



National Coalition for the Homeless

2201 P St. NW

Washington DC 20037-1033

Phone: (202) 462-4822 • Fax: (202) 462-4823

Email: info@nationalhomeless.org

Web page: www.nationalhomeless.org

NCH Public Policy Recommendations Foreclosure and Homelessness Prevention

Recommendations

Assure the federal response to the national mortgage foreclosure crisis includes actions to prevent homelessness among owners and tenants losing their housing.

U.S. Representatives and Senators – Support the inclusion of \$2 billion for the Emergency Shelter Grants (ESG) Program in the Economic Recovery Plan, to be used solely for the purpose of homelessness prevention. Include tenant protection provisions, such as the Protecting Tenants at Foreclosure Act (H.R. 5963/S. 3034), and funds to assist renters whose homes are foreclosed upon in any legislation related to housing or economic issues.

Issue Status

President-Elect Barack Obama has signaled his intention to sign into law a massive Economic Recovery Plan as his first act as President. The bill is intended to stimulate the economy, create and save jobs, and protect Americans adversely affected by the foreclosure crisis. The contents of the bill are still being negotiated.

Both the House and the Senate attempted to pass an economic stimulus bill in November 2008, but neither chamber was successful. The Senate stimulus bill introduced by Senators Reed and Byrd, though not taken up by the full chamber, contained \$575 million in funds for renters losing their homes in foreclosure. Additionally, the authors of the Protecting Tenants at Foreclosure Act worked to ensure that their legislation was included as part of any such stimulus bill.

Representative Keith Ellison (D-MN) and Senator John Kerry (D-MA) introduced the Protecting Tenants at Foreclosure Act (H.R. 5963/S. 3034) in May 2008. The bills were referred to the House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee, but were not voted out of committee.

Why This Matters

- Mortgage foreclosures are becoming ever more frequent across the United States.
- Low-income and extremely low-income households are the most heavily impacted by mortgage foreclosures.
- In December 2008, an annual survey from the U.S. Conference of Mayors found that 12 major cities reported an increase in homelessness as a result of foreclosure, with renters of foreclosed properties being the victims most vulnerable to homelessness.

National Coalition for the Homeless Public Policy Recommendations Foreclosure and Homelessness Prevention

- While data are incomplete, CBS News reported on March 27, 2008 that based on Realty-Trac data, “38 percent of foreclosures now involve rental properties,” affecting “at least 168,000 households nationwide.” In some areas as many as half the foreclosed units are occupied by tenants.
- Renters often have no idea their home is about to be foreclosed. Depending on state law, renters in foreclosed properties may be evicted with limited notice, forcing families to move quickly and increasing the number of vacant properties in neighborhoods.
- Many households are finding that the economic recession and rise in food and gas prices have caused their income to be diverted more and more to basic needs, preventing them from establishing reserves for emergency situations, such as a sudden loss of housing.
- Congress is proposing extraordinary measures to refinance troubled borrowers and provide resources to state and local communities to tackle abandoned and foreclosed properties.
- These efforts are important and needed. However, alone they are insufficient to protect families and neighborhoods because they do not address the needs of renters in properties subject to foreclosure or to put in place robust homelessness prevention provisions.

Background

The Emergency Shelter Grants (ESG) program is a McKinney-Vento homeless assistance program administered by the U.S. Department of Housing and Urban Development (HUD). Emergency Shelter Grants can be used to assist with the operational costs of shelter facilities, and to provide short-term homeless prevention assistance to people at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs. NCH and others are urging Congress to include \$2 billion in ESG funds in the Economic Recovery Plan, solely for the latter purpose of homelessness prevention. Those funds would be used for activities that are effective at stabilizing individuals and families in their current housing or quickly moving such individuals and families to other permanent housing. Assistance could include short term rental assistance, housing search assistance, outreach to property owners, legal services, credit repair, security or utility deposits, and utility payments or assistance with moving costs. The additional burdens being borne by emergency shelters and other homeless assistance programs due to the foreclosure crisis should be addressed by significant increases in the FY 2008 and FY 2010 regular appropriation to the HUD McKinney-Vento programs.

The Protecting Tenants at Foreclosure Act (H.R. 5963/S. 3034) would protect the tenancy rights of renters occupying housing units undergoing foreclosure. For every foreclosure after the date of enactment of this legislation, if the current occupant is renting the property, the entity that takes ownership of the property, in foreclosure, must honor the lease of the current leaseholder or allow the leaseholder to continue to occupy the property for at least 90 days, whichever is longer. In addition, the bill would assure that Housing Choice Voucher tenancies survive foreclosure, allowing the tenant to remain in the property for the duration of the lease with continued housing assistance payments. State laws that provide greater protection would not be pre-empted.

The National Coalition for the Homeless released a report in April 2008 that forecasts an increase in homelessness due to the foreclosure crisis. The report, *Foreclosure to Homelessness: the Forgotten Victims of the Subprime Crisis*, summarizes the findings of a national survey of state and local homeless coalitions conducted in winter 2008 to ascertain whether their communities were seeing an increase in homelessness due to the foreclosure crisis. To read the full report, visit: www.nationalhomeless.org.

For further information on the public policy recommendations of the National Coalition for the Homeless, contact the NCH public policy staff at info@nationalhomeless.org or 202.462.4822, or visit www.nationalhomeless.org.