Children and Foreclosures: Baltimore City An Examination of Students Affected by Foreclosures, 2003-2008

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The Baltimore Neighborhood Indicators Alliance - Jacob France Institute (BNIA-JFI) is a research program within the University of Baltimore's Jacob France Institute. BNIA-JFI builds on and coordinates the related work of citywide nonprofit organizations, city and state government agencies, neighborhoods, foundations, businesses, and universities to support and strengthen the principle and practice of well informed decision making for change toward strong neighborhoods, improved quality of life, and a thriving city.

BNIA-JFI is a partner member of the <u>National Neighborhood Indicators Partnership</u> of the Urban Institute (NNIP). NNIP is a collaborative effort by the Urban Institute and over 35 local partners to further the development and use of neighborhood-level information systems in local policymaking and community building.

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Introduction

Over the past few years, the mortgage foreclosure crisis has impacted millions of households and families across the country. Foreclosure filings in Baltimore City alone have increased by more than 60 percent from 2007 to 2009.¹ Much of the attention and research on foreclosures has focused on the impact of the housing market, including the loss of homes, the decline in property values and a loss of wealth. More recent research has focused on the effect of foreclosures on neighborhood conditions and on stability. However, very little research has explored the impact of foreclosures on children—who, for instance, may have been forced to leave their homes, neighborhoods, schools and social networks. Even if these children do not end up changing residences, they—and their families—will no doubt have experienced a heightened level of stress because of financial problems and the foreclosure process. Children affected by foreclosures and the related stress can actually be susceptible to the development of both academic problems, such as lower levels of academic performance and increased student truancy, and behavioral issues, such as a lack of interpersonal skills (Groux and Maurin, Gruman et al., Pettit and McLanahan, Kingsley et al.).

The Open Society Institute and the Foundation to Promote Open Society funded three research organizations that are members of the Urban Institute's National Neighborhood Indicators Partnership to explore how children have been affected by foreclosures. The se organizations are the Baltimore Neighborhood Indicators Alliance-Jacob France Institute of the University of Baltimore, the Furman Center for Real Estate and Urban Policy at New York University's School of Law and NeighborhoodInfo D.C. at the Urban Institute. The resulting research would not have been possible without the financial support provided by OSI and the Foundation to Promote Open Society as well as the support, assistance and data offered by the Baltimore City Public School System, other data providers and the numerous stakeholders who reviewed the findings and provided technical assistance.

The research, which used several unique sets of data to examine the extent to which students in Baltimore City Public Schools have been affected by foreclosures for the 2003-04 to 2008-09 school years, involved two phases:

 In phase one, we identify the number of students affected by foreclosures and provide information on their demographic characteristics, neighborhoods, schools and housing characteristics.

¹ http://www.ubalt.edu/foreclosures

² The word *child* is used interchangeably with *student* for purposes of this report. The identification of children affected by foreclosure could only be made on students that attend the Baltimore City Public School System. The appendix of this report discusses data limitations including being unable to capture other populations of children that might be affected by foreclosure in Baltimore City.

The second phase will examine the mobility and performance of students that have been affected by foreclosures in Baltimore City within the same time period. A separate report will detail the findings of the second phase.

This report provides the results pertaining to the first phase of the research. The initial section of the report describes the housing and foreclosure trends in Baltimore City, the second section briefly describes the enrollment trends and demographics of Baltimore City Public School students, and the third section details the methodology and datasets used to identify those students affected by foreclosure. The fourth section discusses the impact of foreclosures on students in Baltimore City and identifies the neighborhoods in which they are concentrated; finally, the report concludes by summarizing the implications of these findings.

Baltimore City Housing Trends

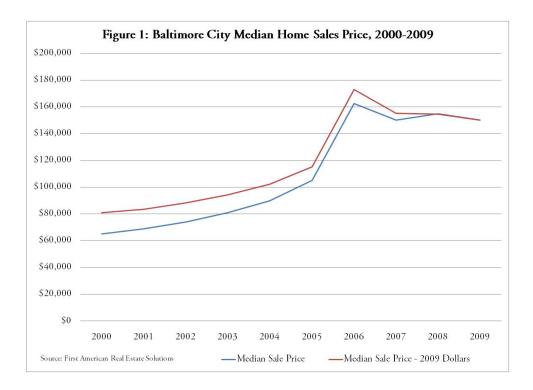
Like much of the United States, Baltimore City experienced a boom in the housing market during the early part of the 2000s before the real estate market burst, causing the city's housing market to turn downward. During the preceding boom, home prices and the number of properties sold increased and both foreclosures and the number of days a house was on the market decreased. The city's housing market boom began in 2002 and peaked in 2005-06. Starting in 2007, sales declined, the number of days a house was on the market increased and foreclosures began to rise. This section of the report briefly details the trends in housing sales, median sale prices and foreclosures in Baltimore City.

Housing Market

The median sale price of homes sold in Baltimore City more than doubled, increasing by 131 percent from \$65,000 in 2000 to \$150,000 in 2009. When adjusted for inflation, the median sale price for homes in Baltimore City increased by 85 percent, with 10 Community Statistical Areas experiencing increases of more than 100 percent.³ Despite the decline in the economy and in the housing market, the median sale price of homes in Baltimore City remained relatively steady from 2007 to 2009.

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³ Community Statistical Areas (CSAs) are clusters of neighborhoods and are organized around Census tract boundaries. In some cases, CSA boundaries may cross neighborhood boundaries. There are currently 55 CSAs in Baltimore City. A reference map of CSAs can be found at http://www.bniajfi.org/uploaded_files/0000/0302/communitystatisticalareas.pdf.



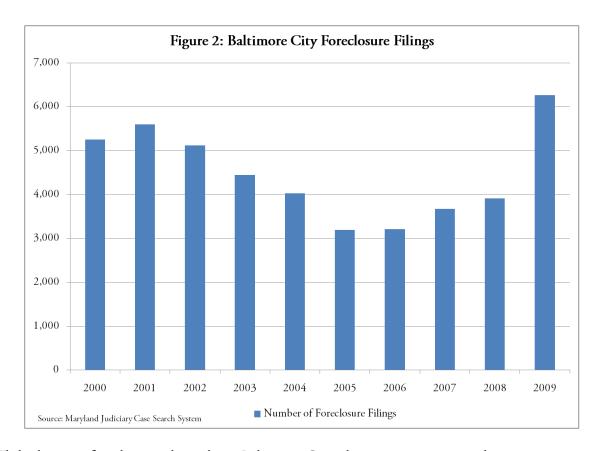
During the housing boom, the number of homes sold in Baltimore City increased by nearly 61 percent, from 8,500 in 2000 to 13,688 in 2005. From 2005 to 2009, the number of units sold in Baltimore City declined by 8,186 from 13,668 in 2005 to 5,482 in 2009.

Foreclosures

In the early part of the decade, Baltimore City experienced a large number of property foreclosures.⁴ From 2000 to 2003, there were more than 5,000 foreclosure filings⁵ per year. This number decreased from 2003 to 2006 but has risen dramatically since then. The housing boom meant that families unable pay their mortgages were more likely to be able to sell the home for at least the amount owed. From 2005 until the end of 2009, the number of foreclosure filings nearly doubled, increasing by 96 percent. In 2009, a total of 6,263 properties had foreclosure filings. As of the end of the second quarter of 2010, there were more than 2,100 foreclosure filings in Baltimore City.

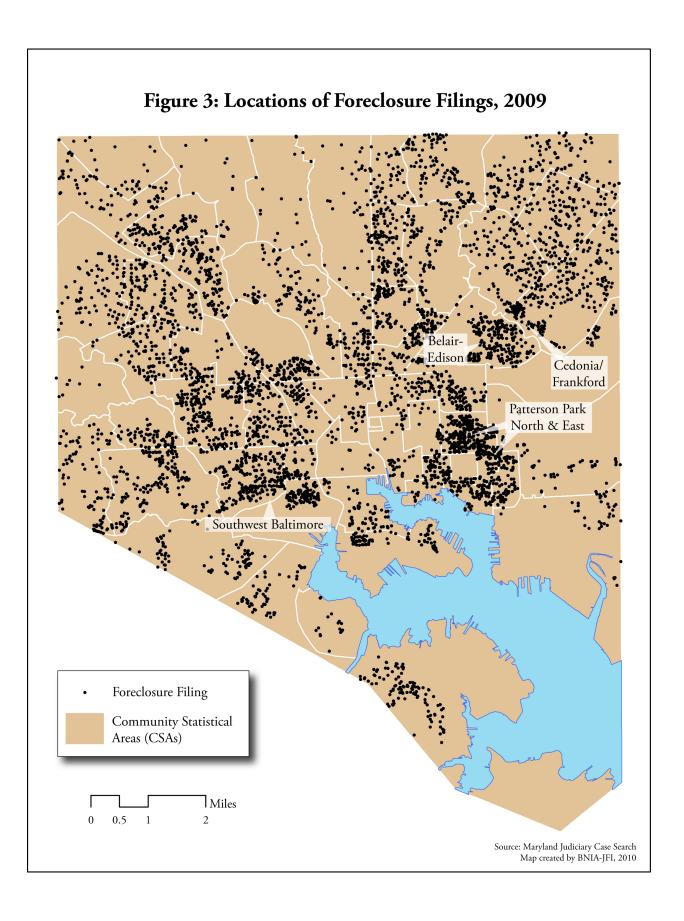
⁴ The number of foreclosures is measured by the total number of foreclosure filings or *lis pendens* per a property that can be geocoded. It is important to note that not every foreclosure filing results in an actual foreclosure, but that filings were used for a variety of reasons, including availability of the data, and that filings are an indicator of financial distress for a property.

⁵ For purposes of this report, *foreclosure* is used interchangeably with *foreclosure filings*.



While there are foreclosures throughout Baltimore City, there is some variation between neighborhoods in the number of filings. From 2005 to 2008, many neighborhoods experienced an increase in the percentage of properties with foreclosure filings. Neighborhoods such as Washington Village, South Baltimore, Reservoir Hill, Federal Hill, Howard Park, Downtown and Canton have experienced an increase in foreclosure filings in excess of 150 percent. Many of these neighborhoods were deemed stable or transitional neighborhoods prior to the foreclosure crisis.

While foreclosure activity has touched nearly every part of the city, there are pockets of high foreclosure activity, as shown in the map below. A total of five CSAs had more than 200 foreclosure filings in 2009, and 27 CSAs had more than 100 foreclosure filings in 2009. In 2009, the CSAs with the greatest number of filings included Patterson Park (300), Southwest Baltimore (268), Cedonia/Frankford (265) and Belair-Edison (261).



Baltimore City Public School Trends

Baltimore City is an urban jurisdiction with a population of approximately 637,000; it operates a single public school system. As of the 2008-09 academic year, the city contained approximately 200 public schools that served on average 85,000 students over the course of the study period. While the city has traditional elementary, middle and high schools, it also contains a variety of other educational institutions, including include charter, innovation, transformation and selectiveadmission high schools.⁶ The number and characteristics of the schools in Baltimore City have changed significantly in the last decade. Many new schools have opened, and large and lowperforming schools have closed. In addition, the district has reduced the number of stand-alone middle schools and has expanded many of its high schools to include middle school grades. In addition, the district has opened the largest number of charter schools in the state and has also contracted with external partners to operate other schools not designated as charter schools. Finally, the district has moved toward ending its policy of assigning high schools students to catchment boundaries and instead allows students to choose from any of its schools. In 2008-09, the district implemented school choice at the middle school level. While not every child in Baltimore City attends a public school, for the purpose of this analysis, BNIA-JFI was able to obtain student-level data only for students attending city public schools.⁷ This section of the report briefly describes the students who attend Baltimore City Public Schools.

Enrollment in Baltimore City Public Schools has generally declined for more than 40 years but has held steady and even increased slightly in the most recent school years. Enrollment averages approximately 85,000 students in pre-kindergarten to the 12th grade. Enrollment has increased in a total of 12 Community Statistical Areas; the largest increases were found in the Upton-Druid Heights, Greater Roland Park-Poplar Hill, Northwood and Belair-Edison, most of which are neighborhoods in the northern portion of Baltimore City

Approximately 88 percent of the student body is African American, and 8 percent is white.⁸ Although the share is still small, a growing number of Hispanic students are attending Baltimore City schools. In 2008-09, about 2,300 of the students were Hispanic, a 79 percent increase from 2003-04. Hispanic students now comprise approximately 3 percent of the student body.

On average, 16 percent of enrolled students were classified as having received special education between the 2003-04 and 2008-09 school years. ⁹ In addition, over the same time period, 75

According to the 2009 American Community Survey, there are 19,685 Baltimore City children enrolled in private schools (nursery school to 12th grade). This represents 18 percent of Baltimore City children enrolled in school.

⁶ http://www.bcps.k12.md.us/

⁸ According to the 2009 American Community Survey, there are 97,749 children aged 5 to 17 in Baltimore City. White children represent 25 percent of the total population aged 5-17, and African–American children represent 75 percent of the population aged 5-17. This means that the impact of foreclosures on white children aged 5 to 17 is undercounted in this analysis.

⁹ Students receiving special education are students who are classified as being either physically or mentally disabled.

percent of the students were classified as being able to receive free or reduced-price school meals, ¹⁰ with the percentage of students receiving free or reduced meals increasing by nearly nine percentage points from the 2002-04 to 2008-09 school years. A part of this increase can be tied to the weak economy, but it is very likely that the dominant cause is the city schools' aggressive campaign to enroll eligible students in school meal programs.

Identifying Students Affected by Foreclosure

To identify students affected by foreclosures in Baltimore City from 2003 to 2008, BNIA-JFI matched three data sources: student-level public school data, foreclosure filings data and property characteristics data. ¹¹ Combining these datasets allowed BNIA-JFI to identify the students who lived in properties that had received foreclosure notices. These datasets and the matching process are described in more detail below.

Baltimore City Public Schools Data: The Baltimore City Public School System provided the student data used for this analysis. ¹² The data file includes the following information: student identification number, student home address, school, grade level, gender, special education designation, race and school meal-eligibility qualification.

The student addresses for each school year are recorded during the registration period (typically in August, at the start of the school year). Any submitted address changes are updated throughout the school year. However, based on discussions with BCPSS, we believe that the majority of recorded student addresses are those submitted in August and that few addresses are actually updated through the school year. Since the student number is a unique identifier, BNIA-JFI linked all of the school years by student number, creating a longitudinal data set that includes all information needed for this analysis.

Property Characteristics: To describe the property characteristics of the addresses that received foreclosure notices, BNIA-JFI used Maryland Property View data from the State of Maryland Department of Planning that contains parcel information for every county in Maryland¹³ The database contains tax assessment information such as zoning type (residential, commercial, industrial, etc.), dwelling type and owner-occupied status.

Baltimore City Foreclosure Data: BNIA-JFI obtained and geocoded foreclosure filing data from two sources: the Circuit Court of Baltimore City and the Maryland Judiciary Case search system.

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¹⁰ Eligibility for receiving free or reduced priced meals is based on several factors including: family income, participation in the food supplement program, Temporary Cash Assistance program, Women, Infants and Children program, or if they are certified as being migrants, runaways, homeless, or live with a foster family.

¹¹ The study period is from the 2003-04 to 2008-09 school years because the earliest available student-level data for this research project was the 2003-04 school year.

 $^{^{12}}$ BNIA-JFI received permission from the Baltimore City Public School System to use student-level data for this analysis.

¹³ http://planning.maryland.gov-OurProducts-PropertyMapProducts-MDPropertyViewProducts.shtml

From these two sources, BNIA-JFI created a single dataset of every residential address in Baltimore City with a foreclosure filing, or lis pendens, listed for the period of 2000 to 2010.¹⁴

BNIA-JFI used street addresses to match the foreclosure and property characteristic data to the student-level address data. To identify the students affected by foreclosures in a given school year, student address records were matched by BNIA-JFI staff to the addresses of foreclosure starts. A student was flagged as "affected by foreclosure" if the student address for a given school year matched a property that received a foreclosure notice between Aug. 1 of the previous year and July 31 of the following year (the window in which the student was assumed to have lived at that address). The matching process and matching rates as well as limitations to this methodology are discussed in the appendix.

Impact of Foreclosures on Students

There are numerous ways in which housing instability, such as foreclosure, can negatively affect a child, both academically and behaviorally. Residential mobility—unexpected moves in particular—can lead to decreased school performance (Groux and Maurin, 2005). Moving from the established social networks that children have formed within their neighborhoods may lead to a lack of interpersonal skills and to depression (Gruman et al, 2008; Pettit and McLanahan, 2003). Moving within the school year can also lead to problems including increased absences, decreasing academic performance and behavioral issues (Schwartz et al., 2007). Finally, the stress associated with family financial problems or with the possibility of moving from the home can lead to behavioral problems and to declining academic performance (Kingsley et al., 2009).

This report sets out to address a series of questions regarding children affected by foreclosure and to provide context to the extent of the problem of families and children being affected by the foreclosure crisis in Baltimore City. This section of the report addresses the following research questions:

- How many public school children are affected by the foreclosure crisis in Baltimore City?
- What are the social and demographic characteristics of Baltimore City schoolchildren being affected by foreclosure?
- Where do the children affected by foreclosure live? Are they clustered in specific neighborhoods?
- Are the students affected by foreclosure clustered in particular schools?

BNIA-JFI researchers found that the number of children affected by foreclosure increased over the period studied and that these students are concentrated in a handful of neighborhoods. In addition, we found that African-American students were the largest group of students affected by foreclosure and an increasing number of Hispanic students are being impacted by foreclosure. Finally, we found

¹⁴ BNIA-JFI cannot be certain that every *lis pendens* is included in our foreclosure activity dataset, but by combining both sources we believe this to be the best method to create as comprehensive and complete a database of foreclosure activity in Baltimore City for the study time period.

that the share of students affected by foreclosure were as likely to live in owner-occupied housing as in non-owner occupied housing. In addition, we believe that our results as to the number of children affected by foreclosure are conservative since we were unable to include private school students in Baltimore City, students attending school outside of the city, children not of school age, or public school students whose addresses could not be geocoded. The results of our analysis are described in greater detail below.

An Increasing Number of Children in Baltimore City Are Affected by Foreclosure

The BNIA-JFI's analysis found that the number of children in Baltimore City affected by foreclosure is rising based on an increase from 1,951 in 2003-04 to 2,409 in 2008-09, a jump of 19 percent. Roughly one out of every 37 children in Baltimore City in the 2008-09 school year is affected by foreclosure. From 2004-05, the share of children affected by foreclosure stayed relatively flat, at about 2 percent, but the share increased to 2.7 percent in 2008-09. ¹⁵ In addition, due to the April 2008 change in the Maryland foreclosure law, which led to a suppression of foreclosure activity for most of 2008, we believe that the number and share of children affected by foreclosure will continue to climb in the 2009-10 school year. ¹⁶

Table 1: Baltimore City Public School Children Affected by Foreclosure

	School Year					
	2003-2004 2004-2005 2005-2006 2006-2007 2007-2008 2008-					
Number of Children	1,951	2,128	1,886	1,929	1,702	2,409
Percent of Children	3.7%	2.2%	2.0%	2.1%	1.9%	2.7%

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

Affected Students Are Concentrated Geographically

The findings also indicate that the majority of Baltimore City children living in properties that received foreclosure notices are concentrated in a handful of neighborhoods. Since the 2003-04 school year, the number of children affected by foreclosure has increased in nearly two out of every three Community Statistical Areas in Baltimore City (36 out of 55), with the largest increases found in the Cedonia/Frankford, Belair-Edison, Southwest Baltimore and Washington Village CSAs. As of the 2008-09 school year, the CSAs with the largest numbers of children affected by foreclosure include: Belair Edison (179), Cedonia-Frankford (164), Southwest Baltimore (118), Allendale/Irvington/South Hilton (94) and Greater Rosemont (94). The map below shows the concentration of children affected by foreclosure for the 2008-09 school year.

¹⁵ The share of students impacted in the 2003-04 school year is relatively high due to the low match rate between the address file and student demographic information leading to a smaller denominator of total students. The student match and geocoding rates are discussed in the appendix.

¹⁶ Starting on April 4, 2008, Maryland's foreclosure law required the lender to send you a notice of intent to foreclose 45 days prior to filing a foreclosure action in court and that a foreclosure action cannot be filed until 90 days after default on a loan, as well as other additional requirements that lenders needed to meet before filing a foreclosure action in court.

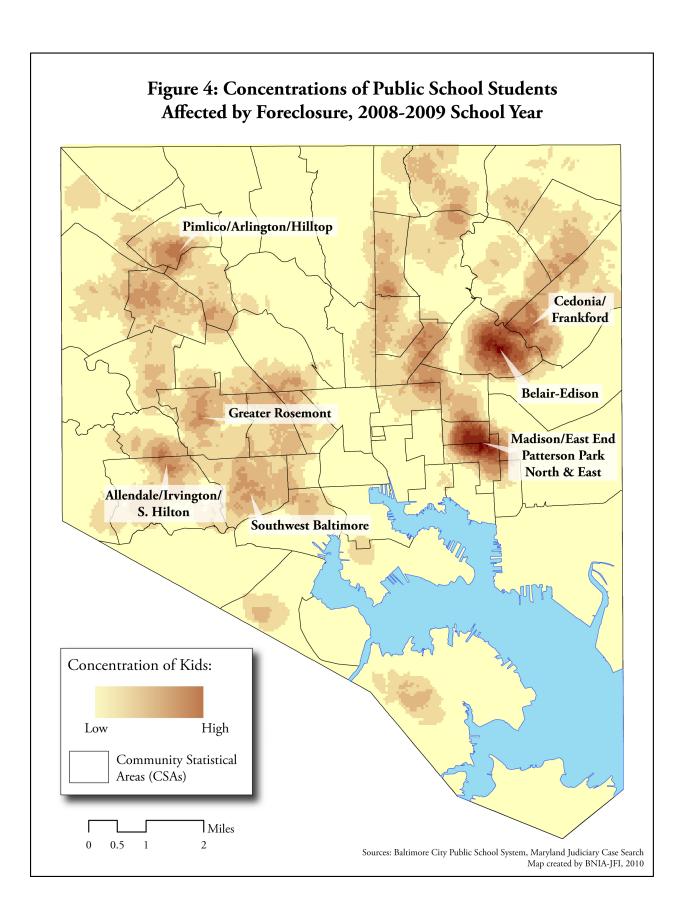


Table 2: Percentage of Students Affected by Foreclosure by Community Statistical Area and School Year

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Community Statistical Area (CSA)	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Allendale/Irvington/South Hilton	5.8%	2.1%	1.9%	2.5%	2.3%	3.0%
Beechfield/Ten Hills/West Hills	3.2%	2.1%	0.8%	2.4%	1.3%	1.7%
Belair-Edison	6.0%	4.5%	4.0%	2.8%	3.1%	5.1%
Brooklyn/Curtis Bay/Hawkins Point	3.1%	2.6%	1.9%	2.4%	1.2%	2.3%
Canton	0.0%	2.1%	1.3%	3.2%	3.2%	2.8%
Cedonia/Frankford	5.1%	4.0%	3.4%	3.7%	3.2%	4.3%
Cherry Hill	0.6%	0.0%	0.0%	0.1%	0.2%	0.1%
Chinquapin Park/Belvedere	4.7%	2.8%	2.9%	1.9%	1.9%	2.5%
Claremont/Armistead	1.3%	0.2%	0.2%	0.5%	0.8%	0.3%
Clifton-Berea	3.5%	2.0%	2.5%	2.0%	1.8%	2.5%
Cross-Country/Cheswolde	5.2%	1.4%	2.6%	1.5%	1.8%	1.8%
Dickeyville/Franklintown	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Dorchester/Ashburton	5.1%	2.7%	2.4%	3.3%	3.5%	4.4%
Downtown/Seton Hill	0.0%	0.9%	0.4%	0.4%	1.3%	1.8%
Edmondson Village	4.6%	1.8%	1.8%	2.0%	3.0%	2.9%
Fells Point	1.2%	0.8%	0.0%	1.0%	1.6%	2.0%
Forest Park/Walbrook	4.0%	3.7%	3.4%	2.6%	3.7%	3.9%
Glen-Falstaff	5.3%	2.2%	2.7%	1.1%		3.1%
Greater Charles Village/Barclay	2.3%	0.6%		1.3%		2.7%
Greater Govans	3.7%	2.6%		3.8%		3.3%
Greater Mondawmin	4.6%	2.7%	2.9%	2.5%		2.2%
Greater Roland Park/Poplar Hill	0.0%	0.0%		0.0%		1.6%
Greater Rosemont	5.1%	2.6%		2.5%		2.3%
Greenmount East	1.5%	1.0%		0.9%		2.0%
Hamilton	5.4%	4.2%	3.8%	2.7%		3.7%
Harford/Echodale	3.8%	3.0%		2.9%		3.1%
Highlandtown	2.1%	2.0%		0.8%		2.7%
Howard Park/West Arlington	5.9%	2.7%		3.8%		3.5%
Inner Harbor/Federal Hill	1.1%	0.2%	0.6%	0.2%		1.0%
Jonestown/Oldtown	0.3%	0.0%		0.7%		0.2%
Lauraville	7.4%	4.9%		3.9%		3.9%
Loch Raven	5.6%	2.5%		4.1%		3.2%
Madison/East End	2.8%	1.6%		1.8%		3.2%
Medfield/Hampden/Woodberry/Remington	2.7%	1.7%		1.8%		2.9%
Midtown	0.3%	1.4%		0.8%		0.5%
Midway/Coldstream	3.8%	3.1%		1.6%		3.4%
Morrell Park/Violetville	5.2%	3.7%	3.4%	2.6%		2.4%
Mt. Washington/Coldspring	1.6%	2.2%	2.5%	3.0%	2.6%	1.5%
North Baltimore/Guilford/Homeland	1.4%	1.7%		1.6%		1.5%
Northwood	3.8%	1.6%		1.8%		3.3%
Orangeville/East Highlandtown	1.9%	1.4%		1.0%		2.7%
Patterson Park North & East	3.7%	2.2%		1.3%		3.4%
Penn North/Reservoir Hill	1.9%	1.5%		1.7%		2.8%
Perkins/Middle East	0.2%	0.2%		0.0%		0.0%
Pimlico/Arlington/Hilltop	5.1%	2.7%		3.2%		3.3%
Poppleton/The Terraces/Hollins Market	1.2%	0.7%		1.5%		0.8%
Sandtown-Winchester/Harlem Park	2.1%	1.3%		1.8%		2.0%
South Baltimore	3.9%	1.5%		1.4%		2.8%
South Battimore	3.2%	2.5%		1.4%		1.9%
Southern Park Heights	3.2% 4.1%	2.5%		2.8%		2.6%
Southwest Baltimore		1.6%		2.8%		
The Waverlies	3.1% 4.2%	2.5%		1.8%		3.0% 3.1%
Upton/Druid Heights	1.5%	0.7%		1.5%		1.4%
Washington Village/Pigtown	0.8%	3.1%		1.9%		4.2%
Westport/Mt. Winans/Lakeland	4.1%	3.2%	2.4%	1.0%	0.9%	2.4%

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

Number of Properties with Students Affected by Foreclosure is Increasing

In addition to estimating the number of students affected by foreclosure, BNIA-JFI researchers examined the number or share of properties that were home to at least one student and that also received a foreclosure filing. Over the study period, the number of properties that were home to one or more students and that received a foreclosure filing increased by 24 percent, from 1,114 properties in 2003-04 to 1,384 properties in 2008-09.

In addition, the share of properties in foreclosure that are home to a public-school student has ranged from more than a quarter of the properties in foreclosure to slightly more than a third. From the 2003-04 to 2008-09 school year, the percentage of properties affected by foreclosure with at least one student living at that address has never been less than one out of every four properties.

Table 3: Properties in the Foreclosure Process with Public School Students

		School Year						
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009		
Number of properties with a								
foreclosure notice	4,236	3,456	3,110	3,645	3,824	4,842		
Number of properties with a								
foreclosure notice and a student	1,114	1,199	1,011	1,099	998	1,384		
Share of properties with a foreclosure								
notice and a student	26.3%	34.7%	32.5%	30.2%	26.1%	28.6%		

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

The map below shows the concentration of foreclosure filings that occurred in the 2008-09 school year and that housed at least one student attending a Baltimore City public school. There are only two areas of the city—Canton and Federal Hill-Locust Point—that have been impacted by foreclosures but have few affected student residents. This may be due to the fact that, in these areas, the residents tend to be younger and are either single or have families without children, with young children who aren't yet in school or with young children who attend private schools.

Figure 5: Concentrations of Public School Students Affected by Foreclosure and Locations of All Foreclosures, 2008-2009 SY Canton Inner Harbor/ Federal Hill South Baltimore Concentration of Kids: High Low Location of Filing Community Statistical Areas (CSAs) Miles Sources: Baltimore City Public School System, Maryland Judiciary Case Search Map created by BNIA-JFI, 2010 0.5

Demographic Trends of Students Affected by Foreclosure

African-American Students Most Impacted by Foreclosures

Reflecting the distribution of the overall student body attending Baltimore City Public Schools, the overwhelming majority of students affected by foreclosure in Baltimore City are African American. In the 2008-09 school year, 90 percent of the students (2,169) affected by foreclosure were African American. The next largest group of students affected by foreclosure (163) were white.

From the 2003-04 to the 2008-09 school year, the total number of students of each race /ethnicity who were affected by foreclosure has increased. The number of Hispanic students affected by foreclosure has increased by 74 percent, the number of white students has increased by 52 percent and the number of African-American students has increased by 21 percent.

While the percentage of African-American students affected by foreclosure has remained fairly steady, the percentage of other racial groups has increased. The percentages of both white and Hispanic students have increased from 2003-04 to 2008-09.¹⁷

Table 4: Racial/Ethnic Distribution of Students Affected by Foreclosure

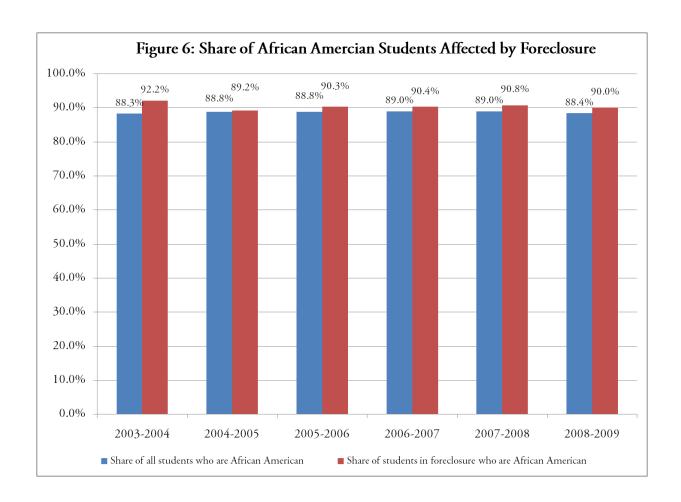
		School Year				
Race/Ethnicity	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
African American	92.2%	89.2%	90.3%	90.4%	90.8%	90.0%
Hispanic	2.0%	0.9%	1.2%	1.6%	1.8%	2.8%
White	5.5%	9.4%	8.2%	7.6%	7.0%	6.8%

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

In each year of the analysis, a slightly greater share of African-American students is affected by foreclosure as compared to the share of total African-American students in Baltimore City Public Schools. Given that the majority of neighborhoods most affected by foreclosure are African American and that two thirds of the city's population is African American, this finding is not surprising.

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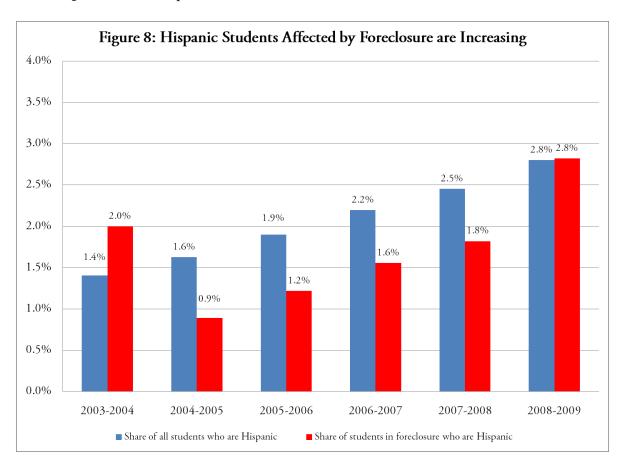
¹⁷ The sum of the racial/ethnic distribution of students affected by foreclosure does not equal 100 percent since the results for other racial/ethnic groups are not included in the table.



The following map displays the locations of students affected by foreclosure by the percentage of the total population that is African American for the Community Statistical Areas in Baltimore City. Nearly half (48 percent) of the students affected by foreclosures live in neighborhoods that are at least 80 percent African American, and nearly three out of every four students (74 percent) live in neighborhoods that are at least 60 percent African American. The smallest number of students affected by foreclosure (164) live in neighborhoods in which less than 20 percent of the residents are African American.

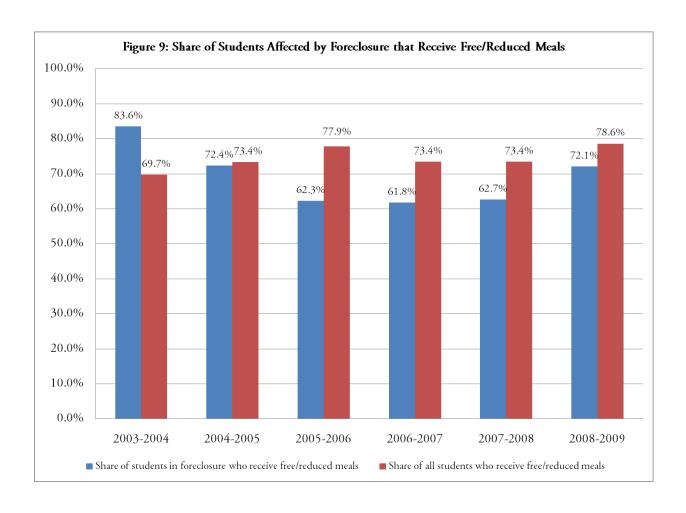
Figure 7: Percent Population African-American and Locations of Students Affected by Foreclosures, 2008-2009 SY Percent Population African-American by Community Statistical Area (CSA) for 2009: 0.0% to 19.9% 20.0% to 39.9% 40.0% to 59.9% 60.0% to 79.9% 80.0% to 100.0% Miles Location of Affected Student Sources: Claritas, Baltimore City Public 0.5 2 School System, Maryland Judiciary Case Search Map created by BNIA-JFI, 2010

Another trend that became clear during the examination of the race/ethnicity of students affected by foreclosure is that the share of Hispanic students affected by foreclosure has caught up to the total share of Hispanic students in Baltimore City public schools. Both the percentage of Hispanic students has increased in the public schools and the share of Hispanic students affected by foreclosure has increased. This may be due to increases in both the Hispanic population in Baltimore City and thenumber of foreclosures on rental properties that may be occupied by an increasing number of Hispanic families.



Number of Affected Students Who Receive Free/Reduced Meals are Increasing

A commonly used proxy for poverty status is students who qualify for free or reduced-price meals. While not a perfect measure, since not every child who lives in poverty may apply for or participate in the program, it gives a sense of the family's socioeconomic status. Since the 2005-06 school year, the share of students affected by foreclosure who receive free or reduced-price lunches has increased, partially due to the city schools' campaign to increase participation in this program. It may also indicate that those families and students who are more vulnerable to the economic and housing downturn have been increasingly impacted by the foreclosure crisis.



Grade Level of Students Affected by Foreclosure

The datasets used for this analysis allowed us to examine several characteristics, including grade level, of the students who were impacted by foreclosure.

When the grade level of those students impacted by foreclosures was analyzed, our analysis found that the greatest percentages involved ninth-grade students. Another finding indicated that a high percentage of students in their elementary-school years felt the impact of foreclosures. These two findings are crucial. The large number of ninth-graders impacted by foreclosures might factor into a student's choice and willingness to continue to attend school, and this could in turn lead to the student being disengaged from the schools, falling into a pattern of chronic truancy or failing to graduate. The ninth grade is a critical year in that a large percentage of students who drop out of city schools are doing so at transition grades—for example, during the switch from middle school (eighth grade) to high school (ninth grade). Retaining these students will increase the likelihood that they will graduate from high school. Finally, it is also important to note that the elementary grades and the ninth grade have a larger share of total students within Baltimore City public schools. This means that although a greater percentage of these students is affected by foreclosure, there may not be

a disproportionate share of students in these grades who are affected by foreclosure. The second phase of the research will seek to compare several characteristics of students affected by foreclosure to the characteristics of students who are not affected and to then identify differences in their performance.

The larger percentages of elementary-school students impacted by foreclosure may have a significant impact on their formative years. If these students relocate because of foreclosure, they might be removed from not only their schools but also their social networks and neighborhoods. This movement may lead to additional moves as the family goes from a transitional housing arrangement to more permanent housing. Phase two of this analysis will seek to further explore the mobility of students impacted by foreclosure.

Table 5: Grade Distribution of Students Affected by Foreclosure

		School Year						
Grade Level	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009		
PreK-K	4.2%	3.6%	2.9%	4.1%	3.6%	4.9%		
Kindergarten	6.7%	7.5%	6.6%	7.1%	7.9%	6.8%		
1st Grade	8.8%	8.3%	8.1%	7.7%	6.5%	7.5%		
2nd Grade	8.0%	7.3%	6.7%	7.3%	8.0%	7.8%		
3rd Grade	7.8%	6.7%	8.4%	7.5%	8.1%	7.9%		
4th Grade	7.2%	7.6%	6.6%	6.1%	6.9%	8.1%		
5th Grade	6.0%	7.6%	7.2%	7.9%	6.8%	8.1%		
6th Grade	7.6%	7.8%	8.3%	7.1%	6.2%	6.8%		
7th Grade	7.5%	7.3%	7.7%	8.3%	7.8%	6.7%		
8th Grade	7.7%	8.5%	8.0%	7.9%	7.8%	6.0%		
9th Grade	10.6%	10.1%	11.7%	11.2%	11.5%	11.2%		
10th Grade	7.9%	6.7%	6.4%	7.2%	7.8%	7.8%		
11th Grade	5.7%	5.5%	5.2%	5.0%	6.2%	5.4%		
12th Grade	4.2%	5.5%	6.0%	5.5%	4.9%	5.0%		

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

Schools with Concentrations of Students Affected by Foreclosure

The research conducted for this report identified schools with larger concentrations of students affected by foreclosure. In the 2008-09 school year, there were 196 schools (or school programs) with enrollment in Baltimore City. Out of this number, 190 schools (97 percent) had at least one student who was impacted by foreclosure. While nearly half of Baltimore City schools had a small number of children affected by foreclosure, nine schools had more than 30 affected students, and two schools had more than 40 affected students. Despite the large number of affected students in those two schools, that same number represents only a fairly small percentage of the total enrollment. The two schools with the greatest number of affected students in the 2008-09 school year were Brehms Lane Elementary (51 students, or 7.1 percent of the total enrollment) and Patterson High (70 students, or 3.7 percent of the total enrollment).

Table 6: Schools with Students Affected by Foreclosure, 2008-2009 SY

	Number of	Percent of
	Schools	Total
0 students	6	3%
1 to 9 students	86	44%
10 to 19 students	61	31%
20 to 29 students	34	17%
30 to 39 students	7	4%
40 students or more	2	1%
Total number of schools	196	
Average students affected per school	12	

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

Mapping the locations of the schools with the greatest percentage of students impacted by foreclosure indicates that the affected students are concentrated the same general area of the city. Specifically, the schools with the greatest percentages of students affected by foreclosure are located in the northeast and in the central western parts of Baltimore City. While this finding might seem obvious, it is important to note that the city's public school system allows students to select the schools they will attend and that not all students choose to attend their zoned schools.¹⁸

¹⁸ During the analysis period, only high school students were allowed to select the school they would like to attend.

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Figure 10: Baltimore City Public Schools with More Than 4% of Total Students Affected by Foreclosure, 2008-2009 SY Hamilton Elementary/Middle Glenmount Elementary/Middle KIPP Ujima Village Açademy Elem/ Middle Elem/Middle Gardenville Elementary Garrison Middle Liberty Elementary Brehms Lane Elementary Abbottston Elementary Windsor Hills Elem/Middle Dr. Samuel L. Banks High Westside Elementary William H. Lemmel Middle Sinclair Lane Harford Heights Elementary Coppin Academy High Elementary William Paca Elementary Thomas Johnson Elem/Middle Note: Each school has at least 100 students enrolled in the 2008-2009 school year and at least five children affected by foreclosure. Source: Baltimore City Public School System, Maryland Judiciary Case Search system

Housing Characteristics of Students Affected by Foreclosure

It is important to examine not only the characteristics, neighborhoods and schools of students affected by foreclosure but also their housing situations. This section of the report examines the owner occupancy status of the properties at which affected students live as well as the type of housing and the number of students per property. We found that about half of the students affected by foreclosure resided in rental households. As such, it is recommended that policies created to address the issue of foreclosures or the issue of children and foreclosures must take into account both owner- and renter-occupied housing.

Share of Properties in Foreclosure with a Student is Increasing

The number of properties in foreclosure that also have at least one student resident has increased from 1,114 properties in the 2003-04 school year to 1,384 properties in the 2008-09 school year. This is an increase of 270 properties, or slightly more than 24 percent. Also during this time, the number of students impacted by foreclosures increased by 23 percent, and the number of properties in foreclosure has increased by 14 percent.

Table 7: Children Affected by Foreclosure

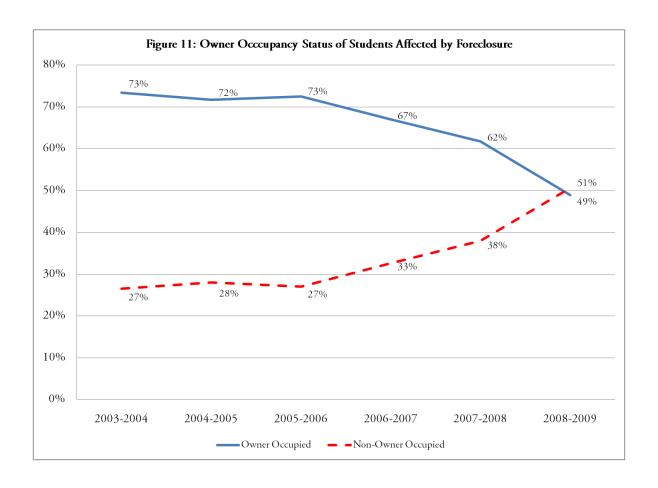
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	% Change
Number of Properties with Foreclosure Filing	4,236	3,456	3,110	3,645	3,824	4,842	14%
Total Residential Properties	206,738	207,009	206,350	205,914	206,398	207,030	0%
Number of Foreclosure Filings with Children Present	1,114	1,199	1,011	1,099	998	1,384	24%
Average Number of Children per Foreclosure Filing	1.8	1.8	1.9	1.8	1.7	1.7	-1%
Total Children Affected by Foreclosure	1,951	2,128	1,886	1,929	1,702	2,409	23%

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court

Rental Households as Likely to be Impacted as Owner-Occupied Households

While the percentages of all students who live in owner-occupied or non owner-occupied properties has remained steady from the 2003-04 school year to the 2008-09 school year, the gap closed between owner-occupied properties and rental properties that involved a student impacted by foreclosure. During this time period, a greater percentage of students affected by foreclosure lived in owner-occupied properties. In the 2008-09 school year, the percentage of affected students living in rental properties was greater than the percentage of those living in owner-occupied properties. The increase in the share of affected students living in rental properties began in the 2005-06 school year.

A plausible explanation for the increase in the number of rental properties that housed students affected by foreclosure may be due to the large number of Baltimore City properties purchased by investors during the housing boom. Many of these investor-owned properties have been facing foreclosure, and the families that moved into these properties might now be impacted by the decline in housing prices and by the inability of investors to flip these properties for a profit. Policies created to address the foreclosure crisis or the number of students and families impacted by foreclosure will need to consider both owner-occupied and non owner-occupied properties.



A Majority of Students Affected by Foreclosure Live in Townhouses-or Row Homes

Because non detached housing makes up the majority of the city's housing stock, it is not surprising that the greatest percentage of students affected by foreclosure live in non detached housing units such as townhouses, row homes or duplexes. The second-largest percentage of students affected by foreclosure lives in single-family properties, including split-level homes. While the share of each housing type has remained fairly constant, there was a large increase in the number of rental properties in 2004-05. A possible reason for this increase may have been the boom in the city's housing market and the large increase in the number of properties purchased (but not occupied) by investors.

Table 8: Housing Structure of Properties with Students Affected by Foreclosure

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Condominium	0.2%	0.6%	0.0%	0.0%	0.0%	0.1%
Rental Property	6.1%	28.3%	14.0%	13.4%	12.1%	8.4%
Single Family	23.4%	18.5%	23.9%	25.2%	24.2%	25.5%
Townhouse	70.3%	58.9%	62.1%	61.3%	63.8%	66.0%

Source: Baltimore City Public Schools, Maryland Judiciary Case Search system, Baltimore City Circuit Court, Maryland Property View

Implications of Findings

While the second phase of this research will examine in greater depth those students affected by foreclosure by comparing their mobility, test performance and other factors with those of students who are not affected by foreclosure, there are several important findings to take away from the information presented in this first report.

First, the number of Baltimore City students impacted by foreclosures and by the share of properties in foreclosure that has a student living at that address is increasing. In fact, we believe that the number of children impacted by foreclosures is actually greater than the figures we present because our data excludes children who are not in school or who are not attending Baltimore City public schools.¹⁹

Second, students affected by foreclosure attend a large number of schools across Baltimore City but are highly concentrated in several specific neighborhoods. These neighborhoods are predominately African American, and more than 50 percent of these households with children live in poverty. These families and children are already vulnerable, and the decline in both the housing market and the economy may have a greater impact on their lives and on their ability to remain in their homes.

Third, students affected by recent foreclosures are as likely to live in non owner-occupied properties as they are to live in owner-occupied properties. The share of children affected by foreclosures that live in non owner-occupied housing has increased by 24 percentage points from the 2003-04 school year to the 2008-09 school year.

As previously mentioned, future work will concentrate on the impact these foreclosures have had on affected students. We will also examine policy options designed to address school-related policies on these students' performance and behavior as well as any housing policies that can assist in providing greater residential stability.

2008-09 school year represents approximately 59.1 percent of the total children in Baltimore City.

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¹⁹ Using the 2008 American Community Survey estimate data from the Bureau of the Census, Baltimore City has a total of 153,033 children under the age of 17. While not a perfect match in terms of age groupings, the BCPSS data used in this analysis for the 2008-09 school year involved 90,492 students. This means that the data used for this analysis for the

Appendix

Foreclosure is the legal and professional proceeding in which a mortgagee or other lien holder, usually a lender, obtains a termination of a mortgagor's equitable right of redemption. In other words, if a property owner defaults or fails to pay a loan according to the loan terms, the lender has the right to foreclose on the property in question. In Maryland, lenders must go to court to file a foreclosure complaint along with a lis pendens, a recorded document that provides public notice that the property is being foreclosed upon. There is also a non judicial process in Maryland, but this process also requires court approval.

Before a foreclosure is filed, the borrower and property owner should have received notice from the lender that the mortgage is in default under the terms of the loan. Many—but not all—mortgages allow for the property owner to remedy the default before filing for foreclosure. To file a foreclosure, the lender must:

- wait 90 days from the day the loan is in default
- send a Notice of Intent to Foreclose 45 days prior to a foreclosure case is filed.

If the property remains in default, the lender must file several documents with the circuit court in the jurisdiction in which the property is located. These documents include a statement of debt, certification that the property owner is not in the military service, a statement of default, a copy of the NOI, a copy of the mortgage or deed of trust and several other documents. The lender must also serve the property owner with all of the papers filed with the court.

Before a foreclosure sale can occur, there are several steps that a lender must follow.²⁰ These steps include:

- waiting 45 days from the time the property owner was served with the court documents
- publishing a notice of sale for three successive weeks in a newspaper with general circulation in the county in which the action is pending
- sending a notice of the date of sale to the property owner by certified and first-class mail at least 10 days prior to the sale date
- accepting payment of funds due to cure the default.

During this time that a property is in default, several outcomes can take place. These include:

²⁰ The steps listed are not inclusive of all steps needed in order to foreclose on a property or reflective of the most current legislative requirements as of 2010. In 2010, new legislation was passed providing for greater tenant rights, the determination of whether a property is occupied or abandoned, and an option for property mediation.

- curing (fixing or paying) the amount of mortgage in default plus any penalties and fees) the default on the property by the owner
- establishing an agreement between the owner and the lender through negotiating a forbearance agreement or a loan modification, the property owner can refinance the property;
- selling the property to recover proceeds to satisfy the debt obligation
- offering a deed (to the lender) in lieu of foreclosure, or holding a foreclosure sale, which is accomplished through a trustee's deed sale.

The foreclosure process in Baltimore City is estimated to range from 46 to more than 100 days. It is important to note, though, that this is the process of foreclosing upon a property. The length of time that a property owner may be in default on the mortgage is not included in this period of time and may be well over the required 90 days of default.

Baltimore City Public School System Data

Matching Students to Residential Parcels in Foreclosure

To link students to properties receiving foreclosure notices, BNIA-JFI researchers matched the students' addresses to the addresses of all properties that received foreclosure notices.

We used a dataset of address-level foreclosure filings from two sources: the Circuit Court of Baltimore City and the Maryland Judiciary Case Search system. This dataset includes all residential properties that receive a notice of mortgage foreclosure. Contained in this database are the addresses listed in each case, the case number, the date of filing, the case title (including defendant and plaintiff) and the amount of foreclosure, if available.

These records can contain multiple properties in a single foreclosure filing. For these types of filings, we looked at every property address contained in the foreclosure filing record to ensure an accurate count of properties undergoing the foreclosure process.

Properties can undergo more than one foreclosure start within a single school year. For properties that met this description, we only used the first filing on each property for the purpose of this analysis.

We then took these property addresses and geocoded²¹ them. If these addresses were not able to be located with the City of Baltimore Enterprise GIS' street centerline file, they were not included in this analysis.

We used street addresses to match the foreclosure property data to the student-level address data. To identify the children affected by foreclosures in a given school year, we matched the student address

²¹ Geocoding is the process of finding associated geographic coordinates—in this case, latitude and longitude.

records to the addresses of foreclosure starts between Aug. 1 of the previous year and July 31 of the following year, thereby representing a full school year.

We only used records in which the student information matched across the separate address and demographics files. Records that were unable to be geocoded or matched were not included in the analysis.

In cases in which student demographics data was not available, we matched the student ID number to both the previous and future years to obtain information on birthdates, race and gender. In a small number of cases, student demographic information was still unavailable. Despite not having full demographic information on these students, they were still included in our analysis.

Through this matching process, we create a student-level dataset that includes a set of variables identifying whether that student lived in a property that went through foreclosure during that academic year and when the foreclosure process began.

Table 9: BCPSS Geocoding and Matched Dataset

	<u> </u>					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Total Students Geocoded	100,596	95,553	92,356	90,174	88,524	88,038
BCPSS Geocoding Match Rate	96%	98%	98%	98%	98%	97%
Total Matched Students	79,522	97,907	94,549	92,135	90,488	90,492
Total Matched and Geocoded Students	52,689	95,477	92,283	90,109	88,447	88,038
Total Foreclosures	4,236	3,456	3,110	3,645	3,824	4,842
Total Students Affected by Foreclosures	1,951	2,131	1,886	1,929	1,702	2,409

Data Limitations

There are several limitations to this methodology and data, including the following variables:

- The listed student address may or may not reflect the property at which the student lived during the foreclosure filing. However, by identifying students that lived at the same property between two years, we feel that we can confidently identify those students affected by foreclosure. The larger challenge relates to students who did not live at the same property between the two years. For those students, we believe applying a conservative and wider set of criterion and comparing the number of students affected will allow us to determine the most accurate number of students who lived at a property during the foreclosure process. We believe the methodologies described are both conservative and reliable and that they are ultimately useful in understanding the scope of the foreclosure problem.
- Students are required to provide proof that they have changed addresses, but not all students provide change of address information to the Baltimore City Public Schools. As a result, students affected by foreclosure could be either over-counted or undercounted due to the lack of correct address information. We intend to ask our educational stakeholders how they believe our methodology and results best represent the students affected.
- The methodology and datasets used in this analysis did not include students who attended private schools or those whose addresses could not be geocoded. In addition, it did not

include school-age children who did not attend Baltimore City public schools or who were not of school age. Because these groups were excluded from the analysis, we believe that our findings qualify as conservative.

- As previously mentioned in the report, this analysis undercounts the total number of students—particularly white students—who are affected by foreclosure While approximately 25 percent of Baltimore City children aged 5-17 are white, only 8 percent of the students that attend public school are white.
- The described methodology did not capture properties that were at the time delinquent on their mortgage payments but had not yet received a foreclosure filing. To address this, we will examine whether a property had a foreclosure outcome in a year and see if the student resided at that same address—without a foreclosure filing—during the previous school year.

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