

March 16, 2010

NCH Public Policy Recommendations **Foreclosure and Homelessness Prevention**

RECOMMENDATIONS

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

U.S. Representatives- Co-sponsor the Permanently Protecting Tenants at Foreclosure Act of 2010 (HR 4766) which would eliminate the sunset date for the Protecting Tenants at Foreclosure Act. Monitor the implementation of the Homelessness Prevention and Rapid Re-Housing Program and the implementation of the new Protecting Tenants at Foreclosure Act.

U.S. Senators – Introduce or co-sponsor a companion bill to the Permanently Protecting Tenants at Foreclosure Act of 2010 (HR 4766) which would eliminate the sunset date for the Protecting Tenants at Foreclosure Act. Monitor the implementation of the Homelessness Prevention and Rapid Re-Housing Program and the implementation of the new Protecting Tenants at Foreclosure Act.

ISSUE STATUS

The American Recovery and Reinvestment Act of 2009 created a \$1.5 billion Homelessness Prevention and Rapid Re-Housing Program (HPRP) to help families who are either homeless or at risk of becoming homeless to pay rent, make security deposits, pay utility bills, and cover other housing expenses. HUD awarded funds for HPRP on July 9, 2009.

The Protecting Tenants at Foreclosure Act (H.R. 1247) was enacted May 20th, 2009. Various federal agencies have issued guidance to public authorities, lenders regarding PTFA Implementation. Representative Keith Ellison introduced the Permanently Protecting Tenants at Foreclosure Act of 2010 (HR 4766), legislation that would remove the sunset date for the Protecting Tenants at Foreclosure Act.

WHY THIS MATTERS

- Mortgage foreclosures are becoming ever more frequent across the United States.
- Low-income and extremely low-income households are the most heavily impacted by mortgage foreclosures.
- In December 2008, an annual survey from the U.S. Conference of Mayors found that 12 major cities reported an increase in homelessness as a result of foreclosure, with renters of foreclosed properties being the victims most vulnerable to homelessness.
- *RealtyTrac* reported 3,42,038 foreclosure filings — default notices, auction sale notices and bank repossessions — on U.S. properties in April 2009, a 32 percent jump from April 2008 and the highest monthly foreclosure rate since it began issuing its report in 2005.
- Renters often have no idea their home is about to be foreclosed. Depending on state law, renters in foreclosed properties may be evicted with limited notice, forcing families to move quickly and increasing the number of vacant properties in neighborhoods.

- Many households are finding that the economic recession and rise in food and gas prices have caused their income to be diverted more and more to basic needs, preventing them from establishing reserves for emergency situations, such as a sudden loss of housing.
- Congress has enacted extraordinary measures to refinance troubled borrowers and provide resources to state and local communities to tackle abandoned and foreclosed properties. These efforts are important and needed. However, alone they are insufficient to protect families and neighborhoods because they do not address the needs of renters in properties subject to foreclosure or to put in place robust homelessness prevention provisions.

BACKGROUND

The economic recession and continuing foreclosure crisis are threatening to swell the number of low-income families and individuals seeking homeless assistance services. With the unemployment rate on the rise and health care costs skyrocketing, many households are forced to make difficult decisions between basic life necessities, like housing, health care, and food. Additionally, many of the nation's most innocent yet forgotten victims of the foreclosure crisis are low-income renters whose homes are foreclosed upon. A recent survey from the U.S. Conference of Mayors found that 12 major cities reported a definite increase in homelessness as a result of foreclosure, with renters being the victims most vulnerable to homelessness.

As an emergency measure, the American Recovery and Reinvestment Act of 2009 created a \$1.5 billion Homelessness Prevention and Rapid Re-Housing Program (HPRP) to help people who are either homeless or at risk of becoming homeless to pay rent, make security deposits, pay utility bills, and cover other housing expenses. It also provides funds to help these families receive appropriate services related to housing search and retention. Funds through this program will be distributed through the formula currently in use by the Emergency Solutions Grants (ESG) program, and 75 percent of these funds must be expended in the first two years. This infusion of emergency funds will go a long way in temporarily preventing a sharp increase in homelessness due to the economic recession. In order to respond to the additional, long-standing emergency shelter and re-housing needs of the millions of Americans experiencing homelessness, Congress should provide a significant funding increase in the FY2010 regular appropriation to the HUD McKinney-Vento homeless assistance programs. A summary of HPRP may be found at http://hudhre.info/documents/HPRP_NoticeRedline_6_08_09.pdf.

The Protecting Tenants at Foreclosure Act (H.R. 1247) was enacted on May 20th, 2009 and protects the tenancy rights of renters occupying housing units undergoing foreclosure. The bill protects renters living in foreclosed properties by requiring the purchasers of said properties to give the tenants 90 days notice prior to eviction or to the end of the lease, whichever is longer. The bill also provides that tenants with Housing Choice Vouchers are protected by the same law. Additional material on PTFA may be found at <http://nlihc.org/template/page.cfm?id=163>.

The National Coalition for the Homeless released a report in June 2009 that confirms an increase in homelessness due to the foreclosure crisis. The report, *Foreclosure to Homelessness 2009: the Forgotten Victims of the Subprime Crisis*, summarizes the findings of a national survey of state and local homeless coalitions conducted in winter 2009 to ascertain whether their communities were seeing an increase in homelessness due to the foreclosure crisis. To read the full report, visit: <http://www.nationalhomeless.org/advocacy/ForeclosuretoHomelessness0609.pdf>.

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