan Areas" (Washington, D.C.: Center for Economic and Policy Research and the National Low Income Housing Coalition, 2010) or Trulia.com, Rent vs. Buy Index, at http://info.trulia.com/index.php?s=43&item=91.

[17] Jack Goodman, "The Changing Demographics of Multifamily Rental Housing," *Housing Policy Debate* 10(9): 31–58 (1999); Joint Center for Housing Studies, *America's Rental Housing: The Key to a Balanced National Policy* (Cambridge, Mass., 2008), and *The State of the Nation's Housing 2010* (Cambridge, Mass., 2010).

[18] "Underwater" refers to a situation in which a household owes more on its home than it is worth. Julie Haviv, "RPT-Trend of U.S. mortgages 'underwater' grows–Zillow" (London: Reuters, May 10, 2010).

[19] Andrew Haughwout, Richard Peach, and Joseph Tracy, "The Homeownership Gap," Federal Reserve Bank of New York, *Current Issues in Economics and Finance* 16(5) (May 2010).

[20] Andrew J. Oswald, "The Housing Market and Europe's Unemployment: A Non-Technical Paper," Department of Economics, University of Warwick, U.K. (May 1999), available at www2.warwick.ac.uk/fac/soc/economics/staff/academic/oswald/homesnt.pdf.

[21] U.S. Bureau of the Census, Housing Vacancy Survey.

[22] Donald R. Haurin and Stuart S. Rosenthal, "The Sustainability of Homeownership: Factors Affecting the Duration of Homeownership and Rental Spells" (Washington, D.C.: U.S. Department of Housing and Urban Development, 2004).

[23] Danilo Pelletiere, "Recognizing Renters in the Foreclosure Crisis: Challenges and Opportunities" (presented at the Ralph and Goldy Lewis Center for Regional Policy Studies, University of California-Los Angeles, 2009); and Keith E. Wardrip and Danilo Pelletiere, "Neighborhood Poverty and Tenure Characteristics and the Incidence of Foreclosure in New England," Research Note #08-02, National Low Income Housing Coalition, June 2008.

[24] Sarah Treuhaft, Kalima Rose, and Karen Black, "When Investors Buy Up the Neighborhood: Preventing Investor Ownership from Causing Neighborhood Decline" (Oakland, Calif.: Policy Link, 2010).

[25] Estimates of the housing stock currently owned by banks as of late April 2010 range from around 500,000 to over 750,000. See James Hagerty, "Debate Rages over Supply of Foreclosed Homes," *Wall Street Journal* Development Blog, available at http://blogs.wsj.com/developments/2010/04/28/debate-rages-over-supply-of-foreclosed-homes/.

[26] Ivan Levi, "Stabilizing Neighborhoods Impacted by Concentrated Foreclosures: Scattered-Site Rental Housing Challenges and Opportunities" (Washington, D.C.: NeighborWorks America, 2009).

[27] Treuhaft, Rose, and Black, cited above.

[28] Information and data on the implementation of this program are available at http://www.hudhre.info/hprp/ (May 10, 2010).

[29] Danilo Pelletiere, Michelle Canizio, Morgan Hargrave, and Sheila Crowley, "Housing Assistance for Low Income Households: States Do Not Fill the Gap" (Washington, D.C.: National Low Income Housing Coalition, 2009).

[30] Dean Baker, "The Right to Rent Plan" (Washington, D.C.: Center for Economic and Policy Research, 2009).

[31] Dean Baker, "Arizona Leads the Way in Combating Foreclosure" (Washington, D.C.: Center for Economic and Policy Research, 2010) and HB 2765 Arizona House

of Representatives, 49th Leg. 2 sess., available at http://www.azleg.gov/legtext/49leg/2r/bills/hb2765p.pdf.

[32] The "right-to-rent" provisions were not in the Mortgage Stabilization and Relief Act (S1599/A3506) that eventually passed.

[33] Under a Citibank pilot program in New Jersey, Texas, Florida, Illinois, Michigan, and Ohio, borrowers agree to turn over their deeds after a period of up to six months. In return, CitiMortgage allows them to live in the property rent free during this period and provides a minimum of $1,000 in relocation assistance, relocation counseling by trained professionals, and coverage of certain monthly expenses that Citi determines the homeowner can no longer afford, such as homeowners' association and escrow fees. Bob Tedeschi, "Another Foreclosure Alternative," *New York Times,* February 24, 2010, available at www.nytimes.com/2010/02/28/realestate/28mort.html.

[34] Treuhaft, Rose, and Black, cited above.

[35] Levi, cited above.

[36] For example, the Veteran's Administration's "Acquired Property Sales for Homeless Providers" program obtains properties as the result of foreclosures on VA-insured mortgages; it makes them available for sale to homeless provider organizations at a discount of 20–50 percent, depending on length of time on the market.

[37] The Self-Help Federal Credit Union is attempting to be a non-predatory rent-to-own model to scale to absorb excess inventory. Self-Help Federal Credit Union, "Self-Help Lease Purchase Program," available at www.self-help.org/neighborhood-stabilization-program/Self-Help%20Lease%20Purchase%20Programforwebsite.pdf.

[38] Ellen Seidman and Andrew Jakabovics, "Learning from the Past: The Asset Disposition Experiences of the Home Owners Loan Corporation, the Resolution Trust Corporation, and the Asset Control Area Program" (Washington, D.C.: Center for American Progress, 2008).

[39] Andrew Jakabovics, "An Untapped Source of Green Rental Homes" (Washington, D.C.: Center for American Progress, 2010, p. 1).