Foreclosure *to* Homelessness:

the Forgotten Victims of the Subprime Crisis

a national call to action

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– *"At the epicenter of the economic downturn is the housing crisis, and at the epicenter of the housing crisis the foreclosure crisis*." – Senator Christopher J. Dodd, Connecticut: National Public Radio interview, March 26, 2008

– *"…. These are economic earthquakes of crisis proportions, and invisible in the foreclosure crisis are the people – homeowners and renters – who are becoming homeless."* – Bob Erlenbusch, President, National Coalition for the Homeless

Introduction

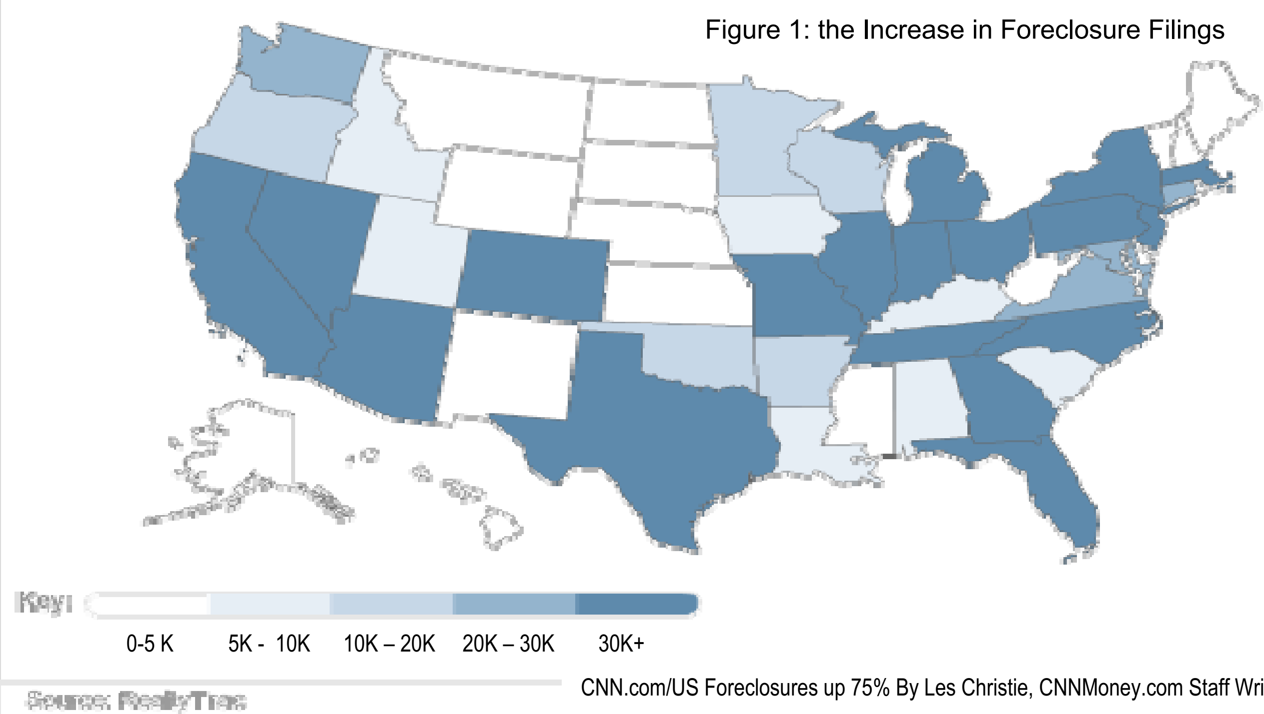
The foreclosure crisis – fueled by the subprime loan meltdown – is increasingly well-documented. Nationally, more than two million foreclosures were reported in 2007. Nearly the same number is projected for 2008-2009. [See Appendices 1 (2007) and 2 (2008-09)]. The resulting downward spiral has reduced home prices in some areas by nearly twenty percent. In turn, this has the sent the local city and county revenues based on local property taxes into freefall.

Nearly forgotten in this crisis are the thousands of homeowners and renters who have become homeless once their equity is exhausted. Having no other financial resources, they are moving in with relatives or friends, are turning up in local emergency shelters or have actually found themselves on the streets. Equally disturbing is that when local revenues plummet, the first budget cuts are typically to health, mental health and emergency programs. Often these are the very programs those who become homeless will need to survive.

The National Coalition of the Homeless [NCH] is increasingly alarmed that neither state legislatures nor Congress are considering *homeless prevention* initiatives to address the foreclosure crisis. Instead, the focus appears to be bailing out banks, lenders and other financial institutions in an attempt to hold back the tsunami of economic recession. NCH hopes this report will sound an alarm and inspire policymakers to take proactive measures that prevent more Americans from falling from foreclosure to homelessness.

U.S. foreclosures by state, 2007
U.S. foreclosure filings increased 75 percent from 2006 to 2007. The 2007 total also represents a 149 percent increase from 2005.

Figure 1: the Increase in Foreclosure Filings



CNN.com/US Foreclosures up 75% By Les Christie, CNNMoney.com Staff Writer, 1-29-08

Executive Summary

National news is consumed with legislative fixes for banks and mortgage companies, but the National Coalition for the Homeless [NCH] is compelled to highlight the *invisible* victims of this crisis – the individuals and families, homeowners and renters – who now find themselves homeless in urban and in rural communities across the nation. To document this growing trend, the NCH conducted a national e-mail survey of local and state homeless coalitions in late 2007 and early 2008. The primary question was, "*Is your community seeing an increase in homelessness due to the foreclosure crisis?"*

More than 2,000,000 foreclosures took place in 2007. At least as many are projected for 2008 and 2009.

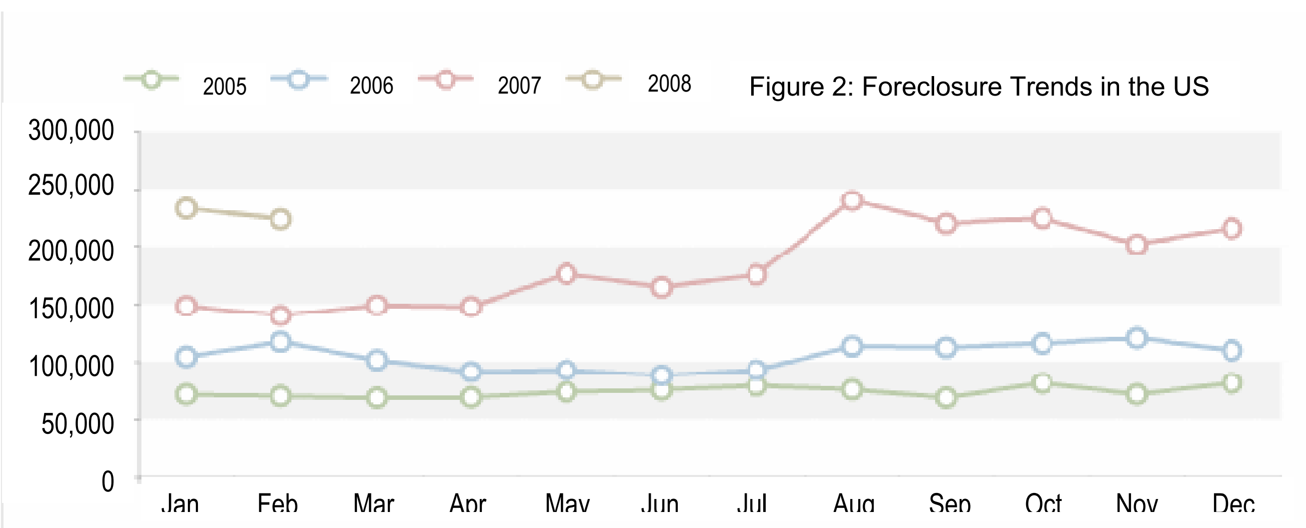
Foreclosure to Homelessness: the Forgotten Victims of the Subprime Crisis summarizes the findings of that survey. Some of the most salient findings follow.

- ✓ Nearly 61 percent of respondents had seen an increase in homelessness since the foreclosure crisis began in 2007, with only 5 percent indicating that they had *not* seen an increase. Nearly a third did not know.
- ✓ Seventy-two percent of respondents [83 out of 115] provided multiple responses to the question, *"How do you know there has been an increase?"* More than half [56.6 percent] indicated the source of their information was local media. Nearly as many had received their information via reports from local emergency shelters [55.4 percent] and/or clients [54.2 percent], while 38.6 percent indicated that their information came from the national media. Just one in four [25.3 percent] cited a government report.
- ✓ The vast majority of respondents [88 percent] offered multiple responses to the question, *"Where are people staying after their property has been foreclosed on?"* The overwhelming majority [76.2 percent] stated that people were staying with family and friends. More than half [54.5 percent] stated that people were going to emergency shelters. Even more alarming, 41.6 percent said that these individuals and families who had lost their homes were already living on the streets.

  Over one third [37.6 percent] stated that people were able to rent, which likely refers to former homeowners, who would be more likely to have the resources needed to move to a rental after losing their homes to foreclosure. About a third [29.7 percent] stated that people were going to transitional shelters, while about a quarter [22.8 percent] said that they did not know what was happening to people.
- ✓ NCH, a national homeless advocacy organization, wanted to know whether state and local advocacy efforts were underway to address this crisis. Just under half of the survey respondents [48.2 percent] noted that there were coalition efforts in progress to prevent foreclosures and evictions. One forth [24.6 percent] said there *were* no such efforts. Almost a third [27.2 percent] said they didn't know.

- ✓ More heartening, 57.5 percent of respondents said that they were addressing the issue of homelessness in their work on evictions and foreclosures; 17.9 percent were not and nearly one quarter [24.5 percent] did not know.
- ✓ NCH received responses from 29 states. Over three fourths, or 76 percent of the responses, came from five states: California, Florida, Kentucky, Minnesota and Texas. With the exception of Kentucky, this reflects the states hardest hit by the subprime meltdown.
- ✓ The largest sector respondent to the NCH survey were direct service providers [40.5 percent]; 76.6 percent of those were multi-service agencies. The remaining agencies offered a wide range of direct services. The second largest sector reporting was government agencies, which accounted for 20.7 percent or respondents: 42 percent of the governmental responses came from Community Action Agencies; 21 percent from community development departments; followed by 12.5 percent each from housing authorities and foreclosure prevention specialists. Much smaller percentages reflected respondents from a range of governmental agencies, including law enforcement and redevelopment agencies. Local, state or national coalition respondents accounted for roughly 12.9 percent of all responses, with local homeless coalitions accounting for 60 percent of this sector's total.
- ✓ While urban and rural respondents saw increases in homelessness over the last year, far more responses came from urban areas [63 percent] than rural areas [46 percent].

U.S. foreclosure filings 2005 – February 2008
The number of foreclosure filings increased 75 percent from 2006 to 2007. The trend is continuing in 2008.



Source: RealtyTrac CNN.com/US Foreclosures up 75% By Les Christie, CNNMoney.com Staff Writer, 1-29-08

NCH Recommendations

I. Prevent homelessness.

NCH urges policymakers at city, state and national levels to embrace homeless prevention as the cornerstone of every policy response.

Rather than create a new homeless prevention program, at least a $300 million in *new* appropriations should be immediately allocated to the Emergency Food and Shelter Program (EFSP). EFSP would provide an effective rent and mortgage relief mechanism, which are among the eligible uses of EFSP. These additional funds would be targeted to rent relief and other expenses related to housing. Funds would be used to supplement but not supplant existing public funding for homeless prevention. It is imperative that the distribution formula for this new allocation not be based solely on unemployment figures, but also include foreclosure data and other measures of poverty in the locality receiving these funds.

– The *New York Times* provides policymakers with a model response to preventing homelessness at a citywide level. This news organization created the *New York Times Neediest Cases Fund,* which helps prevent homelessness among families who lose their homes in foreclosure proceedings by awarding grants to cover moving expenses, the first month's rent and the security deposit for a new apartment. The grant can also cover other emergency expenses. Eligible families can receive up to $10,000. Grants are only available to homeowners as well as renters caught in the fallout when their landlords lose rentals to foreclosure.

This and other approaches will provide effective prevention models. NCH recommends that Congress and all state legislatures adopt a foreclosure and homeless prevention model.

– **Credit:** The NCH supports the following recommendations, drawn from Dr. Peter Drier, E.P. Clapp Distinguished Professor of Politics and Director of the Urban and Environmental Policy Program at Occidental College, Los Angeles.

II. Recreate the *National Home Owners Loan Corporation.*

Provide federal relief for homeowners who have lost their homes or at immediate risk of losing them. The federal government should help homeowners who have already lost their homes or who are at immediate risk of foreclosure. It should create an agency comparable to the Depression-era Home Owners Loan Corporation (HOLC), buy the mortgages, and remake the loans at reasonable rates backed by federal insurance.

In June 1933, the Congress approved the Home Owners' Loan Act, and authorized $200 million to set up the Home Owners' Loan Corporation (HOLC). The HOLC had the authority to issue $2 billion in tax-exempt bonds. The money enabled HOLC to help distressed families avert foreclosures by purchasing mortgages in or near default from banks, then issuing new loans that homeowners could afford. Financing was offered at up to 80 percent of assessed value, to a maximum of $14,000. In 1933, about half of all mortgage debt in default. Within a few years, almost one-fifth of all mortgages (about one million) were owned by the HOLC. The primary beneficiaries were homeowners at the lower end of the middle class who would have lost their homes. Ultimately, the HOLC experienced an 80 percent success rate on its loans. When it was shut down in 1960, the HOLC returned a small profit to the federal government. While recognizing this successful practice, modern safeguards must be implemented to ensure that the practice of red-lining that occurred during the Depression is not repeated.

Today, one-fifth of all mortgages would equate to about 10,000,000 loans or roughly $1.4 trillion dollars. A modern version of HOLC would focus on rental investment properties and owner-occupied homes rather than homes purchased by absentee speculators. Federal resources used to assist either rental investment properties or owner-occupied homes should be targeted to those at highest risk of homelessness, with priority given to rental investment properties serving tenant with incomes at or below 30 percent of the Area Median Income or below and homeowners with incomes at or below 80 percent of the Area Median Income.

III. Promote and enforce accountability for investors and banks and do not provide federal relief to investors or banks unless they agree to new ground rules.

Washington should not bail out investors or banks, including Bear Stearns and its suitor, JP Morgan, without new ground rules. The federally brokered deal between Bear Stearns and JP Morgan came without consideration for the consumers who had the most to lose. Recent trends suggest that there will be similar failures in the foreseeable future, some among institutions considered too big to fail. The federal government must require that the industry be held accountable before providing hundreds of billions of dollars from the Federal Reserve, Fannie Mae, Freddie Mac and the Federal Home Loan Banks to prop up Wall Street institutions. Properties salvaged through the application of federal funds would be held to a guaranteed long-term period of affordability of 30 years with fixed interest of no more than 6 percent.

IV. Consolidate the agencies charged with overseeing banks and financial institutions into one federal super-agency.

Federal oversight has not kept pace with the dramatic transformation of the financial services industry. Four federal agencies -- the Federal Reserve, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation – each has jurisdiction over mortgage lending. States have jurisdiction over the growing number off nonbank mortgage lenders (which accounted for about 40 percent of new subprime loans) without any consistent regulatory standards. States are responsible for regulating the insurance industry (including homeowner insurance), and do so with widely varying levels of effectiveness. It is absurd to have so many competing and overlapping agencies involved in regulating financial services institutions, particularly because they are often at cross purposes with one another.

"We need to go in the direction of more regulatory consolidation," Sheila C. Bair, Chairwoman of the FDIC, recently told the New York Times. "It would make more sense to have some type of umbrella agency, if for no other reason than facilitating information.[1]"

V. Assign the federal government the role of *Watchdog*.

Senator Chris Dodd (D-Conn.), Chair of the Senate Banking Committee, and Representative Frank have proposed legislation to establish the federal government's role as the finacial services industry's watchdog. In this role, Congress would require lenders to verify applicants' income and document borrowers' ability to pay. Private mortgage companies and brokers should fall under the umbrella of federal lending regulations, including conforming with requirements for registration and licensure. Wall Street and other mortgage investors should be held liable for the illegal practices of mortgage brokers and lenders originating loans. Lenders should be prohibited from steering borrowers toward more expensive loans and from influencing home appraisals.

[1] Andrews, Edmund and LaBaton, Stephen. *Split Is Forming Over Regulation of Wall Street*. New York Times: March 23, 2008. www.nytimes.com/2008/03/23/business/23regulate.html?pagewanted=print

Recommended Federal Strategies

The following strategies could help reduce the severity of the crisis on individuals and families who lose their homes to foreclosure[2]:

1. All federally insured mortgages resulting in foreclosure should protect the existing tenant's duration. Unless a side agreement is struck between the new owner and existing tenant, the tenant's lease survives the foreclosure process. It is recommended that states adopt similar protections for renters to prevent automatic eviction when a foreclosed property is transferred to a new owner.
2. Require (by state law) that residential mortgage foreclosures have foreclosure deeds appropriately entered into courthouse records within thirty days of the date of the foreclosure sale. This would help remedy the growing difficulty in identifying the buyers and renters of properties lost to foreclosure and provide contact information relative to creating short term lease arrangements. Owners or managers would be required to provide potential tenants with information about property status, thus ensuring that renters would not unknowingly enter into rental agreements on properties under foreclosure.
3. Create incentives (local, state and/or federal) for lenders who convey the foreclosed properties they acquire to nonprofit affordable housing entities (e.g., Community Development Corporations, Habitat for Humanity or land banks) at deeply discounted prices. Somewhat different approaches will be needed for owner-occupied housing and rental investment housing subject to foreclosure.
4. Federal law should ensure that rental housing receiving housing assistance payments (e.g., vouchers or certificates), which are subsequently assisted through foreclosure with federal funds, be maintained without disruption to tenants. Payment status would remain undisturbed for the life of the contract, and would not be terminated as a result of mortgage foreclosure. Housing Assistance Programs [HAP] contracts on any and all rental investment housing shall be deemed unaffected by foreclosure and extended to a term of one year following the date of any foreclosure. The foreclosure sale purchaser would serve as landlord throughout the remaining life of the contract. If, at the end of the contract, the purchaser chooses not to operate under a HAP contract, s/he would assist renters losing their homes with finding alternative, suitable housing.
5. The Federal Reserve should not allow the Bank of America to continue to grow unless there is a firm written commitment to serve its present and future customers by implementing the following for the benefit of endangered homeowners and tenants of rental investment properties living on incomes at or below 30 percent of the Area Median Income[3].
    a. Initiate an immediate foreclosure moratorium on all mortgage loans in the Bank of America and Countrywide portfolios, including those currently being serviced or that have been purchased back through a sheriff's sale.

[2] Many of the recommended federal strategies are based on work by Dr. Frank Alexander, Emory Law School Professor and eminent resource on Landlord-Tenant Law, as provided in a March e-mail to NCH Board member Anita Beatty.

[3] Some of the recommendations in #5 are partially attributable to the California Reinvestment Coalition, consistent with their March 5, 2008 letter to the Federal Reserve.

b. Modify loans for borrowers in danger of losing their homes or who are in the redemption process after a sheriff's sale to a fixed rate of no more than six percent for 30 years.

c. Immediately provide nonprofits in local communities the opportunity to serve in a receivership role and/or to lease property for $1 / year. This mechanism would be used to assist prior homeowners and rental investment property in foreclosure with developing refinancing plans that include interest rates at or below six percent for 30 years and/or allow residents to remain in their homes while continuing to pay rent or make payments toward Contracts for Deed on the property.

d. Pay nonprofits a management fee and require Bank of America to provide underwriter and loan officer staff time to renegotiate the loans.

e. Allow communities and nonprofits to purchase property at a reasonable below market price, lease property for $1/year or donate property to nonprofits in order to maintain the affordability of housing in their communities. This would assist present homeowners and residents to remain in their homes and allow utilization of vacant homes as affordable housing opportunities for people living on low incomes. This strategy could include the use of land trusts.

f. Bank of America filed its application to acquire Countrywide on February 19, 2008. The notice on the Federal Reserve website was not posted until February 29, 2008. Even though a 30-day period for comments is being offered based on the day the filing was posted, the National Coalition for the Homeless contends that the comment period should be extended. Because of the sub-prime crisis, the merger is unique. Without access to the Home Mortgage and Disclosure Act (HMDA) data for 2007, assessing the potential impact of the merger is impossible. As of March 1, 2008, lenders were required to supply HMDA data to anyone requesting it. The comment period should be extended 30 days past the date the banks were required to provide their HDMA data to the public.

The Subprime Meltdown: Impact on Communities

According to the Real Estate Section of MSN.com [see Appendix 1 for a complete list by state], there were 2,203,295 foreclosures filed in 2007: 1,597,616 were accounted for in the top ten states. The top ten states listed below accounted for nearly 73 percent of all filings.

Homes Lost to Foreclosure: the Top 10 States 2007

California	481,392
Florida	279,325
Ohio	153,196
Texas	149,703
Michigan	136,205
Georgia	99,578
Illinois	90,782
Colorado	71,149
Arizona	69,970
Nevada	66,316
Total	**1,597,616**

The top 10 states accounted for 73 percent of all foreclosures in 2007.

According to the *Center for Responsible Lending*[4] [See Appendix 2], the number of foreclosures in 2008-2009 is projected to double, ballooning to 2,258,457 homes lost to foreclosure. The top ten states follow.

Homes Lost to Foreclosure: the Top 10 States 2008 - 2009

California	357,000
Florida	195,000
Texas	150,000
New York	125,000
Arizona	86,000
Ohio	86,000
Georgia	84,000
Minnesota	80,000
Pennsylvania	76,000
Virginia	62,000
Total	1,300,000

The top 10 states account for 58 percent of all projected foreclosures for 2008 – 2009.

[4] Center for Responsible Lending. 2/25/2008. www.responsiblelending.org

People…Not Statistics

The statistics are so overwhelming it is easy to forget we are talking about people, individuals and families devastated by foreclosure. Sandra Rolon is just one person, but her story puts a face on the numbers[5].

Staff Sergeant Sandra Rolon spent more than a year in Kuwait, managing food service operations at a military base as part of the 408th Personnel Service Battalion in the U.S. Army Reserve. She thought of her time there in 2004 as a way both to serve her country and to pursue a more personal goal: buying a home.

By the summer of 2007, Ms. Rolon had put a down payment of about $3,000 on a two-story tan-brick house with a patio on a narrow street in the Throgs Neck section of the Bronx. It was a home she knew she could not afford. The house was $468,000, and the monthly costs on her subprime mortgage were $4,000. She earns about $2,800 a month. The broker, she said, told her she could simply refinance the mortgage later.

Ms. Rolon, 49, an administrative worker at an Army Reserve center on Long Island, was able to make the payments for just two months. She decided to redo the basement so she could rent out the rooms for extra income. But the men she paid $8,000 to do the work disappeared, leaving her a gutted basement with wires dangling from the ceiling and piles of wood on the floor.

Now, with the threat of foreclosure hanging over her, she is in limbo, fighting to keep her home as she looks after her 2-year-old grandson, unable to refinance and, for the past four months, unable to make her mortgage payments. She said she sometimes felt like going back overseas. "Life was easier," Ms. Rolon said, wiping away tears. "You had your camaraderie. You don't have that here. It's a dog-eat-dog world here."

The housing crisis is hitting veterans especially hard. As a recent Pentagon study has shown, military personnel are particularly vulnerable to predatory lending, and the financial stresses for many military families have been well documented.

– Ellen Harnick, Senior Policy Counsel, Center for Responsible Lending.
http://veterans.house.gov/hearings/hearing.aspx?NewsID=198

Fortunately for Sandra, she is being helped by the *New York Times Neediest Cases Fund*. If it were not for this fund, Sandra would most likely become homeless, joining the tens of thousands of veterans who served this nation only to find themselves on the streets of in shelters in communities around this nation.

[5] Fernandez, Manny. The Neediest Cases: Helping to Keep Homelessness at Bay as Foreclosures Hit More Families. New York Times: February 4, 2008.
http://www.nytimes.com/2008/02/04/nyregion/04neediest.html?_r=1&oref=slogin

Impact on communities

The National League of Cities [NLC] reports that nearly two-thirds of 200 cities responding to an online/e-mail poll experienced a local increase in foreclosures during the past year, with one-third seeing declines in city revenues as a result. This report was based on a poll conducted and released by the NLC during the Congressional City Conference. The poll also found that more than half of these cities saw increases in the need for temporary assistance for services such as counseling, food banks and other non-housing supportive services[6].

Foreclosures Taking Big Toll on Cities and City Finances[7]

"Mortgage foreclosures are causing havoc in many of our communities," said NLC President Cynthia McCollum, council member, Madison, Alabama. "*Cities are already seeing reductions in their revenues at the same time that more services are needed to address the many related problems caused by the foreclosures. Unfortunately we also know that the problems will continue for many years before they get better. That's a tough situation for all of us."*

Of particular note is the ripple effect the housing crisis has on city finances. One out of three cities reporting stated that funding for programs and projects has declined in the past year. Also significant is the increase in abandoned and/or vacant properties and other forms of blight, a consequence reported by one-third of the cities.

"In one new community in Charlotte, N.C., 115 out of 123 homes were boarded up," said McCollum. *"Where there are widespread foreclosures, cities must ensure the safety of the residents still living in the community, must keep the grass mowed, and stop vandalism."*

Abandoned row houses in Baltimore, Maryland.

[6] Appel, Sherry Conway. *Foreclosures Taking Big Toll on Cities and City Finances*. National League of Cities. http://www.nlc.org/articles/articleitems/ncw31708/foreclosurerelease.aspx
[7] Ibid.

> *"We know that homeownership strengthens our communities — the housing crisis is making it more difficult to achieve this goal. Overall, financial stability of millions of Americans is in jeopardy,"* McCollum said.
>
> The NLC poll shows that the housing crisis is disproportionately impacting certain residents, with half reporting the crisis is affecting lower-income families; one-third seeing problems for families headed by single parents; and one in five seeing impacts on seniors and people of color.
>
> The poll also shows that in more than half of the cities, the lending community has not reached out to local officials to offer help or support in dealing with foreclosures and housing finance-related impacts. The groups working most closely with cities are nonprofit and civic organizations, followed by state governments and other local governments.

In Charlotte, North Carolina, nearly 70% of homes are boarded up, ensuring little protection and safety to those remaining in the community.

The poorest counties in the United States are among the hardest hit by the subprime mortgage crisis, according to a study released by the Christian anti-hunger advocacy group, *Bread for the World.* The report, *Home Ownership, Subprime Loans and Poverty*[8]*,* found a strong correlation between poverty rates and percentages of subprime mortgages. In eight of the country's 15 poorest counties, where poverty rates exceed 40 percent, the percentage of homeowners holding subprime mortgages is even higher — up to 60 percent, according to the study.

Beyond the increase in homelessness, the ripple effect of the foreclosure crisis is profound. America's Second Harvest is the largest charitable domestic hunger-relief organization in the United States. In its article, *Hungry Americans Cannot Wait for New Farm Bill* [9], President and Chief Executive Officer Vicki Escarra says, *"We have seen dramatic declines in commodity support from the federal government and private food donations. Every day that goes by without a new Farm Bill is a day without hope for food banks around the country. Our member food banks are being forced to dip into their limited financial reserves to purchase food and ration it to people in need."*

– Federal commodity support has fallen by nearly $200 million per year since the enactment of the last Farm Bill in 2002. This drop in federal support is due to less need for the federal government to buy surplus foods to support agricultural producers[10].

[8] Strieb, Matthew. Study links subprime mortgage crisis to U.S. poverty & hunger. 3/14/08. http://www.baptiststandard.com/postnuke/index.php?module=htmlpages&func=display&pid=7541
[9] America's Second Harvest Newsroom. Hungry Americans Cannot Wait for New Farm Bill. http://www.secondharvest.org/news_room/2008_press_releases/031908.html
[10] Ibid.

- Economic downturn has created as much as a 30 percent increase in demand for food assistance at food banks, food pantries and soup kitchens in many parts of the country[11].
- Food price inflation is higher than it has been at any time in recent memory, and people who rely on food stamp benefits to feed their families are seeing a rapid erosion in their purchasing power. Benefit levels are set once per year, but food prices have risen 5.5 percent since the last adjustment just six months ago[12].

In addition to increases in hunger and homelessness, there are media reports of an increase in crime. According to at least one report[13] this pattern is cropping up in communities across the nation. Mark Wiseman, Director of Cuyahoga County Foreclosure Prevention Program in Cleveland, Ohio, has said that there are entire blocks of homes in Cleveland where 60 or 70 percent of houses are boarded up. *"I don't think there are enough police to go after criminals holed up in those houses, squatting or doing drug deals or whatever,"* Wiseman said.

Abandoned homes in the Slavic Village area of Cleveland, Ohio.

The article goes on to say that "health risks are also on the rise. All those empty swimming pools in California's Inland Empire have become breeding grounds for mosquitoes, which can transmit the deadly West Nile virus, Riverside County officials say.[14]"

In addition to short-term costs that include homelessness, hunger, and increased lawlessness, inspection and code enforcement are longer term costs generated by lower home values and concomitant reductions in local tax revenues. This is documented by the National League of Cities survey findings quoted above[15]. Past

[11] Ibid.
[12] Ibid.
[13] *Tent City in Suburbs is Cost of Nation's Foreclosure Crisis*. December 21, 2007 www.care2.com
[14] *Tent City in Suburbs is Cost of Nation's Foreclosure Crisis*. December 21, 2007 www.care2.com
[15] Appel, Sherry Conway. *Foreclosures Taking Big Toll on Cities and City Finances*. National League of Cities. http://www.nlc.org/articles/articleitems/ncw31708/foreclosurerelease.aspx

practices have provided the National Coalition for the Homeless good reason to fear that as communities seek to balance their budgets with decreased revenues, the first cuts will be to the very human service programs communities need to respond to the impacts of the foreclosure crisis.

Know Your Rights

Minnesota's Ramsey and Hennepin counties are taking a proactive response to the effects of foreclosures on homelessness. According to the *Star Tribune*[16], the state's homeless agency is developing a questionnaire for workers to give to homeless people. The intent is to better pinpoint the effects of foreclosures. The Hennepin County *Taskforce on Foreclosures* has created a series of recommendations to help tenants. The major one is called, *Know Your Rights.* The local sheriff's office has also developed a rights fact sheet for renters who get notice of a sheriff's sale. Advocates are seeking a change in state law that would allow civil servants to deliver the fact sheet as well.

"If there's a reasonable way to help those owners, we can have a direct impact on homelessness, here and around the country," said Tracy Bergland, the Director of Housing for Catholic Charities[17].

Sadly, Hennepin County is the rare exception in terms of communities taking proactive measures to address the foreclosure crisis and its impact on homelessness. For most of the nation, homeless individuals and families remain the invisible victims of the subprime meltdown.

Conclusion

The documentation is clear: there is a strong link between the foreclosure crisis and increasing homelessness in communities throughout the nation. Before the crisis grows to epidemic proportions, It is imperative that policymakers at all levels adopt homeless prevention strategies as part of all legislative proposals designed to address the foreclosure crisis. Failure to do so will add countless thousands to the ranks of the homeless individuals and families in our communities.

This report is a National Call to Action to end and prevent homeless for the victims of the subprime foreclosure crisis.

Finally, NCH sees those legislative steps as the first steps in the direction of ending and preventing homelessness overall through passage of the *Bring America Home Act*, which was introduced by the late Congresswoman Julia Carson more than three years ago.

The time has come to definitively end the national disgrace of homelessness in our nation.

[16] Brandt, Steve and Wolfe, Warren. *A Wave of Foreclosure Hits Renters. Star Tribune:* October 29, 2007. http://www.startribune.com/business/11245186.html
[17] Ibid.

Methodology

The National Coalition for the Homeless [NCH] created the first draft of its survey instrument, The Impact of Foreclosures on Homelessness, in mid-January 2008. it was field tested in Montana and Minnesota to test the reliability of the survey instrument. Based upon responses to the draft, NCH revised the survey. The final version was first emailed on January 22, 2008 to all known local and state homeless coalitions in the nation. They were asked to forward it to their email lists to get as wide a distribution as possible. A second email from NCH in late February was distributed to the same coalition list, with the notification that the deadline was March 15, 2008. NCH received a total of 122 responses in this timeframe, of which 117 were valid responses.

Finally, for the purposes of this survey, NCH used the US Census definition of "rural", which includes "Territory, population and housing units not classified as urban. Rural classification cuts across other hierarchies and can be in metropolitan or non-metropolitan areas" in which urban is defined as a total "population of at least 2,500 for urban clusters, or at least 50,000 for urbanized areas."[18]

[18] US Census Bureau. Question and Answer Center. Retrieved March 2008.

Findings

1. **Overall responses:** *Table 1 is an analysis of 117 responses to the key questions asked in the NCH survey.*

Chart 1: Overall responses

Responses	Number	Percent
Increase in homelessness		
Yes	70	60.9%
No	6	5.2%
Don't know	39	33.9%
Total	115	100.0%
How do you know?		
Total responses: 83 [multiple responses]		
Government Report	21	25.3%
Local Media	47	56.6%
National Media	32	38.6%
Emergency Shelter reports	46	55.4%
Anecdotal from clients	45	54.2%
Where are people staying?		
Total responses: 101 [multiple responses]		
Emergency shelters	55	54.5%
Transitional shelters	30	29.7%
Family/friends	77	76.2%
On the streets	42	41.6%
Renting	38	37.6%
Don't know	23	22.8%
Is your local coalition working on:		
Preventing foreclosures & evictions		
Yes	55	48.2%
No	28	24.6%
Don't know	31	27.2%
Addressing issues of potential homelessness in their work on foreclosures and evictions		
Yes	61	57.5%
No	19	17.9%
Don't know	26	24.5%

Increase in homelessness
The most significant finding is that nearly 61 percent of respondents saw an *increase in homelessness* in the interim since the foreclosure crisis began in 2007. Only 5 percent indicated that they had not seen an increase and almost one-third did not know.

Beyond anecdotes: Media and shelter reporting
Seventy-two (72) percent of respondents [83 out of 115] provided multiple responses to the question "how do you know there has been an increase?" More than 50 percent indicated that their sources for this information included local media reports [56.6 percent], followed by reports from local emergency shelters [55.4 percent] and reports from clients [54.2 percent]. Almost 40 percent [38.6 percent] indicated that national media reports had been their information source, while only one-quarter [25.3 percent] stated that a government report was the source of their information. This latter point indicates that the link between foreclosures and homelessness has not yet been captured in the national media spotlight, nor have governmental agencies been tracking this crisis.

Where are people staying?
Most (88 percent) of respondents offered multiple responses to the question, "Where are people staying after their property has been foreclosed on?"

- An overwhelming 76.2 percent stated that people were staying with family and friends. This is not surprising. Typically, staying with family and friends is the first line of defense against becoming homeless, either calling the streets or a shelter "home." This also foreshadows a trend of growing homelessness as people wear out their welcome after doubling or tripling up with family and friends.
- The second largest response, 54.5 percent, was that people were going to emergency shelters.
- This was followed by more than forty percent [41.6 percent] stating that people were living on the streets of their communities.
- More than one third [37.6 percent] stated that people were able to rent, which may mean that this group was comprised of more homeowners than renters. Prior homeowners would likely have the necessary resources to be able to rent after losing their homes to foreclosure.
- About a third [29.7 percent] stated that people were going to transitional shelters.
- Almost a quarter [22.8 percent] stated they did not know what was happening to people. This could mean that there are many invisible victims of the foreclosure crisis, people in communities around the nation who are falling through the cracks.

Local advocacy
NCH, as a national homeless advocacy organization, wanted to know whether there were state and local advocacy efforts underway to address this crisis. Sadly, fewer than half of respondents [48.2 percent] indicated that there *were* coalition efforts to prevent foreclosure and eviction. A quarter [24.6 percent] indicated that there were no efforts, and almost a third [27.2 percent] said they didn't know.

More heartening was the 57.5 percent of respondents who indicated that they were addressing the issue of homelessness in their work on evictions and foreclosures, even though 17.9 percent said they were not, and 24.5 percent did not know.

From the NCH perspective, there is still much to be done at state and local advocacy levels to mitigate the foreclosure crisis for homeowners and renters and to prevent the crisis from swelling the ranks of the homeless in our nation. Paramount is that local, state and federal responses must include *homelessness prevention* in all legislative responses to the subprime meltdown.

2. Responses by state and local communities

Communities in 29 states responded to the NCH survey. The top five states in terms of response were California, Florida, Kentucky, Minnesota and Texas, which together provided 76 percent of all responses. With the exception of Kentucky, this list reflects the states hit hardest by the subprime meltdown.

Tables 2 through 4 synthesize their responses.

Table 2. State Increase in Homelessness: Percentages Within Overall Group

Percent of Responses Within Overall Group	California	Florida	Kentucky	Minnesota	Texas	*Total*
Yes	25%	26%	6%	12%	7%	*76%*
No	22%	56%	0	0	0	*78%*
I don't know	10%	3%	13%	3%	18%	*47%*

Increase in homelessness

As indicated in Table 3, while all five states saw an increase in homelessness due to the foreclosure crisis, three of the five [California, Florida and Minnesota] reported increases above the overall response. [74 percent, 70 percent and 89 percent respectively] the overall response [See Table 1 above] of close to 60 percent. [See Appendix 3 for complete results by the responding states].

Table 3. Increase in Homelessness by State Responses

Percent of Responses Within Each State	California	Florida	Kentucky	Minnesota	Texas
Yes	74%	70%	44%	89%	42%
No	9%	25%	0%	0%	0%
I don't know	17%	5%	55%	11%	58%

Beyond anecdotes: Media and shelter reporting

As Table 4 indicates, the results to the question *"how do you know there is an increase in homelessness"* are generally consistent with the results found in Table 1 [above] in that respondents indicated multiple sources for the sources of their information.

Table 4. How do you know?

How do you know?	California		Florida		Kentucky		Minnesota		Texas	
	#	%	#	%	#	%	#	%	#	%
Government	5	9%	2	5%	1	25%	2	8%	2	10%
Local Media	12	21%	9	24%	1	25%	4	15%	3	14%
National Media	8	14%	4	11%	1	25%	3	12%	3	14%
Shelter Report	9	15%	10	26%	1	25%	4	15%	3	14%
Anecdotal	11	19%	7	18%	0		6	23%	4	19%
Other	13	22%	6	16%	0		7	27%	6	29%
Total	*58*	*100%*	*38*	*100%*	*4*	*100%*	*26*	*100%*	*21*	*100%*
Where are people staying?	California		Florida		Kentucky		Minnesota		Texas	
	#	%	#	%	#	%	#	%	#	%
Emergency Shelter	9	15%	13	25%	3	19%	7	29%	3	16%
Transitional Shelter	10	16%	6	12%	0	0	2	8%	1	5%
With Family/Friends	14	23%	15	29%	6	38%	9	38%	3	16%
On the Street	10	16%	9	17%	2	13%	4	17%	3	16%
Rental Home	11	18%	7	13%	4	25%	1	4%	1	5%
I Don't Know	2	3%	0	0	0	0	1	4%	7	37%
Other	5	9%	2	4%	1	6%	0	0	1	5%
Total	*61*	*100%*	*52*	*100%*	*16*	*100%*	*24*	*100%*	*19*	*100%*
Is your local coalition working on:										
Preventing foreclosures and evictions?	California		Florida		Kentucky		Minnesota		Texas	
	#	%	#	%	#	%	#	%	#	%
Yes	10	44%	9	45%	4	45%	4	45%	6	50%
No	6	26%	6	30%	1	11%	2	22%	0	0
I don't know	7	30%	5	25%	4	45%	3	33%	6	50%
Total	*23*	*100%*	*20*	*100%*	*9*	*100%*	*9*	*100%*	*12*	*100%*
Addressing Issues of homelessness?	California		Florida		Kentucky		Minnesota		Texas	
	#	%	#	%	#	%	#	%	#	%
Yes	3	13%	11	55%	6	67%	6	67%	7	58%
No	9	39%	5	25%	0	0	1	11%	0	0
I don't know	11	48%	4	20%	3	33%	2	22%	5	42%
Total	*23*	*100%*	*20*	*100%*	*9*	*100%*	*9*	*100%*	*12*	*100%*

Note: See Appendix 3 for a complete table of responses by state.

3. Responses by organizational type

Table 5: Organizational and individual responses:

TYPE	NUMBER	percent of Total
Coalition		
Local	9	60%
State	5	33%
National	1	7%
Subtotal	*15*	*12.9%*
Direct Service		
Multi-service	36	76.6%
Shelter	1	2%
Mental Health	1	2%
Independent Living	2	4%
Health Care	5	11%
Legal Aid	1	2%
Employment Counselor	1	2%
Subtotal	*47*	*40.5%*
Nonprofit Housing	11	9.5%
Land Trust	1	0.9%
Governmental		
Homeless Coordinator	1	4%
Housing Authority	3	12.5%
Community Development	5	21%
Foreclosure Prevention	3	12.5%
Law Enforcement	1	4%
Community Action Agency	10	42%
Redevelopment Agency	1	4%
Subtotal	*24*	*20.7%*
Interfaith	6	5.2%
Education		
College	1	20%
High School	3	60%
Student	1	20%
Subtotal	*5*	*4.3%*
Individuals		
Homeless	3	43%
Unemployed	1	14%
Retired	1	14%
Consultant	2	29%
Subtotal	*7*	*6.0%*
TOTAL	**116**	**100.0%**

A wide range of organizational and individual respondents

Service providers

Not surprisingly, the largest sector responding to the NCH survey was direct service [40.5 percent], with over three fourths [76.6 percent] multi-service agencies and the remainder representing a wide range of direct services.

Government agencies

The second largest sector was a wide range of government agencies, accounting for almost 21 percent of this sector's total [20.7%]. Approximately 42 percent of governmental responses came from Community Action Agencies; 21 percent came from community development departments; housing authorities and foreclosure prevention specialists accounted for 12.5 percent each, with much smaller percentages came from a range of governmental agencies, including law enforcement and redevelopment agencies.

Coalitions

Roughly 13 percent of responses came from the coalition sector, which included local, state and national coalitions. Local homeless coalitions accounted for 60 percent of these responses.

A range of sector responses

The remainder of organizational and individual responses were much smaller percentages of the total, with nonprofit housing developers accounting for 9.5 percent of total responses, followed by individuals [6%], including several homeless people and those who were unemployed or retired. This was followed by interfaith responses [5.2%], and educational institutions [4.3%], which included colleges or high schools.

4. Urban versus rural responses

Table 6: Urban versus Rural responses

Responses	Rural #	Rural %	Urban #	Urban %
Increase in homelessness				
No	3	7%	2	3%
N/A	5	13%	2	3%
Don't know	14	34%	24	31%
Yes	19	46%	48	63%
Total	41	100%	76	100%
How do you know?				
Other	10	17%	34	22%
Government Report	6	10%	11	7%
National Media	8	14%	20	13%
Anecdotal from clients	10	17%	31	20%
Local Media	12	20%	30	19%
Emergency Shelter reports	13	22%	29	19%
Total	59	100%	155	100%
Where are people staying?				
Other	4	5%	11	6%
Don't know	4	5%	15	9%
Transitional shelters	8	9%	18	10%
Renting	9	10%	26	15%
On the streets	16	19%	24	14%
Emergency shelters	18	21%	35	20%
Family/Friends	27	31%	46	26%
Total	86	100%	175	100%
Is your local coalition working on:				
Preventing foreclosures and evictions				
N/A	3	7%	6	8%
No	8	20%	18	24%
Don't know	14	34%	16	21%
Yes	16	39%	36	47%
Total	41	100%	76	100%
Addressing issues of potential homelessness in their work on foreclosures and evictions				
No	5	12%	12	16%
N/A	5	12%	11	14%
Don't know	12	29%	13	17%
Yes	19	47%	40	53%
Total	41	100%	76	100%

Note: See Appendix 4 for a complete chart of urban versus rural cities.

NCH wanted to evaluate whether there were any differences from a rural versus urban perspective relative to the intersection of the foreclosure crisis and homelessness. Generally speaking, there are minimal differences with the following exceptions:

Increase in homelessness
While both urban and rural respondents saw increases in homelessness over the last year, there was a significant difference between urban [63%] versus rural responses [46%]. Part of this could be definitional, since the percentage *staying with family and friends* was greater among rural respondents.

Where are people staying?
Generally, there were not major differences between urban versus rural responses, although there were slight, but important differences in the following:

- ✓ A higher percentage of urban respondents [15% compared to 10% of rural respondents] indicated that people were renting;
- ✓ A higher percentage of rural respondents [19% compared to 15% of urban respondents] said that people were on the streets; and
- ✓ A higher percentage of rural respondents [31% compared to 26% of urban respondents] said that people were staying with family and friends.

Local advocacy efforts
There were also significant differences in the urban versus rural advocacy responses to this crisis. While advocacy efforts existed in both settings, the percentage of urban areas on preventing foreclosures and evictions [47%] was higher than rural areas [39%], and the percentage of urban areas working to address homelessness due to evictions and foreclosures [53%] was higher than rural areas [47%]. NCH suspects that part of this difference might be due to the greater concentration of coalition-building and advocacy resources available to urban areas. Additionally, the issues of remote locations, large distances and lack of communication in rural areas might be variables that account for these differences.

Note: See Appendix 5 for a complete, state by state, listing of current legislation complied by the national advocacy organization, ACORN.

Appendix 1: 2007 Foreclosure Filings by State

Source: MSN.com Real Estate

Rate Rank	State Name	Total # of filings	% Change from 2006	% Change from 2005	Total # of properties	% Households
1	Nevada	66,316	215.12	758.68	34,417	3.376
2	Florida	279,325	123.96	129.25	165,291	2.002
3	Michigan	136,205	68.32	282.22	87,210	1.947
4	California	481,392	237.99	681.95	249,513	1.921
5	Colorado	71,149	29.96	140.12	39,403	1.919
6	Ohio	153,196	87.93	207.35	89,979	1.797
7	Georgia	99,578	31.07	118.43	59,057	1.566
8	Arizona	69,970	150.91	160.7	38,568	1.516
9	Illinois	90,782	25.29	94.3	64,310	1.25
10	Indiana	52,930	11.31	73.57	27,980	1.027
11	Tennessee	45,834	24.56	65.66	25,914	0.983

Rate Rank	State Name	Total # of filings	% Change from 2006	% Change from 2005	Total # of properties	% Households
12	Texas	149,703	-4.57	9.22	84,469	0.936
13	Missouri	32,022	80.93	176.74	23,492	0.906
14	New Jersey	53,652	34.06	52.75	31,071	0.902
15	Utah	9,668	-25.87	-16.19	7,438	0.852
16	Connecticut	23,470	100.05*	111.38*	11,860	0.833
17	Maryland	25,109	455.26	388.41	18,879	0.83
18	North Carolina	37,426	66.52	135.07	29,101	0.739
19	Massachusetts	41,487	161.14	751.36	17,737	0.66
20	Idaho	6,032	140.51*	119.83*	3,640	0.611
21	Washington	23,705	27.95	59.47	15,184	0.573
22	Oregon	10,746	12.25	56.76	8,461	0.543
23	Oklahoma	13,594	-12.78	0.71	8,256	0.52
24	Virginia	24,199	456.3	728.73	16,307	0.514

Rate Rank	State Name	Total # of filings	% Change from 2006	% Change from 2005	Total # of properties	% Households
25	Minnesota	13,615	127.11*	506.73*	11,557	0.513
26	Arkansas	14,310	26.44	23.58	6,406	0.513
27	New York	57,350	10.19	54.72	38,688	0.493
28	Alaska	1,650	54.64	17.69	1,332	0.486
29	Wisconsin	17,503	131.15*	241.79*	12,133	0.486
30	Nebraska	3,971	30.88	91.84	3,636	0.474
31	Rhode Island	3,241	153.80*	7804.88*	1,838	0.41
32	New Mexico	3,893	-26.04	-46.55	2,994	0.357
33	Iowa	7,404	114.92*	251.90*	4,103	0.314
34	Pennsylvania	34,089	-11.07	18.98	16,379	0.302
35	Kentucky	8,793	23.45	76.96	5,105	0.274
36	Montana	1,378	29.27	52.6	1,150	0.268
37	Alabama	7,903	81.76	83.07	5,572	0.268

Rate Rank	State Name	Total # of filings	% Change from 2006	% Change from 2005	Total # of properties	% Households
38	Delaware	1,430	225.00*	342.72*	999	0.266
39	South Carolina	5,038	-27.56	-33.76	4,247	0.22
40	New Hampshire	N/A	N/A	N/A	1,238	0.212
41	Louisiana	7,331	151.58*	90.61	3,968	0.204
42	Kansas	4,978	20.85	161.31*	2,434	0.203
43	Hawaii	1,270	88.71	-60.39	966	0.197
44	Wyoming	497	21.52	99.6	356	0.151
45	Mississippi	1,997	91.65	4.55	1,409	0.114
46	North Dakota	308	74.01	86.67	250	0.082
47	West Virginia	1,135	30.31	10.95	460	0.053
48	Maine	N/A	N/A	N/A	286	0.042
49	Vermont	61	35.56	1.67	29	0.009
50	South Dakota	N/A	N/A	N/A	24	0.007

Rate Rank	State Name	Total # of filings	% Change from 2006	% Change from 2005	Total # of properties	% Households
	District of Columbia	800	607.96*	393.83*	777	0.28
--	**U.S.**	**2,203,295**	**74.99**	**148.83**	**1,285,873**	**1.033**

*Actual increase may not be as high due to improved or expanded data coverage in this state.

Appendix 2: Center for Responsible Lending

Source: *Center for Responsible Lending*

Homes Lost to Foreclosure: the Top 10 States in 2007

California	357,000
Florida	195,000
Texas	150,000
New York	125,000
Ohio	86,000
Arizona	86,000
Georgia	84,000
Minnesota	80,000
Pennsylvania	76,000
Virginia	62,000
Total	1,300,000

The 1,300,000 homes lost in the top 10 states represent 58% of all homes lost in the 50 states.

Estimates for 2008-2009 suggest that 2,258,457 more homes will be lost to foreclosure in the United States.

Appendix 3: State charts

State	Increase in Homelessness			Total
	Yes	No	I don't know	
AK		1	1	2
CA	17	2	4	23
CO			1	1
CT			1	1
DE	1			1
FL	14	5	1	20
IL		1		1
IN	1			1
KY	4	0	5	9
MD			2	2
MI	5		1	6
MN	8	0	1	9
MO			1	1
MT	1			1
ND	2		2	4
NE			4	4
NH	2			2
NM			1	1
NY			2	2
OH	1			1
OR	1			1
PA	1		2	3
SC	1		1	2
TN	2			2
TX	5	0	7	12
VA			1	1
VT	1		2	3
WA	1			1
Totals	**68**	**9**	**40**	**117**

State	How do you know?							
	Gov't	Local Media	National Media	Shelter Report	Anecdotal	Other	Total	
AK							0	0
CA	5	12	8	9	11	13	58	27%
CO						1	1	0.5%
CT		1		1			2	0.9%
DE						1	1	0.5%
FL	2	9	4	10	7	6	38	18%
IL		1		1			2	1%
IN	1	1	1				3	1.4%
KY	1	1	1	1			4	2%
MD							0	0
MI		2		2	5	2	11	5%
MN	2	4	3	4	6	7	26	12%
MO							0	0
MT				1		1	2	1%
ND			1	1	1	1	4	2%
NE	1	1		1			3	1.4%
NH						1	1	0.5%
NM			1				1	0.5%
NY	1	1	1	1			4	2%
OH		1			1	1	3	1.4%
OR		1	1	1	1	1	5	2%
PA	1	1	2	1	1	1	7	3%
SC		1		1	1	1	4	2%
TN	1	2	2	1	1	1	8	4%
TX	2	3	3	3	4	6	21	10%
VA							0	0
VT				2	1		3	1.4%
WA				1	1		2	1%
Total		42	28	42	41	44	214	100.00%

State	Where are people staying?								
	Emergency Shelter	**Transitional Shelter**	**With Family/ Friends**	**On the Street**	**Rental**	**Don't know**	**Other**	**Total**	**Percent**
AK			2					2	0.76%
CA	9	10	14	10	11	2	5	61	23.37%
CO			1		1			2	0.76%
CT								0	0
DE						1		1	0.38%
FL	13	6	15	9	7	0	2	52	19.90%
IL	1		1					2	0.76%
IN			1		1			2	0.76%
KY	3	0	6	2	4	0	1	16	6.13%
MD						1		1	0.38%
MI	4		4	1	1	2	1	13	4.98%
MN	7	2	9	4	1	1	0	24	9.19%
MO								0	0
MT	1	1	1	1				4	1.53%
ND	1		2		1			4	1.53%
NE			2			2		4	1.53%
NH	2	2	2	2			1	9	3.44%
NM						1		1	0.38%
NY			1	1	1			3	1.14%
OH	1	1	1	1				4	1.53%
OR	1	1	1	1	1		1	6	2.29%
PA	1	1	1	1	1	1	1	7	2.68%
SC	1	1	1		1			4	1.53%
TN	1		2	1	2		1	7	2.68%
TX	3	1	3	3	1	7	1	19	7.27%
VA								0	0
VT	2	1	2	2		1	1	9	3.44%
WA	1		1	1	1			4	1.53%
Total	52	27	73	40	35	19	15	*261*	99.87%

Is your local coalition working on:

STATE	Preventing foreclosures and evictions?				Addressing issues of homelessness?			
	Yes	**No**	**I don't know**	**Total**	**Yes**	**No**	**I don't know**	**Total**
AK	2	0	0	*2*	1	0	1	*2*
CA	10	6	7	*23*	9	3	11	*23*
CO	1	0	0	*1*	1	0	0	*1*
CT	0	0	1	*1*	0	0	1	*1*
DE	1	0	0	*1*	0	1	0	*1*
FL	9	6	5	*20*	11	5	4	*20*
IL	0	0	1	*1*	1	0	0	*1*
IN	1	0	0	*1*	1	0	0	*1*
KY	4	1	4	*9*	6	0	3	*9*
MD	0	1	1	*2*	0	1	1	*2*
MI	5	1	0	*6*	4	1	1	*6*
MN	4	2	3	*9*	6	1	2	*9*
MO	0	0	1	*1*	0	0	1	*1*
MT	0	1	0	*1*	0	1	0	*1*
ND	1	3	0	*4*	3	1	0	*4*
NE	0	0	4	*4*	0	0	4	*4*
NH	1	1	0	*2*	0	1	1	*2*
NM	0	0	1	*1*	0	0	1	*1*
NY	0	0	2	*2*	0	0	2	*2*
OH	1	0	0	*1*	1	0	0	*1*
OR	1	0	0	*1*	1	0	0	*1*
PA	0	1	2	*3*	0	1	2	*3*
SC	1	0	1	*2*	1	0	1	*2*
TN	0	2	0	*2*	2	0	0	*2*
TX	6	0	6	*12*	7	0	5	*12*
VA	1	0	0	*1*	1	0	0	*1*
VT	3	0	0	*3*	3	0	0	*3*
WA	0	1	0	*1*	0	1	0	*1*
Total	52	26	39	*117*	59	17	41	*117*
Percent	**45%**	**22%**	**33%**	**100%**	**50%**	**15%**	**35%**	**100%**

Appendix 4: Rural versus Urban Cities/State Chart

Urban Cities	Urban Cities	Rural Cities
Alaska	**New Mexico**	**Kentucky**
– Anchorage	– Albuquerque	– Covington
California	**New York**	– Henderson
– Bakersfield	– Mount Vernon	– Latonia
– Chico	**Oregon**	– Lebanon (2)
– Diamond Bar	– Salem	– Newport
– Long Beach (2)	**Pennsylvania**	– Winchester
– Los Angeles (4)	– Philadelphia	– Williamstown
– Modesto	– Pittsburgh	**Maryland**
– Pasadena	**South Carolina**	– Bladensburg
– Pomona	– Greenville	– Hagerstown
– Sacramento	**Tennessee**	**Michigan**
– San Bernardino (3)	– Memphis	– Ypsilanti
– San Francisco	– Knoxville	**Minnesota**
– Stockton	**Texas**	– Moorhead
– Vallejo	– Abilene (4)	– Hopkins
– Victorville	– Brownsville	– Vadnais Heights
Colorado	– Dallas	**Missouri**
– Denver	– Denton	– Crocker
Delaware	– Houston (2)	**North Dakota**
– Wilmington	– Irving	Minot
Florida	– Lubbock	Williston
– Fort Lauderdale	**Virginia**	**Nebraska**
– Homestead	– Alexandria	– Creighton
– Key West (2)	**Vermont**	– Fairbury
– Lakeland	– Burlington	– Lexington
– Lauderhill	**Washington**	– Wisner
– Miami (5)	– Vancouver	**New Hampshire**
– Orlando	**Total reports from urban cities: 76**	Northfield
– Sunrise	**Total percent urban: 65%**	– Tilton
– Tallahassee		**New York**
Illinois		– Deer Park
– Chicago	**Rural Cities**	**Ohio**
Indiana	**Alaska**	– Fremont
Elkhart	– Sitka	**Pennsylvania**
Kentucky	**California**	– New Castle
Owensboro	– Claremont	**Texas**
Michigan	– Murphys	– Big Spring
– Ann Arbor (4)	– Jackson	**South Carolina**
– Pontiac	**Connecticut**	– Camden
Minnesota	– Willimantic	**Vermont**
– Duluth	**Florida**	– Burlington (2)
Minneapolis (4)	– Islamorada	**Total reports from rural communities: 41**
Falls	– New Port Richey	**Total percent rural: 35%**
Montana	– Pinellas Park	
– Missoula	– Plantation	
North Dakota	– Winter Haven (2)	
– Grand Forks		
– Fargo		

Appendix 5: State by state initiatives

Source: ACORN
Association of Community Organizations for Reform Now: www.acorn.org

HIGHLIGHTS

– **Massachusetts** now provides for a 90 day "Right to Cure" for borrowers who fall behind.
– **Maryland** has a bill pending that would extend the length of the foreclosure process from 15 to nearly 150 days.
– **New York's** Governor is drafting legislation that would require a pre-foreclosure notice that would halt property seizures for "a period of time" while the borrowers work with lenders and credit counselors to negotiate new mortgage terms.
– **Ohio** has proposed a rule change that would force lenders to provide six months' notice to homeowners with ARMs before the rate is reset.

Relevant initiatives are summarized immediately below. Proposals and implemented plans are detailed by state. The state list is not comprehensive because states whose proposals duplicate those already detailed have not been added.

INITIATIVES (includes those that are implemented as well as those proposed)

- Establish a fund to refinance subprime mortgages. Targeted to borrowers who have good payment histories, are residing in the home worth more than the balance of the current loan (set up with the support of banks, state and federal officials and a Federal Reserve Bank).
- Simplify language in foreclosure notices.
- Mandate notification of counseling options in foreclosure notices.
- Make mortgage loan crimes felonies.
- Increase funding for homeowner counseling.
- Stop mortgage rescue scams.
- Ensure clear language on fees for "yield spread premiums."
- Brokers must act in "good faith" toward borrowers.
- Establish a central repository of foreclosure information; require lenders to send a copy of the Foreclose Notice and details of any final foreclosure.
- Require applicants for adjustable-rate mortgages to sign a form stating they don't want a fixed-rate mortgage.
- Prosecute civil cases against those involved in predatory lending practices and foreclosure rescue scams.
- Stabilize pilot programs targeted to at-risk neighborhoods. In partnership with lenders and nonprofits, reclaim pre-foreclosure and foreclosed properties in targeted communities for resale to qualified first-time homebuyers with the goal of returning property to fully-occupied status as quickly as possible.
- Require lenders and brokers to have a "reasonable belief" (using available financial information) that the customer will be able to repay.

- Bar lenders and brokers from profiting by charging higher interest rates than the borrower has qualified for.
- Require mortgage lenders and brokers to consider a homebuyer's ability to repay an adjustable-rate loan at the higher adjusted rate.
- Establish a duty for lenders to engage in "reasonable" loss mitigation upon default of a mortgage in order to provide an alternative to foreclosure.
- Establish a "duty of good faith and fair dealing" for brokers, lenders and servicers.
- Establish a duty for lenders to ensure that the loan is sustainable for the life of loan.
- Ban kickbacks to mortgage brokers.
- Bar mortgages that include financial penalties for early payment.
- Eliminate penalties for borrowers who want to make early payments on subprime and nontraditional loans; limit penalties on prime loans. Extend the length of the foreclosure process to 150 days.
- Reduce the requirement to publish foreclosure notices more than once (to cut foreclosure costs, and make saving the homes easier for homeowners).
- Require deeds and other mortgage documents to include license numbers for the lenders and brokers involved in the loan.
- Prohibit "any device, scheme or artifice to defraud."
- Require servicers to pay incentives to mortgage counselors who find solutions that kept people in their homes.
- Mandate staffing levels for servicers and dedicated caseworkers for each client so borrowers have a specific contact person.
- Force lenders to provide six months' notice to homeowners with ARMs before the rate is reset.
- Hold public awareness campaigns and borrower outreach events; when borrowers seek help early, there is a greater chance of success in avoiding foreclosure.

INITIATIVES BY STATE

New England

Announced on 12/20/2007 – A fund of $125 million was committed by five New England banks to refinance subprime mortgages. The fund targets borrowers who are paying high rates despite good payment histories and are residing in homes that are worth more than their current loan - yet are finding their refinancing options limited because the mortgage company that wrote their initial loan is no longer operating. The initiative involves the support of state and federal officials and the Federal Reserve Bank of Boston. See www.MortgageReliefFund.com.

California

Defeated on 1/30/2008 – This was an "urgency" measure that required a 2/3 vote to pass and would have gone into effect immediately. The bill may be reintroduced as a "regular" measure. If passed, it would have required lenders to: Give advance notice to borrowers of potential change in rates (four months' notice before mortgage payment increases of 10 percent or more); Confer with borrowers in person or by telephone, about loan-restructuring options; Give property owners additional time to move from a foreclosed property; Write notices at a sixth-grade reading level; and Maintain foreclosed properties (potential fines of $1,000 a day).

Other Bills Still under Consideration – Provisions to:

- Ban kickbacks to mortgage brokers that were used to steer customers into pricier loans;
- Require lenders to determine the borrower's ability to pay over the life of the loan;
- Prohibit negative amortization loans;
- Require lenders and related businesses to make monthly reports on the types of loans they are servicing or making, including whether they are past due, in foreclosure, or modified to avoid a default (lenders say they want to avoid foreclosures and work out deals, but data on outcomes is lacking).

Connecticut

Announced on 11/8/2007_– A $50 million project to enable borrowers to refinance their adjustable-rate mortgages into 30-year fixed rate loans. Limited to low and moderate income borrowers with subprime loans used to purchase their first home. A $50 million project administered by the Connecticut Housing Finance Authority (CHFA), the program is called the Connecticut Fair Alternative Mortgage Lending Initiative & Education Services Program (CT FAMLIES). The loans will be at 0.25% above CHFA's regular rate, which is typically below market rates.

Maryland

In Legislative Hearings – A series of four bills, provisions to: Extend the length of the foreclosure process from 15 to nearly 150 days; Prevent investors from soliciting homes in foreclosure rescue schemes; Require personal notification of pending foreclosures; Reduce the requirement to published foreclosure notices from three times to only once (to cut foreclosure costs, and make saving the homes easier for homeowners); Require deeds and other mortgage documents to include license numbers for the lenders and brokers involved in the loan; Require loan servicing companies to file monthly reports: number of loans in default and to document efforts to help by refinancing or modifying the loan terms (to highlight the perceived gulf between what servicers say they are doing and the actual assistance); Ban prepayment penalties for subprime loans; Holding brokers, lenders and servicers to a "duty of good faith and fair dealing"; and Create a new criminal statute against mortgage fraud.

Massachusetts

June 2007 – Attorney General Martha Coakley adopted an emergency ban on rescue schemes, which entice homeowners facing foreclosure to sign over their property to a temporary purchaser, under the false hope it will help them keep the home over the long run. The ban is based upon her authority under the Massachusetts Consumer Protection Act, and does not apply to family members, nonprofit or community housing organizations who may try to help. In September, the emergency ban against for-profit foreclosure rescue transactions was made permanent.

Announced 7/11/2007 – A refinancing program for those with subprime mortgages and who are 60 or fewer days behind on their monthly payments. Refinance to 30-year loans at fixed rates of about 7.75 percent. Lenders would be “forced” to accept losses on loans where the value of the properties has dropped since the loans were made. [For example, consider a $250,000 mortgage on a property now worth $230,000. To accept the refinancing, the lender would accept a $20,000 loss because MassHousing would offer only $230,000 to the subprime borrower.] Lenders in such situations may have no choice but to accept the state's offer because if they go to foreclosure, the property would be worth dramatically less. Borrowers who used subprime mortgages as a refinancing tool to cash out equity would not be eligible for the assistance. It will use $60 million in state housing bond funds and $190 million from the Fannie Mae mortgage company, which would be repaid through the new mortgages.

Regulations finalized by the Attorney General 10/17/2007 – Require lenders and brokers to treat all borrowers fairly, with the aim of eliminating excessive fees and loans that borrowers cannot afford. Lenders and brokers will be prohibited from arranging loans that they do not have a reasonable belief, given available information about the borrower's financial circumstances, the customer can repay. Lenders and brokers would be barred from profiting by charging higher interest rates than the borrower has qualified for.

Signed into law 11/30/2007 – Borrowers who fall behind are given a 90-day "Right to Cure" to catch up before lenders can act; Loan originators are under the supervision of, and need to be licensed by, the Massachusetts Division of Banks; Additional funding for first time homebuyer and foreclosure counseling; Prohibiting subprime adjustable rate mortgage for first time homebuyers unless they a) affirmatively opt-in, and b) get third-party in-person counseling from a certified counselor; Mortgage holder must report the foreclosure date and purchase price to the Division of Banks which will maintain a database.

Announced 1/2/2008 – Massachusetts Division of Banks has joined six other state mortgage regulators to form the Nationwide Mortgage Licensing System (NMLS). The new system will increase and centralize information available to regulators, consumers and industry officials about the individuals and companies that originate and make home mortgages.

Michigan

Announced 1/11/2008 – The Governor has met with representatives of the nation's leading mortgage servicers and received assurances, including: A willingness to freeze interest rates on Adjustable Rate Mortgages (ARMs) for up to five years in some cases (for people who are in their homes and making timely payments at their original interest rate); and proactively reaching out to borrowers in advance of rates being reset to work out alternatives to foreclosure

Passed the House, now with the Senate – New refinancing options administered by the Michigan State Housing Development Authority (MSHDA) in conjunction with its "Save the Dream" information hotline. The proposal is to assist homeowners who have an ARM in refinancing to a lower-interest, fixed-rate loan. In addition there is a proposed rescue refinance program that will assist individuals who have a delinquency on their mortgage and who are at risk of losing their home. Both programs would be financed through bond sales. Other legislation is sought that would regulate mortgage loan officers and bills that would prohibit predatory lending practices.

New York

In Effect 2/1/2007 – The Home Equity Theft Prevention Act targeting foreclosure-rescues scams will require contracts involving the sale of a home in default or foreclosure include more detailed disclosure about the transaction. The law applies to the owner of a one- to four-family home facing foreclosure or who is more than two months behind on mortgage payments. A home seller can cancel the contract within five business days. If a homeowner sells to an equity purchaser who will not use the house as a principal residence, the owner has two years to rescind the sale if the buyer has not fully complied with the law.

Legislation in Work as of 2/7/2008 – Provisions would require that delinquent borrowers be given a pre-foreclosure notice that would halt property seizures for "a period" while the borrowers work with lenders and credit counselors to negotiate new mortgage terms. It would create a legal requirement for mortgage brokers to act in the best interest of borrowers, making it illegal to steer borrowers to subprime loans if they qualified for lower-cost credit. These provisions would also make it easier for defrauded borrowers to sue brokers. Other provisions: Clear disclosure of all hidden fees and potential interest-rate hikes; Early notice to borrowers who fall behind on their mortgages; Borrowers would be barred from getting a mortgage unless they can demonstrate an ability to repay it in a worst-case scenario. In addition the bill would define mortgage fraud and make it a crime. The bill is still being drafted, no target date has been announced.

Assemblyman Proposal 1/14/2008 – A $150 million mortgage assistance fund for borrowers in owner-occupied homes who are in default: (a) Homeowners must be actively engaged with their lenders to develop arrangements or loan modifications; and (b) Lenders must contribute financially to any workout arrangement or loan modification.

Other provisions – Increasing the duties owed borrowers by lenders and brokers. The NYS Banking Department will monitor, study and report on the mortgage industry. This includes home loan origination reports from lenders. The provision establishes a duty for lenders to engage in "reasonable" loss mitigation upon default of a mortgage in order to provide an alternative to foreclosure. This establishes a duty for lenders to ensure that the loan is sustainable for the life of loan. Mortgagee to notify borrowers well in advance - 3 to 6 months - of an interest rate reset. Require that mortgagee notify mortgagor of default counseling and assistance when the mortgagor is in default in order to obtain standing to bring foreclosure action.

Ohio

Implemented Program – A state task force recommended expanding the lending flexibilities of this previous program. In addition, from mid-December 2007 through February, state-wide radio ads promoted the expanded program. The campaign starts by asking homeowners to look at their loan papers: is your mortgage a fixed-rate or an adjustable-rate loan (according to a survey, 34% do not know) and seek help if they think they're going to need it. The “Opportunity Loan Refinance” program offers consumers the chance to refinance at a fixed rate for 30 years. The program is for: low- and moderate-income consumers who live in the house, to refinance interest-only, high-rate or adjustable-rate mortgages before the loans adjust. Borrowers are eligible even if they have had one 60-day and two 30-day late payments during the past 12 months.

Additional details: The program offers a 20-year, fixed-rate second mortgage to assist with closing costs (An amount up to five percent of the appraised value of the home. It may be used for fees associated with an existing mortgage, escrow payments, pre-payment penalties, late fees, attorney fees or other financing charges). A minimum of four hours of HUD-approved counseling is required. Homeowners who have received a foreclosure notice are not eligible. The agency has set aside $14 million for these loans, but has declined to state a maximum amount that could be offered in loans.

A compact drawn up by the Governor and State AG, Spring 2007 – (None of 20 mortgage servicers and lenders targeted have agreed). The plan's provisions include: Notifying borrowers about resetting adjustable rate mortgages (ARMs) six months in advance; Servicers to pay incentives for mortgage counselors who find solutions that kept people in their homes; Mandated staffing levels and dedicated caseworkers for each client so borrowers always have a specific contact person.

Proposed Rule Changes – Force lenders to provide six months' notice to homeowners with ARMs before the rate is reset. Require lenders to more adequately report to the state how many borrowers are going into foreclosure. To establish these changes, the Governor is considering a combination of: (a) Changing the rule-making authority of the Department of Commerce; (b) Using the Attorney General's authority to protect the rights of consumers through existing laws; and (c) Legislative approval.

Oregon

Existing Law – Oregon's mortgage lender law prohibits "any device, scheme or artifice to defraud."

Proposed Bills – Provisions to: Eliminate penalties for borrowers who want to make early payments on subprime and nontraditional loans, and limit penalties on prime loans; Require creditors to verify that borrowers have enough income to cover mortgage payments; Limit incentives and improve disclosures for incentives that lenders pay to brokers for selling a higher rate loan (yield spread premiums); Creates a fiduciary duty for mortgage brokers; Bar foreclosure rescue businesses from acquiring people’s property in the transactions; Grant customers the right to cancel a deal within three days; Limits fees a company may charge to distressed homeowners; and gives regulators wide ranging powers to clean up questionable lending practices.

Washington

Passed the legislature on 1/30/2008 – Provides emergency money to increase homeowner counseling in the state. Other bills, still in the legislature, include: A requirement for simple language in foreclosure notices; Mandating notification of counseling options in foreclosure notices; Making mortgage loan crimes felonies; Mandating clear language on the fees for “yield spread premiums”; Requiring brokers to act in good faith toward borrowers; and Stopping mortgage rescue scams.

Appendix 6: NCH letter to the Federal Reserve

National Coalition for the Homeless
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Washington, DC 20037-1033
Phone: (202) 462-4822 • Fax: (202) 462-4823
Email: info@nationalhomeless.org
Web page: www.nationalhomeless.org

March 29, 2008

Linwood Gill III, Vice President
Federal Reserve Bank of Richmond
701 East Byrd Street
P.O. Box 27622
Richmond, VA 23261

RE: Bank of America's proposed acquisition of Countrywide Financial

Dear Mr. Gill,

The National Coalition For The Homeless is opposed to Bank of America's proposed acquisition of Countrywide Financial unless the following conditions outlined below are met.

At least one million borrowers who have obtained subprime and adjustable rate home mortgages from either Countrywide or one of its subsidiaries are either in foreclosure or behind on their payments. **This merger could have a dramatic impact on the increase of homelessness nationwide due to foreclosure on home and rental investment properties.**

In a preliminary survey of communities across the nation, the National Coalition For The Homeless has identified a significant increase in homelessness attributable directly to foreclosures. Specifically, over 60% of the communities responding to this national survey indicated that they had seen an increase in homelessness due to the "subprime meltdown." We will be releasing this preliminary report in the next 30 days and we will be sure that you receive a copy of this important report.

The Federal Reserve should not allow Bank of America to continue to grow unless there is a firm written requirement to serve its present and future customers by implementing the following for the benefit of endangered homeowners and rental investment properties with tenants who are at or below 30% of median income.

1. Initiate an immediate foreclosure moratorium on all mortgage loans in Bank of America's and Countrywide's portfolio, including those that are currently being serviced or have been purchased back through a Sheriff's sale process.

2. Modify loan for borrowers in danger of losing their homes or are in the redemption process after Sheriff's sale to a fixed rate of no more than 6% for 30 years.

3. Immediately, provide non profits in their communities, the opportunity to act in a receivership role and/or lease the property for $1/year to assist homeowners and rental investment property owners in foreclosure or have had a sheriff's sale, to assist the owner to develop a refinancing plan at 6% or below for 30 years and to allow present residents to stay in their homes, while continuing to pay rent or Contract for Deed on the property.

4. Pay Non profits a management fee and provide Bank of America underwriter's and loan officer's staff time to re-negotiate the loans.

5. Allow communities and non profits to purchase the property at a reasonable below market price, lease property for $1/year, or donate the property to non profits to maintain the affordability of housing in their communities. This would assist present homeowners and residents to remain in their homes and will allow utilization of presently vacant homes as affordable home ownership and rental units for people at or below 30% of median income. This strategy may include the use of land trusts.

6. Bank of America filed their application to acquire Countrywide on February 19, 2008. The notice in the Federal Reserve web site was not posted until February 29, 2008. Even though a 30 day period for comments is being offered based on the day filing was posted on the web site, the National Coalition For The Homeless still contends that the comment period should be extended. Because of the subprime crisis, the Bank of America/Countrywide Merger is unique. Without access to the Home Mortgage and Disclosure Act (HMDA) data for 2007, assessing the impact of the merger would be incomplete. As of March 1, 2008, lenders were required to supply HMDA data to anyone who requests it. The comment period should be extended thirty days past the date that Bank of America and Countrywide provide their HMDA data to the public.

Due to the potentially millions of individuals and families at risk of becoming homeless due to foreclosures and foreclosures disproportionately impacting people of color and low-income communities, the National Coalition For The Homeless is requesting that the above conditions be met and additional public comment period be provided prior to the approval of any merger.

Sincerely,

Sue Watlov Phillips, M.A., C.S.P.
Past President of National Coalition for the Homeless
Executive Committee and Board Member

Appendix 7: April 10, 2008 testimony to the Financial Services Committee of the House of Representatives by Sheila Crowley, President of the National Low Income Housing Coalition

Testimony of Sheila Crowley, MSW, Ph.D.
President of the National Low Income Housing Coalition
presented to the
Financial Services Committee
United States House of Representatives
April 10, 2008

Chairman Frank, Ranking Member Bachus, and Members of the Committee, thank you for the opportunity to testify today on the proposed FHA Housing Stabilization and Homeownership Retention Act, specifically on Title III: Loans and Grants to States for Foreclosure Relief/Mitigation.

I am Sheila Crowley, President of the National Low Income Housing Coalition; our members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. The National Low Income Housing Coalition does not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems. NLIHC is entirely funded with private donations.

Who is Affected by Foreclosure?

The major concerns of the National Low Income Housing Coalition in the foreclosure crisis are with the fate of low income people and renters. The lower a household's income, the less able it is to cope in the face of foreclosure. Renters who have the misfortune of having landlords who lose their property to foreclosure are the completely blameless victims of this catastrophe. Low income renters who live in properties subject to foreclosure are in real trouble, lacking the resources to easily relocate.

Unfortunately the data on both form of tenure and income of families affected by foreclosure are not collected in any form that makes examination easy. But we do have some indicators. For example:

- An analysis by NLIHC of bank owned/REO transactions and foreclosure auctions in Massachusetts from January 1, 2007 to March 19, 2008 shows 8,398 foreclosed residential properties with an estimated 13,119 housing units. One-family houses and condo units accounted for just 43% of the units.
- The same analysis of Connecticut bank owned/REO transactions during the same period shows 1,532 foreclosed residential properties with an estimated 2,305 housing units. One-family and condo units accounted for 44% of the units.
- The Rhode Island Housing Finance Agency reports that 51% of the foreclosures initiated in Providence in February 2008 are of two to five family properties.

- The Hennepin County (MN) Taxpayer Service reports that 38% of foreclosures in 2006 involved rental property; the figure was 56% for the City of Minneapolis
- 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."

NLIHC also has gleaned income data from housing counseling agency program reports. The attached chart shows income data of clients seeking foreclosure related counseling. The range of percent of clients with incomes at 50% area median income (AMI) or less is 18% to 88%, with a median of 47%. The range of percent of clients of incomes at 30% AMI or less is 3% to 40% with median of 22%.

Though hardly comprehensive, these data support the numerous news reports that renters are a significant portion of families who are losing their homes due to foreclosure. A working estimate is 40%. The data also support the anecdotal reports from local service providers that very low (50% AMI or less) and extremely low (30% AMI or less) income families are a significant portion of those who are losing their homes due to foreclosure. A working estimate for very low income families is 50% and 20% for extremely low income families.

Policy Implications

Renter Protection. There is considerable variation from state to state on the rights of tenants when the owners of their homes lose their property to foreclosure. Some states have enacted tenant protection laws that give the tenants a reasonable period of time to relocate. Others have very draconian rules. I received a report of two Alaskan families who had become homeless after losing the homes they rented due to foreclosure with just seven days notice.

Although renter protection language was included in H.R. 3915 that has passed the House, this provision would only be applicable if the mortgage on the rented property was entered into after enactment. Current tenants should be protected as well. Please include such language in the bill under development.

We recommend that for every foreclosure begun after the date of enactment of this legislation, if the current occupant is renting the property, the entity that takes ownership of the property must honor the lease of the current leaseholder or allow the leaseholder to continue to occupy the property for at least six months, whichever is longer. State laws that provide greater protection should not be pre-empted. The provision should apply to single family as well as multi-family property owners. This provision should continue to apply when the property is resold to a new owner, unless it is a single family home that the new purchaser intends to occupy as his or her primary residence.

Emergency Assistance. The dominant discussion on assisting households at risk of foreclosure centers around helping them negotiate work-out arrangements with their lenders or refinance their homes with FHA insurance. These are important, but insufficient, actions. Lower income families faced with eviction either because they were foreclosed upon or their rented home was subject to foreclosure often lack the resources to transition to a new living arrangement. For example, they may not have the immediate funds to pay moving expenses or required security and utility deposits.

To prevent people from actually becoming homeless, we recommend a one-time supplemental appropriation of $300 million to the Emergency Food and Shelter Program. The purpose is to provide direct financial assistance to be used solely for housing-related assistance needed to prevent homelessness in connection with the foreclosure on a dwelling occupied by an eligible family. This assistance will include relocation expenses, security and utility deposits, mortgage payments, rent payments, utility payments, and other foreclosure or eviction prevention expenses. An eligible family is one who owns or rents a dwelling subject to foreclosure or a unit in a dwelling subject to foreclosure, is legally responsible for the rent or mortgage payment on that dwelling, and does not have the financial resources to avoid becoming homeless if the dwelling they occupy is foreclosed upon.

The Emergency Food and Shelter Program was established in 1983 as a program at FEMA, but is run by the United Way of America and governed by a National Board composed of representatives of major charities, including Catholic Charities USA, United Jewish Communities, the Salvation Army, and the United Way. The National Board distributes funds to 2,500 local boards that in turn make grants to 11,000 community based non-profits and faith-based organizations to provide assistance to needy families. The program is highly regarded as an efficient service delivery system. The United Way reports increased demand for EFSP assistance due to foreclosure.

Preventing homelessness due to foreclosure should be a top public policy priority. Homelessness is highly traumatic for the families who experience it and much more costly than the modest amount of assistance needed to prevent it. Our proposal for $300 million will provide $3,000 in assistance for 100,000 families. It would seem to be the least we can do.

I am aware that as a FEMA program, the Emergency Food and Shelter Program is not under the jurisdiction of the Financial Services Committee. We are working with the Homeland Security Committee for consideration of this proposal and request the endorsement of the Financial Services Committee.

Changes to Title III: Loans and Grants to States for Foreclosure Relief/Mitigation. We have previously submitted a letter to Chairman Frank with several recommendations to strengthen the proposed loans and grants to states. Giving states the ability to buy foreclosed homes and put them back into service makes good sense. However, the program should be designed to also address the most pervasive and long-standing housing problem of every community, that is, the shortage of affordable rental housing.

This shortage is well-documented. Just this week, NLIHC released the latest edition of our widely cited report *Out of Reach*. The primary measure of housing unaffordability reported in *Out of Reach* is the Housing Wage, that is, the hourly wage that one must earn working full time in order to afford to rent a modest home. The Housing Wage this year for Boston is $26.02, an increase of 41% since 2000. In Birmingham, the Housing Wage is $13.27, 36% higher than it was in 2000. The figure for Los Angeles is $25.00, up 62% since 2000; for Martinsburg, WV, it is $13.10, up 39% since 2000.[1]

Nationwide, there are just 38 rental homes that are available and affordable for every 100 extremely low income families. The comparable figure for Massachusetts is 51 homes; for Alabama, it is 56. In California, it is just 23 units, and in West Virginia, it is 51.[2]

The competition for affordable rental homes is intensifying as families who have lost their homes to foreclosure flood the rental housing market. One critical intervention needed by the Federal government is to expand the supply of affordable rental housing, reducing the number of people at the bottom of the wage and income ladder who will be squeezed out of the housing market altogether.

Therefore, first and foremost, we recommend that at least 25% of the proposed $10 billion in grants and loans be for the benefit of extremely low income households and agree strongly with Ms. Waters's proposal to do so in H.R. 5678. The preference for grants and loans to support housing for the lowest income families for the longest period of affordability provided in Mr. Frank's proposed bill is an important measure. But in the absence of specific requirements for deep income targeting, there is no guarantee that any of these funds will be used to create more housing options for those with the fewest choices. Also, new owners who rent out their properties should be required to accept Section 8 housing vouchers.

We also urge that the use of these grants and loans minimally not result in a net loss of rental units in any jurisdiction that receives this assistance. An existing tenant who is occupying a foreclosed property should be able to continue to do so if he or she so desires, unless the new owner will use the property as a primary residence. Relocation related expenses, including the payment of security deposits, should be provided for lower income tenants who choose to or must move.

Another recommendation to improve the draft legislation is to remove the requirements that properties eligible for purchase with grants or loans be "predominately vacant" in the case of multifamily housing and "vacant" in the case of single family homes. These vacancy requirements for eligible properties will encourage the eviction of innocent tenants in order for the property to eligible for purchase through this program. Displacement of renters should be avoided at all costs as they offer stability to the neighborhoods in which they live. Forcing them out will serve to destabilize neighborhoods, contradicting the basic objective of the legislation.

Additional recommendations include:

- The program should be administered by HUD and HUD standards for rent reasonableness and housing quality standards (or local building codes, whichever is more stringent) should apply.
- The formula for distribution of the funds to states should:

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[1] Wardrip, K. E.; Pelletiere, D; and Crowley, S. (2008) *Out of reach 2007-2008: the wait for a home grows longer*. Washington, D.C. National Low Income Housing Coalition.
[2] Pelletiere, D. and Wardrip, K. E. (2008) *Housing at the half: A mid-decade progress report from the 2005 American Community Survey*. Washington, D.C.: National Low Income Housing Coalition.

a. Explicitly include median multifamily home prices.
b. Explicitly include the number of units represented by each foreclosure, instead of the number of foreclosures on "homes."
c. Use data from a longer period of time, perhaps the most recent eight quarters, versus the most recent two quarters, for purposes of allocating appropriated amounts.

- Eligible entities to receive funds should include public housing authorities, non-profits, and for profit companies.
- Accountability should be strengthened by including specific reporting requirements about the number and income of families served, specific uses of the grants funds, status of loans and activities funded by the loans, identification of all recipients of grants and loans, and the degree to which the program has affirmatively furthered fair housing. These reports should be made publically available.

Finally, careful attention should be paid to the right pricing of any homes to be purchased and resold. A new analysis by NLIHC and the Center for Economic and Policy Research shows that in many metropolitan areas where housing costs have been greatly inflated, the cost of home ownership far exceeds the financial benefits. For example, in Boston, the monthly cost for a 30 year mortgage at 7% interest for a house selling at 75% of the median house price is $2,340. The Fair Market Rent for a two bedroom home is $1,084 a month. We do not know how far the market will fall or where the bottom is. In still inflated markets, new owners will not accrue equity to justify expending over twice the monthly housing cost differential between home ownership and renting.[3] We urge caution in using public funds to subsidize homeownership at prices that have not yet hit bottom.

A Plea for Balance

There is plenty of blame to go around for the U.S. mortgage foreclosure crisis that is causing international economic turmoil. Included among the contributors to the crisis must be those thought purveyors and policy makers who have uncritically promoted home ownership as the idealized form of housing tenure in the United States and the path to the middle class for low income people. The rhetoric on home ownership in America equating it with worthiness and patriotism, in a political era that favored an under- or unregulated market, created a fertile environment for risky and unscrupulous lending practices to flourish, while people who should have known better colluded or looked the other way.

A social environment saturated with messages that have propelled low income people to seek home ownership at all costs has also delivered the corollary message that rental housing is inferior. And if rental housing is inferior, rental housing affordable for low income people is downright undesirable. We need look no further than the diminished federal investment in low income housing programs for evidence of the neglect of the rental housing sector. The virulent protests that erupt in communities across the country when proposals to build more low income

[3] Baker, D.; Pelletiere, D. and Rho, H.J. (2008) *The cost of maintaining ownership in the current crisis: Comparisons in 20 cities.* Washington, D.C.: National Low Income Housing Coalition and Center for Economic and Policy Research.

rental housing become public also demonstrate the degree to which rental housing is rejected as a necessary housing choice in a healthy community.

The interventions that you devise for this immediate crisis should not be for the purpose of restoring the status quo. The U.S. housing market is in desperate need of rebalancing. Purchase prices need to make financial sense. Costs and incomes need to be more in sync. Homes need to be more reasonably sized and better for the environment. Communities need to make sure that their housing stock matches the needs of the people who live there. Tax policy needs to reward moderation, not excess. Most of all, housing needs to be understood much more as the place where one is sheltered and carries out family life, and much less as a financial asset and a source of wealth building. I urge you to use this galvanizing moment that has the potential of producing significant policy changes at considerable cost to the Federal Treasury to lead the way to more balanced housing policy and a more balanced housing market.

Thank you for consideration of my remarks.

Appendix 8: Original Survey Instrument

The Impact of Foreclosures on Homelessness: a Survey by the NCH

1. Default Section

The National Coalition for the Homeless [NCH] is deeply concerned about the subprime and foreclosure crisis and its potential to increase homelessness in our communities. Please take a moment to participate in this national survey of homeless service providers, advocates and coalitions. Your input is critical because our collective perspective may not otherwise be included in the national dialogue on this issue. Your response will help NCH raise the level of awareness among our policy makers about the interdependence between the subprime/foreclosure crisis and the changing face of homelessness in our nation.

* 1. Please tell us about yourself.

Name:

Agency:

Job Title:

Address:

City/Town:

State:

ZIP/Postal Code:

E-mail:

Phone Number:

2. Name of community this information is being provided for

3. Please estimate the number of homes (owned and rental units) in foreclosure as a result of the subprime mortgage crisis in your community.

Homes previously inhabited by owner

Rental units

4. Has homelessness increased in your community as a result of these foreclosures?

- Yes
- No
- I don't know

5. If yes, please estimate the number of people and/or famlies who have become homeless as a result.

Number of individuals

Number of families

6. How do you know that homelessness has increased as a result of the subprime mortgage/foreclosure crisis in your community?

	Yes
Government report	☐
Local media	☐
National media	☐
Emergency shelter reports	☐
Anecdotal reports from clients	☐

Other (please specify)

7. If you are seeing an increased number of evictions as a result of subprime mortgage failures, where are people currently staying?

	Yes
Emergency shelters	☐
Transitional shelters	☐
With family or friends	☐
On the streets	☐
In a home they rent	☐
I don't know	☐

Other (please specify)

8. Is your local housing coalition...

	Yes	No	I don't know
...working to prevent foreclosures and evictions?	○	○	○
...addressing the issues of potential homelessness in their work on foreclosures or evictions?	○	○	○

9. Is there anything else you want us to know?

10. Would you like the National Coalition for the Homeless to provide you a copy of the report created from this information?

○ Yes ○ No

11. How would you like the NCH to contact you?

○ Telephone ○ E-mail ○ Postal service

Thank you for taking the time to participate in this survey!

ABOUT THE AUTHORS

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ABOUT THE NATIONAL COALITION FOR THE HOMELESS

The National Coalition for the Homeless, founded in 1982, is a national network of people who are currently experiencing or who have experienced homelessness, activists and advocates, community-based and faith-based service providers, and others committed to a single mission: to prevent and end homelessness.

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Former suburban home owners now dwelling in a tent city erected in suburban Ontario, just outside Los Angeles, California.

National Coalition for the Homeless
www.nationalhomeless.org