



Spotlight on the Housing Market in Tampa-St. Petersburg-Clearwater, Florida



The Obama Administration's Efforts to Stabilize the Housing Market and Help American Homeowners | January 2012

The Tampa-St. Petersburg-Clearwater, Florida Metropolitan Statistical Area (Tampa MSA) includes four counties: Hernando, Hillsborough, Pasco, and Pinellas on the Gulf Coast in central Florida. The problems in Tampa's housing market have been more severe than those in most areas of the nation. The share of distressed mortgages in and around Tampa – those 90 or more days delinquent or in foreclosure – is well above the national average, beginning with a significant rise in delinquencies and defaults among subprime loans in 2007. At 806 days, Florida has the third longest average foreclosure processing time among states, as lender processing delays and a backlog in the courts contribute to a high share of mortgages remaining in the foreclosure pipeline. During the early part of the decade, local home prices rose at nearly double the pace of the national average, driven in part by investor speculation. As a result, home prices in the MSA have since fallen more steeply than in most parts of the country. Declining property values in Tampa and the extent of underwater mortgages in the current market were also fueled in part by excess housing construction in the years prior to the crisis. The housing market in Tampa remains fragile – with a very high percentage of distressed mortgages, deeply discounted foreclosed properties, low property values, and many severely underwater mortgages. However, the Administration's broad approach to stabilizing the housing market has been a source of real help to homeowners in Tampa and surrounding cities. This addendum to the Obama Administration's Housing Scorecard provides a summary of trends and conditions in the local economy and the impact of the Administration's efforts to stabilize the housing market and help local homeowners.

Population Growth, Employment, and Housing Market:

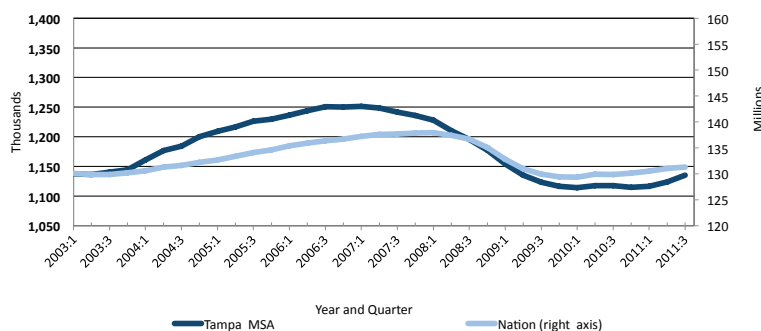
More than 2.78 million people live in the Tampa MSA according to the most recent Census, and the local population has increased steadily since 2000. Over the past ten years, Tampa has seen an average annual increase of approximately 38,700 new residents (1.6 percent) – including an average of 36,950 that move to the area each year. The influx of new residents was the most rapid between mid - 2003 and mid - 2006 when the local economy added an average of 36,000 jobs a year. Population growth peaked at 63,800 in 2005 but has since slowed to nearly one-fourth that level. During the decade spanned by the Census, new housing production exceeded household growth in Tampa, and this excess construction contributed to an oversupply of housing and steeper price drops when the bubble burst. According to the Census, household growth in Tampa averaged 1.4 percent annually between 2000 and 2010, but net annual housing unit growth at 1.8 percent exceeded corresponding population and household growth rates. Furthermore, second homes may be more prevalent in Florida which could explain higher housing unit growth.

Tampa Housing Unit Growth Outpaced Population and Household Growth During the Past Decade

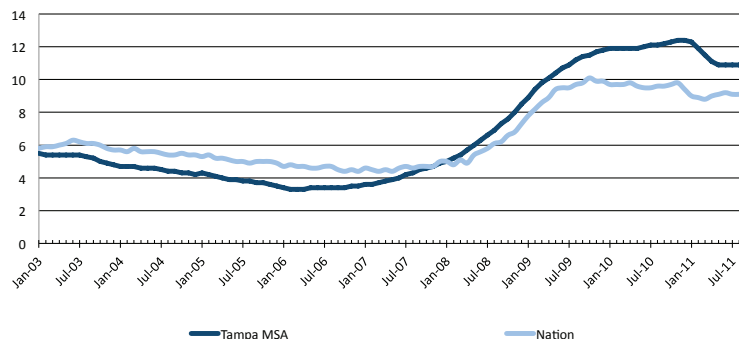
Date of Census	4/1/2000	4/1/2010
Tampa MSA Population	2,396,038	2,783,243
Annual Growth Rate	-	1.6%
Tampa MSA Households	1,009,316	1,151,263
Annual Growth Rate	-	1.4%
Tampa MSA Housing Units	1,143,979	1,353,158
Annual Growth Rate	-	1.8%

Source: Census Bureau (2000 and 2010 Decennial)

Job Market Conditions are Improving for Tampa and for the Nation
Quarterly Nonfarm Employment



Unemployment Rate Remains High Although Improving
Monthly Unemployment Rate (Percent)





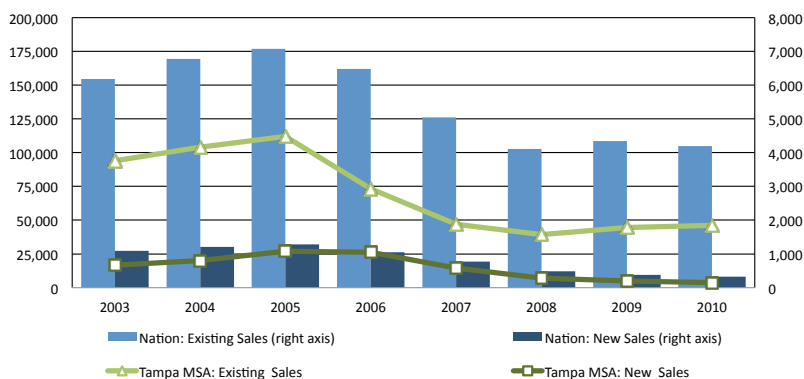
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From the first quarter of 2007 to the first quarter of 2010, Tampa and surrounding cities lost a total of 137,400 jobs—however, the area has since begun to add jobs again. Employment in Tampa increased by 25,400, or 2.3 percent, during the three months ending November 2011 from a year earlier, while employment in the U.S. increased by 1.2 percent during the same period. More than three-fourths of job gains in the Tampa MSA over the past year were from the leisure and hospitality sector (10,400), with an increase in tourism, and the professional and business services sector (8,800). Wholesale and retail trade added an additional 4,000 jobs. The local economy lost the most jobs in construction (2,800) as a result of continued weakness in the local housing market. The average unemployment rate for the Tampa MSA was 10.5 percent during the three months ending November 2011, down significantly from 12.3 percent a year earlier. The national average unemployment rate during the same period was 8.9 percent, down from 9.7 percent.

Home sales in the Tampa MSA remain sluggish. Existing home sales began a steep decline in 2006, but increased modestly in 2009 and 2010, while new home sales have been declining since 2005. During the first ten months of 2011, existing home sales increased by 9 percent compared to the first ten months of 2010, while new home sales fell by 24 percent, according to CoreLogic. Sales of bank-owned properties and short sales by homeowners currently represent 31 percent of existing home sales in the Tampa market compared to a national rate of 28 percent. This high level of distressed sales contributes to continued weakness in Tampa home prices overall. The CoreLogic repeat-sales house price index shows that the rise in home prices in Tampa was nearly double the national pace (42 percent) between 2000 and mid-2006. From their peak in May 2006 to the end of the house price bubble in April 2009, home prices fell sharply in Tampa (41 percent), compared with the national average peak-to-low decline of 31 percent. While national sales prices began to level off after April 2009, home prices in Tampa fell an additional 9 percent (from peak-2006 prices) and have just begun to show signs of improvement in the last 8 months. Investor speculation helped to fuel the rise in prices—home sales to investors was at 18 percent in Tampa between 2000 and mid-2006, much higher than the 12 percent share for the nation. While the share of investor purchases was higher in Tampa than the nation, it was lower than in other parts of Florida.

The rental market in Tampa is showing significant signs of improvement. According to Reis Inc., the overall apartment vacancy rate in Tampa was 6.7 percent in the third quarter of 2011, down from 8.6 percent a year earlier but still above the national average of 5.6 percent. During the third quarter of 2011, average rents increased by 2 percent from a year ago to \$850. The average rent nationwide also increased by 2 percent during the same period to \$1,060.

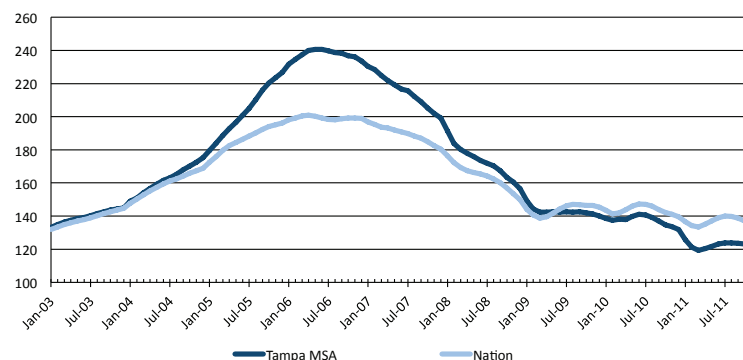
New and Existing Home Sales: Tampa Compared to the Nation
Annual Home Sales (thousands)



Sources: CoreLogic, HUD/Census Bureau, and National Association of Realtors

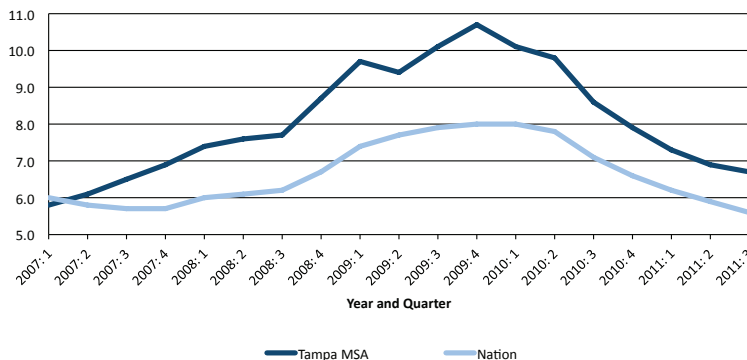
Tampa Home Prices Declined Sharply After Steep Rise
Market Remains Fragile

Repeat-Sales House Price Index (Jan 2000 = 100)



Source: CoreLogic

Rental Vacancy Rates Consistently Higher Than Nation Although Improving
Quarterly Apartment Rental Vacancy Rates (Percent)



Source: Reis, Inc.



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Trends in Mortgage Delinquencies and Foreclosures:

Homeowners in Tampa are still struggling with some of the highest levels of mortgage delinquency and foreclosure in the nation. As of November 2011, the Tampa metro area ranked 6th out of 366 metropolitan areas for the share of mortgages at risk of foreclosure (90 or more days delinquent or in the foreclosure process) according to LPS Applied Analytics. LPS data show that Tampa area

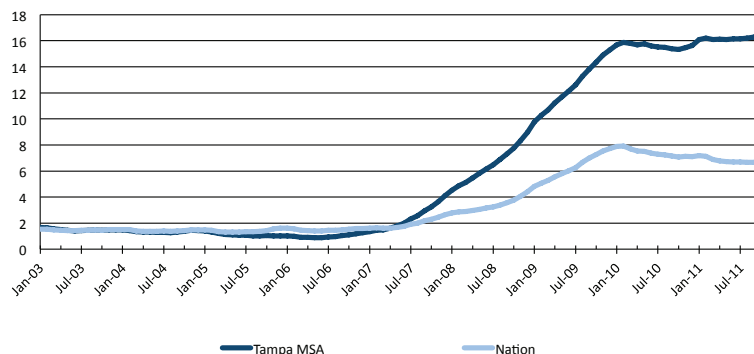
Foreclosure Completion Rates in the Tampa MSA				
Area	Fourth Quarter 2011		Since April 1, 2009	
	Foreclosure Completions	Foreclosure Rate	Foreclosure Completions	Foreclosure Rate
Tampa MSA	2,300	0.17%	26,000	1.9%
Nation	175,800	0.13%	2,507,800	1.9%

Note: Foreclosure Rates as Percent of All Housing Units; Data through December 2011 for Foreclosures since April 2009
Source: Realty Trac and Census Bureau

mortgages at risk of foreclosure increased by 6 percent over the past year, from 59,600 in November 2010 to 63,300 in November 2011, compared with a national decline of 6 percent over the same period. CoreLogic data since 2000 show that the rate of mortgages at risk of foreclosure in Tampa has been consistently higher than in the nation since mid-2007. The share of distressed mortgages hit its peak in September 2011 at 16.3 percent in Tampa and remains at that level; national rates declined from a high of 7.9 percent in February 2010 to 6.7 percent currently. Although the share of distressed mortgages has been substantially higher in Tampa than the nation overall, Realty Trac data indicate that the foreclosure rate since April 2009 is the same as the

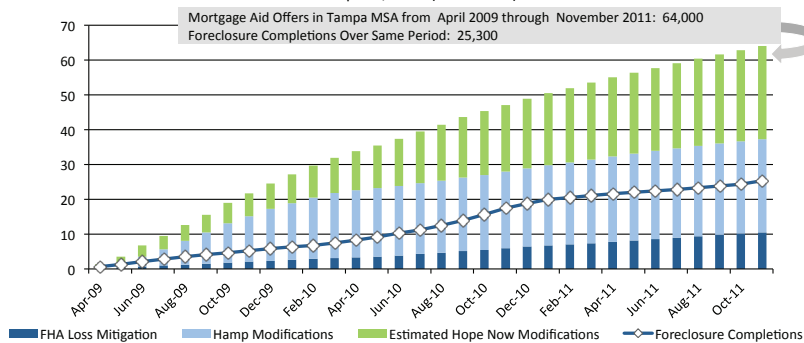
Tampa MSA NSP Activity (Housing Units)	Projected	Completed
NSP1 Total	647	370
Clearance and demolition	97	137
Construction of new housing	23	4
Homeownership assistance to low- and moderate-income	53	8
Rehabilitation/reconstruction of residential structures	474	221
NSP2 Total	225	25
Clearance and demolition	47	23
Construction of new housing	3	0
Homeownership assistance to low- and moderate-income	3	2
Rehabilitation/reconstruction of residential structures	172	0
NSP3 Total	285	0
Clearance and demolition	81	0
Construction of new housing	46	0
Homeownership assistance to low- and moderate-income	28	0
Rehabilitation/reconstruction of residential structures	130	0

Share of Distressed Mortgages Substantially Higher Than the Nation
Mortgages 90+ Days Delinquent (Percent of All Active Mortgages)



Source: CoreLogic

Mortgage Aid Extended 64,000 Times to Mitigate Rising Foreclosures
Tampa MSA: Cumulative Offers of Aid by Source Compared with Foreclosures
Since April 1, 2009 (Thousands)

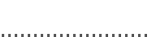


Note: Data on HOPE Now proprietary mortgage modifications are not available at metropolitan area level. However, HOPE Now Alliance reports 191,000 non-HAMP modifications since April 1, 2009 in the state of FL of which 14 percent are estimated by HUD to have occurred in the Tampa MSA.

national rate. Similar to the nation, foreclosure completions have been on the decline in Tampa, decreasing from 12,917 during 2010 to 7,253 for 2011, although lender process reviews continue to affect foreclosure completions locally and nationally. A partial explanation for the high level of mortgages at risk of foreclosure and the relatively low rate of foreclosure completions in Tampa is the time it takes to complete a foreclosure in Florida. According to Realty Trac, the average foreclosure processing time in Florida, which employs the judicial foreclosure process, was 806 days in the fourth quarter of 2011, more than twice the corresponding national rate of 348 days. CoreLogic reports that 47 percent of mortgages in the Tampa MSA are currently underwater – compared to 22 percent nationally – representing additional homeowners and loans potentially at risk.

The Administration's Efforts to Stabilize the Tampa Housing Market:

From the launch of the Administration's assistance programs in April 2009 through the end of November 2011, approximately 64,000 mortgage assistance interventions have been offered to homeowners in the Tampa metropolitan area. More than 37,200 interventions were offered through the Home Affordable Modification Program (HAMP) and the Federal Housing Administration (FHA) loss mitigation and early delinquency intervention programs. An estimated additional 26,800 proprietary mortgage



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modifications have been offered through HOPE Now Alliance servicers. While some homeowners may have received help from more than one program, the number of times assistance has been offered in the Tampa MSA is more than two and one-half times the number of foreclosures completed during this period (25,300). In addition to offers of mortgage aid to homeowners, the Administration's Neighborhood Stabilization Program (NSP) and Hardest Hit Fund have helped to stabilize the Tampa housing market.

Given over three rounds, the **Neighborhood Stabilization Program** has invested \$7 billion nationwide to help localities work with non-profits and community development corporations to turn tens of thousands of abandoned and foreclosed homes that lower property values into homeownership opportunities and the affordable rental housing that communities need. In addition to stabilizing neighborhoods and providing affordable housing, NSP funds have helped save jobs. Each home purchased, rehabilitated and sold through the NSP program is the result of the efforts of 35 to 50 local employees.

Overall, a total of \$187.5 million has been awarded to nine grantees in the Tampa MSA: the cities of Tampa, St. Petersburg, and Clearwater; the counties of Hernando, Hillsborough, Pasco, and Pinellas; and two consortia, one led by the Tampa Housing Authority and the other by Neighborhood Lending Partners of West Florida, Inc. The seven government jurisdictions received \$69.8 million in NSP1 funds and \$29.7 million in NSP3 funds, and the two consortia received \$88.0 million in NSP2 funds. Approximately 395 households have already benefited from NSP, and activities funded by the program are expected to provide assistance to an additional 1,157 owner and renter households. Here are some examples of how these funds have been put to use:

- The **Tampa Housing Authority** and the **City of Tampa** are part of a consortium that is using \$38 million in NSP2 funding to reignite a promising redevelopment project. Dubbed "Encore," the project reflects the community's aspiration to restore a neighborhood's rich and storied past. Nearly 450 units of high-quality affordable housing will be rebuilt on the 28-acre site with \$28 million of the award. The remaining \$10 million is being used for the acquisition of foreclosed residential and rental properties, land banking, and the expansion of the **City of Tampa's** down payment assistance and soft-second home loan program in neighborhoods surrounding the project site.
- Bayside Court Apartments, which consists of 144 two- and three-bedroom garden-style apartments for mixed-income renters, is being developed in Pinellas County through a public-private partnership, with partial funding from an NSP2 award of \$50 million to a consortium consisting of **Neighborhood Lending Partners**, **Pasco County**, **Pinellas County**, and the **Pinellas County Finance Authority**. J.P. Morgan Chase is also providing funding for the project.
- The **City of St. Petersburg** was awarded \$9.5 million under NSP1. The city has used part of this funding to renovate Burlington Gardens, a 20-unit building which is now fully occupied and provides permanent housing for people with disabilities.
- The **City of St. Petersburg** was also awarded an NSP3 grant of \$3.7 million. Some of this funding has been used to rehabilitate Fountain View, a 16 unit project that will be ready for occupancy in March. Ten of the units will provide permanent housing for very low income and homeless individuals, while the *Youth Aging Out of Foster Care Program* will occupy six units.

- **Hillsborough County** received an NSP1 grant of \$19.1 million. The county, in partnership with six nonprofit agencies, used part of this award to acquire and rehabilitate 63 homes. Forty percent of the homes have already been sold.
- Under NSP3, **Hillsborough County** also received an \$8.1 million award. The county plans to use a portion of these funds to rehabilitate and construct a total of 116 units beginning in the spring of 2012.
- In **Pasco County**, part of a \$19.5 million NSP1 grant has gone towards purchasing and rehabilitating 520 homes, of which 305 have been restored to date and 245 sold to eligible home buyers. Pasco County partnered with non-profit agencies for their real estate, property management and people skills, and construction firms to perform their work.
- **Pinellas County** received an achievement award for preserving Norton Apartments, a complex offering affordable rental housing. The county used part of an \$8.1 million NSP1 grant to restore 48 units.

As part of the State of Florida's housing recovery efforts, the **Florida Hardest Hit Fund** program was launched on April 18, 2011 to help Florida homeowners who have experienced a substantial decrease in income due to job loss or underemployment, by providing a mortgage payment bridge while they seek new or better employment. The **Florida Hardest Hit Fund** program is funded by a grant of more than \$1 billion from the Administration's **Hardest Hit Fund** and administered by Florida's Housing Finance Corporation. Assistance is provided in one of two ways:

- **Unemployment Mortgage Assistance Program (UMAP)** provides up to six months of payments (with a cap of \$12,000) to the mortgage lender to assist unemployed and underemployed borrowers with their first mortgage until they can resume full payments on their own.
- **Mortgage Loan Reinstatement Payment (MLRP) Program** is used to bring a delinquent mortgage current (up to \$6,000) for a homeowner who has returned to work or recovered from underemployment.

Homeowners must meet **all eligibility** requirements to be considered for the program. Homeowners experiencing a reduction in household income must have a documented hardship due to unemployment or underemployment through no fault of their own.

The homeowner's household income is reviewed to determine the level of assistance needed and the minimum mortgage payment that may be contributed by the borrower. Eligible homeowners close on a 0 percent interest rate subordinate loan similar to a home equity line of credit. Following the assistance period, the loan will be forgiven at a rate of 20 percent per year for five years.

To date, 198 mortgage servicers have agreed to participate in at least one of the Florida Hardest-Hit Fund programs. Florida homeowners who believe they may be eligible for these programs should visit www.flhardesthithelp.org. Florida Housing has these funds available until 2017 or until all funds are expended to help struggling homeowners and prevent avoidable foreclosures.