

**WCVI**

A William C. Velasquez Institute White Paper

# **The Continuing Home Foreclosure Tsunami**

**Disproportionate Impacts on Black and Latino Communities**

By Dr. Raul Hinojosa Ojeda

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### **The Continuing Home Foreclosure Tsunami: Disproportionate Impacts on Black and Latino Communities**

**Dr. Raul Hinojosa Ojeda<sup>1</sup>**

#### *Executive Summary*

This WCVI White Paper analyzes recent data from select U.S. metropolitan areas to highlight the depth and breadth of the current economic crisis and housing downturn. While particularly acute in certain urban areas, the extent of the economic decline has spanned the country and has especially impacted Blacks and Latinos both as a threat to homeownership and as a cause of unemployment. This White Paper supplements our June 2009 report “The End of the American Dream for Blacks and Latinos: How the Home Mortgage Crisis is Destroying Black and Latino Wealth, Jeopardizing America’s Future Prosperity and How to Fix It,” which is available on [www.wcvi.org](http://www.wcvi.org). This report makes the following key findings:

- The foreclosure crisis is highly concentrated in areas of recent high growth, such as the West and Southwest and regions that have seen steady economic decline and deindustrialization, such as the South and Midwest;
- At the peak of the recent housing expansion, black and Latino homeowners held high-cost mortgage instruments with *two* to *nine* times the frequency of whites in selected foreclosure regions and are at a proportionally greater risk of defaulting or vacating their homes;
- Nationally, blacks and Latinos have higher rates of unemployment than whites. In regions strongly effected by the foreclosure crisis, these groups have lost thousands of jobs in homebuilding and construction sectors. This aggravates an already acute risk of mortgage default and foreclosure among black and Latino homeowners.

Current policies do not adequately respond to 1) the present scale and rate of home foreclosure, as well as future estimates; 2) the concentration of blacks and Latinos in regions with excessive mortgage debt and negative equity that deters program eligibility; and 3) rising unemployment among blacks and Latinos that may make them ineligible to participate in these programs.

Moreover, home foreclosure and negative home equity have corrosive spillover effects; diminishing the values of nearby homes and perpetuating a cycle of foreclosure or owner vacancy.

Greater and immediate policy intervention is required to mitigate and reverse the crisis and return the sector to long-term health. Such policies should expand eligibility criteria to protect and expand homeownership among blacks and Latinos, including:

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<sup>1</sup> Dr. Raul Hinojosa Ojeda is the Founding Director of the UCLA North American Integration and Development Center and Associate Professor at the UCLA César Chávez Department of Chicana and Chicano Studies.

- Expand eligibility requirements for the Making Home Affordable program to target borrowers who are most at risk of foreclosure or who are likely to vacate their homes because of pronounced negative equity;
- Reform bankruptcy laws to enable restructuring of mortgage terms to discourage default or flight;
- Underwrite Fannie Mae and Freddie Mac mortgages to allow private sector refinancing at 4.5 percent interest rate;
- Extend and expand the current Federal Tax Credit for first time homebuyers. This policy will expire in the near-term and requires prompt Congressional action. The current \$8,000, while helpful in non-coastal regions, should be increased to have greater impact in more expensive markets like California and the northeast.

## **The Continuing Home Foreclosure Tsunami: Disproportionate Impacts on Black and Latino Communities<sup>2</sup>**

### *Introduction*

The federal government has consistently supported the expansion of homeownership opportunities for more than 50 years. The number of American homeowners has grown rapidly over this period. While minorities have also benefited from this policy, their rates of homeownership still fall well behind that of whites. In the current economic downturn, many blacks and Latinos have an especially acute risk of home foreclosure and because of the tight credit market face difficulty assembling credit to purchase a home.<sup>3</sup> Current policy interventions do not extend far enough to protect and ensure homeownership opportunities for blacks and Latinos even though these groups have a proportionally higher frequency of having high risk mortgages and unemployment. They therefore are at a higher risk for home devaluation, foreclosure and resultant neighborhood decline.

### *Extent of Crisis*

There are an estimated 75.6 million owner-occupied housing units in the United States.<sup>4</sup> Homeownership among blacks and Latinos varies by region. For Latinos, the greatest proportion of homeowners relative to regional population is in the West and Midwest. Among blacks, homeownership is most pronounced in the Midwest and South.<sup>5</sup> Each of these three regions has been characterized by rapid housing expansion over the past 20 years and many of the states suffering the highest rates of foreclosures and home devaluations are in these regions. These states include Nevada, California, Arizona, Florida, Illinois, Ohio and Michigan.

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<sup>2</sup> We would like acknowledge the excellent research assistance of David Mason, Ph.D..Student in Department of Urban Planning, UCLA.

<sup>3</sup> Raul Hinojosa, et al., “The End of the American Dream for Blacks and Latinos” William C. Velasquez White Paper, June 2009

<sup>4</sup> American Housing Survey, 2007

<sup>5</sup> Author’s calculation from 2007 AHS and ACS data estimates. The quotient is simply calculated as the number of owner-occupied residences by race and region divided by the estimated population of the region by race; yielding a proportion of relative owner-occupancy.

Table 1

2009 Foreclosures - Selected MSAs	Bakersfield	Charlotte/Gastonia	Fresno	LA-Long Beach	Minneapolis	Miami	Phoenix	Chicago	Atlanta	DC Area	Detroit	Las Vegas	New York Area	Dallas FtW
Foreclosures on Market <sup>1</sup>	14,774	5,645	7484	21,007	9,136	44,166	28,750	58,035	10,345	1930	11,941	49,754	9,486	2,949
% of stock	6.05%	0.85%	2.68%	0.51%	0.72%	2.21%	1.97%	1.70%	0.55%	0.10%	0.72%	7.27%	0.14%	0.14%
<b>Black<sup>2</sup></b>														
Estimated units	—	1294.4	—	1713.2	529.2	7409.3	1134.0	10138.2	3167.3	499.6	2540.1	4849.6	1610.1	429.9
% High Priced Mortgages <sup>3</sup>	55.5	43.1	49.1	53.6	62.3	61.3	43.3	64.2	48.0	40.8	78.3	46.6	*42.4	67.7
X more prevalent than for whites	<b>2.3</b>	<b>3.9</b>	<b>1.6</b>	<b>3.2</b>	<b>5.5</b>	<b>2.0</b>	<b>2.2</b>	<b>3.9</b>	<b>5.6</b>	<b>9.1</b>	<b>2.4</b>	<b>2.1</b>	<b>2.8</b>	<b>3.7</b>
<b>Latino</b>														
Estimated units	5525.6	359.0	3010.1	6970.3	295.6	15494.3	6056.9	8269.2	691.5	171.3	346.1	10456.3	1734.4	606.8
% High Priced Mortgages	48.4	34.9	50.0	48.9	46.4	52.3	57.6	46.0	29.3	27.7	64.5	48.2	39.4	55.6
X more prevalent than for whites	<b>2.0</b>	<b>3.2</b>	<b>1.7</b>	<b>2.9</b>	<b>4.1</b>	<b>1.7</b>	<b>2.9</b>	<b>2.8</b>	<b>3.5</b>	<b>6.2</b>	<b>1.9</b>	<b>2.2</b>	<b>2.6</b>	<b>3.0</b>

<sup>1</sup>Source: RealtyTrac

<sup>3</sup> By County, 2006 Source: Pew Hispanic Center, Home Mortgage Disclosure Act

<sup>2</sup>Based on ACS figures

\*The mean of seven NY, NJ Counties

Recent data for select metropolitan areas shows the extent of foreclosure risks in 2009. Table 1 shows data drawn from RealtyTrac’s most recent estimation of foreclosure property concentrations in cities that have been hardest hit by the housing crisis and those which have begun to show recent gains in the rate of home foreclosure. In places like Las Vegas and Bakersfield, up to 7 percent of the owner-occupied housing stock is on the foreclosure market. Based on proportions of homeownership estimated from the American Housing Survey, Latinos in just these two metropolitan areas currently stand to lose some 15,000 homes. For blacks, Chicago and Miami appear to have the highest concentrations of foreclosed owner-occupied homes on the market. Since the estimates are weighted based on overall homeownership in the region, these figures are conservative. The prevalence and concentration of high-cost mortgage products among minority homeowners relative to whites would probably push these figures considerably higher.

Some initial observers suggested that the foreclosure crisis is primarily a regional phenomenon, concentrated in a handful of rapidly suburbanizing Sunbelt areas. More recent foreclosure data, however, suggests that a new wave of foreclosures has reached other metropolitan areas as well. Between 2007 and 2008, the metropolitan areas with the highest growth in foreclosure rates included Seattle, Minneapolis, Chicago and San Francisco; the suburban growth of which has been traditionally unique from places like Phoenix, Las Vegas, California’s Inland Empire or southern Florida.<sup>6</sup>

Between 2005 and 2008 a total of approximately 7.6 million homes have been foreclosed, some ten percent of the owner-occupied housing stock, or an average of 7,030 home foreclosures each day over this period. This represents a combined loss of \$308.7 billion in domestic GDP.<sup>7</sup> According to the CRL, this trend is expected to continue through 2012.

<sup>6</sup> Christie, Les 2009. “Foreclosures: How bad is your city” CNN Special Report July 30, 2009. [http://money.cnn.com/2009/07/30/real\\_estate/worst\\_hit\\_foreclosure\\_cities/](http://money.cnn.com/2009/07/30/real_estate/worst_hit_foreclosure_cities/) Accessed 10/5/09

<sup>7</sup> Natalia Siniavskaia, *The Effect of Home Building Contraction on State Economies*, National Association of Home Builders (August 1, 2008) available at <http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=99676&channelID=311>

The Center for Responsible Lending estimates approximately 2.4 million homes will fall under foreclosure by the end of the year 2009. By 2012 they project a total of 9 million foreclosures, or roughly 12 percent of the country's current owner-occupied housing stock. Empirical work has suggested that the spillover effect has devalued homes near those faced with foreclosure. For 2009, CRL estimates this decline at \$7200 per home, or an overall loss of property value of over a half-billion dollars. Based on these figures, the average devaluation of a home in the West from the period 2009-2012 would be \$17,288 and \$12,578 in the South; both of these are regions where homeownership among blacks and Latinos has begun to grow in recent years.

Table 2 shows differences in homeownership trends among blacks and Latinos in select housing markets. In each region homeownership among these groups falls below national averages, while household expenditures more frequently exceed 30 percent (an indicator of excessive expenditure on housing) for these groups. In these regions, homeownership for blacks and Latinos overall is less common than for whites, and much more tenuous for these groups to maintain, given current unemployment rates, household expenditures on mortgages and the abundance of high-cost, adjustable interest mortgage instruments in these and other metropolitan regions.

Table 2  
Housing and Labor for Select At-Risk Foreclosure MSAs<sup>1</sup>

	Bakersfield	Charlotte Gastonia	Fresno	LA-Long Beach	Minneapolis	Miami	Phoenix	Chicago	Atlanta	DC Area	Detroit	Las Vegas	New York Area
Total Population	800,458	1,701,600	909,153	12,872,808	3,229,878	5,414,772	4,281,899	9,568,532	5,368,070	5,356,474	4,425,110	1,865,746	19,006,798
Unemployment (2008) <sup>2</sup>	14.3	11.8	14.6	11.8	7.7	10.8	8.6	9.7	10.4	6	17	13.4	9.3
Owner-Occupied Units	244,186	661,392	278,964	4,139,921	1,262,247	1,997,988	1,461,699	3,421,890	1,891,993	1,981,003	1,654,052	684,605	6,760,231
<b>Black</b>													
Population	—	393,435	—	915,637	207,851	1,093,505	182,004	1,678,270	1,701,581	1,380,540	1,004,544	178,594	3,398,915
Population %	—	23.12%	—	7.11%	6.44%	20.19%	4.25%	17.54%	31.70%	25.77%	22.70%	9.57%	17.88%
O-O Units	—	151,655	—	337,630	73,120	335,183	57,652	597,772	579,271	512,846	351,858	66,730	1,147,449
O-O %	—	46.60%	—	36.60%	30.30%	50.40%	41.80%	43.00%	53.90%	53.20%	48.50%	36.40%	32.40%
Mortgage > 30% <sup>1</sup>	—	48.70%	—	61.70%	64.70%	66.10%	56.50%	50.70%	45.90%	51.00%	52.70%	59.10%	51.10%
<b>Latino</b>													
Population	376,959	151,464	443,078	5,719,249	154,777	2,142,736	1,321,712	1,903,733	517,152	659,927	165,645	530,697	4,111,528
Population %	47.09%	8.90%	48.74%	44.43%	4.79%	39.57%	30.87%	19.90%	9.63%	12.32%	3.74%	28.44%	21.63%
O-O Units	91,327	42,064	112,200	1,373,670	40,841	700,935	307,943	487,570	126,460	175,799	47,946	143,876	1,236,025
O-O %	51.80%	40.30%	45.40%	40.40%	51.80%	59.30%	55.40%	56.00%	46.40%	54.30%	59.80%	46.70%	27.00%
Mortgage > 30%	57.50%	43.80%	56.90%	63.50%	45.70%	63.50%	54.80%	62.30%	51.40%	62.40%	43.50%	62.00%	57.60%

<sup>1</sup>Source: ACS 2008

<sup>2</sup>Share of loans warranting a monthly expenditure of greater than 30% of household budget, which is an accepted ceiling for monthly housing consumption

<sup>3</sup> By County, source: Pew Hispanic Center

The economic downturn beginning in 2008 saw the loss of billions of dollars of housing stock value, massive unemployment and a wave of foreclosure of millions of homes by financial institutions. Recently, some have suggested that that the housing devaluation that figured so prominently in the economic collapse has ended. Evidence suggests this is a premature evaluation. Negative equity is most pronounced in Nevada, Arizona, California, Florida and Michigan; with at least 40 percent of the home mortgages in each of these states estimated as being “underwater.” At the end of 2008, an estimated 8.3 million mortgages (approximately 20 percent of all mortgages in the United States) were underwater, a near 10 percent increase from the fall of the same year.<sup>8</sup> According to the IMF, there are presently between 8 and 12 million homes with negative equity in the United States; a total value of \$600 billion.<sup>9</sup> As these homes have outstanding mortgage debt

<sup>8</sup> Hoak, Amy. 2009. “Report: 20% of home mortgages were underwater in December” The Wall Street Journal, March 4, 2009.

<sup>9</sup> John Kiff and Vladimir Klyuev. 2009. “Foreclosure Mitigation Efforts in the United States: Approaches and Challenges” International Monetary Fund Staff Position Note.

that is greater than the value of the house, there is an incentive for owners to simply discontinue payments and abandon their homes. Vacant and foreclosed homes in turn also depreciate the value of neighboring homes, encouraging a cycle of neighborhood decline.

A recent paper presented data showing the greatest changes in foreclosure rates of metropolitan areas from the period 2006-2007.<sup>10</sup> Metropolitan areas in California, Connecticut, North Carolina, Florida and Washington, D.C. saw at least a doubling of foreclosures in this period. County data encompassing the corresponding metropolitan areas reveals that blacks and Latinos, while falling below whites in homeownership rates, have on average more than twice the frequency of high risk loans. The selections from the Table 3 below indicate that home mortgage delinquency and foreclosure risks span each region of the country but are most concentrated in high growth Southern and Western states.

Table 3

Higher-priced loans as Percentage of Home Loans (2006) <sup>1</sup>					Change on Foreclosure Filings 2006-7	
State	County	Black	Hispanic	White	MSA	Percent Change
Arizona	<i>Maricopa</i>	43.3	57.6	19.5	<i>Phoenix</i>	66
California	<i>Los Angeles</i>	53.6	48.9	16.9	<i>Los Angeles</i>	65
	<i>Orange</i>	35.4	50.7	11.8	<i>Orange County</i>	73
	<i>Riverside</i>	54.1	49.4	23	<i>Riverside-San Bernardino</i>	80
	<i>San Bernardino</i>	60.6	54.4	29		
	<i>San Diego</i>	39.6	40.3	12.6	----	
Connecticut	<i>Hartford</i>	52.5	47.2	12.2	<i>Hartford</i>	168
	<i>New Haven</i>	58.9	49.6	16.2	<i>New Haven</i>	275
District of Columbia		40.8	27.7	4.5	<i>DC-Arlington-Alexandria</i>	225
Florida	<i>Broward</i>	62	50.1	27.2	----	
	<i>Miami-Dade</i>	61.3	52.3	30.9	----	
Michigan	<i>Wayne</i>	78.3	64.5	33.3	----	
Nevada	<i>Clark</i>	46.6	48.2	22.1	<i>Las Vegas/Paradise</i>	72
<b>Mean</b>		<b>55.0</b>	<b>47.5</b>	<b>19.9</b>		<b>128.0</b>
<b>National Mean</b>		<b>31.8</b>	<b>30.7</b>	<b>26.3</b>		

Source: Pew Hispanic Center and Immergluck (2008)

<sup>1</sup>Higher priced loans have "annual percentage rates that exceed the rate of U.S. Treasury securities of comparable maturity by a specified threshold (3 percentage points for first-lien loans)"

Even so, a recent report by Harvard's Joint Center for Housing Studies also suggests that demand for homeownership is constant, if not expanding as immigration and demographic shifts place more people within the age and income earning capacity to become homeowners.<sup>11</sup> Moderate estimates suggest demand for housing within the next ten years to approach 2 million units or four times the pace of current housing starts.

Reflecting the demand, recent data suggests that many of these areas remain active markets for new home construction. According to a recent HUD report, the metropolitan areas of Los

<sup>10</sup> Immergluck, Dan. 2008. "From the subprime to the exotic: excessive mortgage market risk and foreclosures" *Journal of the American Planning Association* Vol. 74 No.1, pp1-18.

<sup>11</sup> Harvard JCHS, State of Housing 2009.

Angeles-Orange County, Phoenix, Riverside-San Bernardino, Washington DC and Las Vegas are among the top 15 most active metropolitan areas in terms of building permit issuance in 2009.<sup>12</sup>

Reductions in Latino and black housing consumption will have far reaching effects on the domestic economy. Already since 2007, overall economic growth has slowed an average of nearly 1 percent due to decline in housing construction and finance labor sectors.<sup>13</sup>

### Unemployment

Massive unemployment, 9.8 percent as of September 2009, has accompanied the housing market collapse. This has disproportionately affected blacks and Latinos (See Table 4 Chart 1). Using the general consensus of labor economists of the figure of 4 percent unemployment as a desirable baseline, current unemployment rates for whites is more than double, Latinos triple and blacks nearly four times this rate. Since 2006, these groups have lost a combined 8.9 million jobs.<sup>14</sup> The availability of construction and contractor jobs, vital for the expansion of the supply of housing units has quickly eroded – in some regions up to a quarter of these jobs have been lost. Blacks and Latinos who benefited from steady and expanding employment opportunities over the last decade have witnessed the elimination of thousands of jobs in the local building trades.

**Table 4**  
**Job Losses in the Construction Sector 2008-09<sup>1</sup>**

	Bakersfield	Charlotte Gaston	Fresno	LA-Long Beach	Minneapolis	Miami	Phoenix	Chicago	Atlanta	Detroit	Las Vegas	New York Area	Dallas FW
Construction Jobs (2008)													
<i>Black</i>	–	10,639	–	16,496	2,610	36,997	4,645	28,156	46,059	15,752	4,987	86,616	16,832
<i>Latino</i>	11,051	24,341	17,316	322,882	6,379	135,272	113,711	96,090	78,151	9,214	47,072	208,556	202,243
Construction Jobs Lost Since 2008 <sup>2</sup>	1,700	970	6,300	36,400	10,956	39,200	36,600	51,000	23,635	4,100	20,892	30,000	10,300
% of sector	10.49%	2.06%	14.96%	7.95%	18.12%	18.20%	26.14%	14.54%	18.42%	19.07%	21.99%	7.98%	5.26%
Estimated job loss													
<i>Black</i>	–	220	–	1,503	473	6,733	1,214	4,093	8,486	1,121	1,097	6,911	885
<i>Latino</i>	1,160	502	2,591	29,412	1,156	24,618	29,727	13,970	14,398	656	10,351	16,640	10,634

<sup>1</sup>Source: estimates from the Bureau of Labor Statistics, US Census Bureau

<sup>2</sup> Data drawn from state labor and workforce agencies, some records may be limited to job losses in the period 2007-08

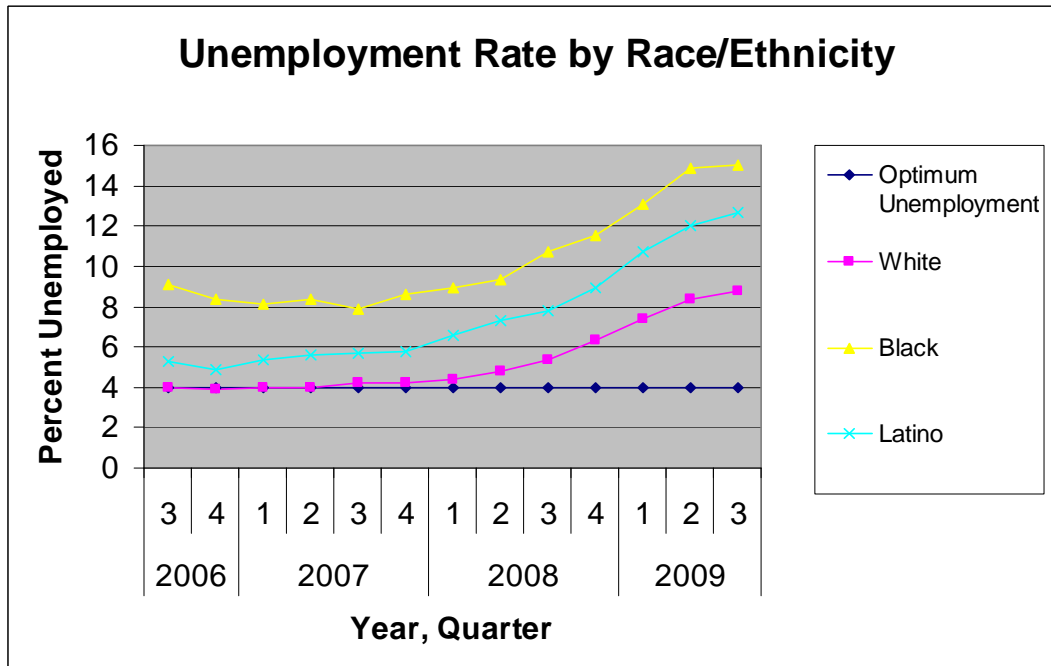
<sup>12</sup> US Department of Housing and Urban Development, 2009 “Regional Activity”  
[http://www.huduser.org/intercept.asp?loc=/periodicals/ushmc/summer09/reg\\_activity.pdf](http://www.huduser.org/intercept.asp?loc=/periodicals/ushmc/summer09/reg_activity.pdf)

Accessed: 10/2/09

<sup>13</sup> *ibid.*

<sup>14</sup> US Bureau of Labor Statistics

Chart 1



### Current Policy Interventions

Homeownership assistance interventions in response to the economic downturn began at the close of the Bush Administration. The Help for Homeowners program was established to assist low-income and at-risk homeowners who risk mortgage default by allowing them to refinance loans at lower, government-backed rate. Despite a projected target of 400,000 recipients, the program had received less than 500 applications and disbursed just 25 loans as of February 2009.<sup>15</sup> Recently homeownership has been encouraged by the introduction of the First-Time Home Buyer Tax Credit. This program allows for a tax credit of up to \$8,000 for buyers who have not purchased a principal residence in the past three years. While this program targets renters and prospective homebuyers, it is less appropriate for those who have recently lost their home through foreclosure.

In early 2009 the Obama Administration created several initiatives to address the effects of the housing crisis and rising tide of negative equity. In February, HUD approved \$731 to support the Neighborhood Stabilization Program; a CDBG program specifically targeted to areas acutely affected by housing decline and mortgage default. This is primarily a supply side intervention, with funds enabling local government agencies to buy foreclosed properties, assemble land banks and set aside property for future development or resale. On March 4, 2009, the Administration's Home Affordable Refinance Program initiated a more ambitious demand side intervention targeted to restructure the mortgages of individual homeowners whose homes have Fannie Mae or Freddie

<sup>15</sup> Naylor, Brian. 2009. "Homeowners rescue program shows slim benefits" National Public Radio. <http://www.npr.org/templates/story/story.php?storyId=100163398>  
 Accessed 10/3/09



Mac-backed loan.<sup>16</sup> whose homes have minimal or no negative equity on Fannie Mae or Freddie Mac-backed loan. The Administration has earmarked \$75 billion for this program and as of August, 2009 has processed about 400,000 loan modifications; on pace for a projected reach of 3 to 4 million homeowners by 2012.

This program is clearly a step in the right direction, though could use additional resources and expansion. First, estimates suggest that the present rate of modifications covered under this program will only reduce future foreclosure levels by approximately one-third.<sup>17</sup> Second, the program suffers from inadequate staffing and procedure to handle.<sup>18</sup> Finally, the program is not targeted at borrowers who may be unemployed or whose mortgage carries exceptional negative equity; to qualify for a mortgage refinance for example the applicant must have made all mortgage payments within the past year and mortgage values cannot exceed 125 percent of the home's value. For homeowners of color saddled with high cost adjustable rate mortgages or similar loan products, qualification for this program may be out of reach, especially given the higher likelihood of unemployment due to the economic contraction.<sup>19</sup>

### *Conclusion and Recommendations*

Current housing relief interventions have limited reach, especially to black and Latino homeowners saddled with expensive mortgages that are becoming worth more than their home. Neighborhoods suffer from the cumulative forces of foreclosures and negative equity mortgages that drive down home values which in turn spillover to neighboring homes and communities. Black and Latino homeowners have a disproportionate share of these mortgage products and are less able to pay them because of concentrated unemployment within these groups. Foreclosure rates are increasing in a different set of regional markets, suggesting that the housing crisis is not over and is entering a different phase. The Obama Administration can allay the mortgage crisis and encourage housing consumption among blacks and Latinos with targeted interventions:

- Expand eligibility requirements for the Making Home Affordable program to target borrowers who are most at risk of foreclosure or who are likely to vacate the house because of pronounced negative equity;
- Reform bankruptcy laws to enable restructuring of mortgage terms to discourage default or flight;

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<sup>16</sup> Rather than encourage the production of additional housing units through the assembly and resale of foreclosed or vacant property to developers, this intervention enables individual at-risk homeowners to remain in their homes when they may otherwise be forced on to the rental market – promoting stable demand for homeownership relative to renting as a tenure choice in light of rising homeownership costs.

<sup>17</sup> “Progress of the Making Home Affordable Program: What are the outcomes for homeowners and what are the obstacles to success?” Written Testimony of Alys Cohen, National Consumer Law Center, before the US House of Representatives Subcommittee on Housing and Community Opportunity of the House Committee on Financial Services, Washington D.C., September 9, 2009.

<sup>18</sup> Peter S. Goodman, “Paper Avalanche Buries Plan to Stem Foreclosures,” New York Times, June 29, 2009.

<sup>19</sup> “Progress of the Making Home Affordable Program: What are the outcomes for homeowners and what are the obstacles to success?” pg. 39.

- Underwrite Fannie Mae and Freddie Mac mortgages to allow private sector refinancing at 4.5 percent interest rate;
- Extend and expand the current Federal Tax Credit for first time homebuyers. This policy will expire in the near-term and requires prompt Congressional action. The current \$8,000, while helpful in non-coastal regions, should be increased to have greater impact in more expensive markets like California and the northeast.