Approach and Strategy for Demonstration of the Needs and Uses of Parcel Data in Response to the Financial and Mortgage Crisis
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Cadastral Subcommittee Working Group on Mortgage Crisis Response

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Problem Statement
The symptoms of the 2008 mortgage crisis can be seen in the foreclosures, failing mortgages and decreasing real estate values across America. The recently completed National Research Council report on Land Parcels and subsequent work on the results from this report have documented how parcel level information across the country can be used in the solutions to the mortgage crisis. The Federal Geographic Data Committee (FGDC) Cadastral Subcommittee has now been charged by the FGDC Steering Committee, based on recommendations from the National Geospatial Advisory Committee (NGAC), with convening the stakeholders in the mortgage crisis response and identifying how parcel information could support a reasoned response to the mortgage crisis.

Background

Categories of Stakeholders
There are four categories of stakeholders in this solution

Authoritative Data Sources—These are local governments (typically county level) that process real estate information on a daily basis from recorded documents, assessment data, and parcel maps to develop databases of information that reflect the most current and accurate information about real estate transactions and activities.

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2 http://www.fgdc.gov/ngac
**Trusted Data Sources**\(^3\) – These are public organizations that publish information from the Authoritative Data Sources and make this information available to business applications. These are typically states, but could be regional organizations and under ideal conditions would be part of the Fifty States Initiative being put forth by the FGDC.

**Applications** – These are business areas with identified needs for parcel data. In many cases the parcel data is combined with other information to provide information for decision makers. Two examples of applications that have been developed that rely on parcel information are the Rapid Assessment of Values at Risk (RAVAR) to support wildland fire response and HAZUS, the Federal Emergency Management Agency’s (FEMA) disaster mitigation planning tool.

**Consumers** – In this case the consumers are the regulatory, monitoring and oversight agencies in the federal and state governments that use the applications. The applications need to be developed with the consumers needs in mind and the applications need to support the analysis and reporting needs of the consumers.
Identification of Participants

*International Association of Assessment Officers (IAAO)* – Through the expertise, knowledge and experience of its members the IAAO has developed an internationally recognized set of standards for the processes of Mass Appraisal, Automated Valuation Modeling, and Statistical Analysis. These standards and processes recognize differences between cost and market valuations, the use of local parcel data, and the application of statistical measures to determine the quality of modeling outcomes. Unlike site-by-site fee appraisal, these processes could be integrated into applications for real time analysis and reporting of values. Coupled with monitoring and reporting on foreclosure and refinancing activities a solution could be achieved to support decision making for consuming agencies.

In addition to providing standards for the processes and applications, IAAO has the unique capacity to reach into nearly every assessment jurisdiction in the country to provide manpower if on site inspections or additional data are required.

*FGDC Cadastral Subcommittee* (Cadastral Subcommittee) – The Cadastral Subcommittee has developed and facilitated the implementation of nationally based, business driven standards for cadastral data. Through the core data implementation guidelines, the Subcommittee provides national parcel standards that can provide the data fuel for applications.

In addition to data standards, the Cadastral Subcommittee maintains an inventory on the status of parcel data automation across the country and supports the activities of the Fifty States Initiative for the publishing of standardized data at the state level through business planning and implementation guidelines.


- Federal Housing Finance Agency (FHFA)
- Office of Thrift Supervision (OTS) [http://www.ots.treas.gov](http://www.ots.treas.gov)
- Office of the Comptroller of the Currency (OCC)
- Fannie Mae and Freddie Mac
- Securities and Exchange Commission (SEC)

Most of these agencies participate in the Federal Financial Institutions Examination Council (FFIEC) ([http://www.ffiec.gov/](http://www.ffiec.gov/)) that was established on March 10, 1979, pursuant to title X of the Financial Institutions
Regulatory and Interest Rate Control Act of 1978 (FIRA), Public Law 95-630. The Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions. The Council was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980 to facilitate public access to data that depository institutions must disclose under the Home Mortgage Disclosure Act of 1975 (HMDA) and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area (MSA). The Council has established, in accordance with the requirement of the statute, an advisory State Liaison Committee composed of five representatives of state supervisory agencies.

Housing and Urban Development (HUD) is another federal consumer. The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and is implemented by the Federal Reserve Board’s Regulation C. This regulation provides the public loan data that can be used to assist:

- in determining whether financial institutions are serving the housing needs of their communities;
- public officials in distributing public-sector investments so as to attract private investment to areas where it is needed;
- and in identifying possible discriminatory lending patterns.

Office of Management and Budget (OMB) Circular A-16 Revised has identified HUD as the lead agency for geographic data on homeownership including HUD revitalization zones, locations of various forms of housing assistance, first time home buyers, underserved areas and race. Additionally HUD is charged with management temporary housing in times of disaster such as post hurricane recovery.

**Strategy and Action Steps**

The Mortgage and Economic Recovery Working Group of the FGDC Subcommittee for Cadastral Data recommends that the parcel data requirements for addressing business needs be derived from demonstrated applications rather than from a traditional paper-based user needs analysis. Demonstrated applications will illustrate how cadastral information, valuation models and GIS technology can be used together to assist with the mortgage crisis and economic recovery. These demonstration applications can be used to define the cadastral/parcel data requirements as well as provide the foundation for developing national applications that can be implemented on a larger scale. The working group feels that these demonstrations will be more effective than traditional methods.
Demonstrated applications will be created using input from business processes defined by the IAAO standards for mass appraisals and valuation to meet the needs of federal consumers of the information\(^4\). The State of Florida has been selected as the area for conducting these demonstrations because it has been hit especially hard by the mortgage crisis and has a wealth of parcel data readily available for use.

The demonstrated applications will form the basis for conducting a summit with federal consumer and applications development stakeholders.

In partnership between the Cadastral Subcommittee, IAAO, federal consumers of the data and state and local governments, the following steps have been identified for action.

1. Further define the application needed to support the consumer needs such as including the standard processes and standardized data sets.

2. Develop a demonstration of solutions for the Consuming Agencies, including the departments of Treasury and Housing and Urban Development (HUD), as a point of beginning to reach an understanding among all stakeholders concerning what is needed (in terms of data content, technology, standardization, data availabilities etc.)

3. Facilitate work with the private sector to develop applications according to standards and consumer needs.

4. Coordinate with local Authoritative Data Sources and Trusted Data Sources for the data needed to support mortgage and economic recovery applications.

5. Document participation from and benefits to all stakeholder groups.

**Support Required**

1. Funding $35K for contract support and travel.
2. Commitment from departments of Treasury and Housing and Urban Development. We will need access and dedicated time from knowledgeable staff at the working level of these organizations.

## Timeline

The following is an estimate of the timeline for the demonstration project.

<table>
<thead>
<tr>
<th>Task</th>
<th>Estimated Time to Complete</th>
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<tbody>
<tr>
<td>Refine application needs and document</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Apply demonstration application and capture scenarios and results</td>
<td>1 month</td>
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<tr>
<td>Identify stakeholders, set up meeting time</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Meeting with Consumer Stakeholders</td>
<td>1 day</td>
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<tr>
<td>Document meeting results and publish results to data producers</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Total Project - estimated</td>
<td>2-3 months</td>
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</tbody>
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The elapsed time from beginning to end will depend on work schedules, availability of stakeholders and start dates.