Foreclosure to Homelessness: the Forgotten Victims of the Subprime Crisis

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In late 2008 and early 2009, the National Coalition for the Homeless (NCH), in collaboration with six other non-for-profit organizations , conducted an e-mail survey of organizations providing direct service to homeless populations. The survey's primary aim was to establish whether or not communities were seeing an increase in homelessness due to the foreclosure crisis. The following are some of the more salient findings, culled from the full June 2009 report, *Foreclosure to Homelessness: the Forgotten Victims of the Subprime Crisis*, which resulted from this survey and related research.

- 178 responses were gathered from organizations providing direct services to the Homeless population.
- An average of 10% of their clients became homeless as a result of foreclosure to homes.
- 79% of respondents stated that at least some of their clients were homeless as a result of foreclosure to homes.
- There were 342,038 foreclosure filings on US properties in April 2009, a 32% increase compared with foreclosures in April 2008.
- 6 million jobs have been lost since the recession began.
- Unemployment reached 9.4% in May 2009 – that is 14.5 million unemployed Americans, among which 27% have been unable to find a job even after 27 weeks of searching.
- In a survey of people who faced foreclosure, 49% of respondents said medical problems played a role in their foreclosure

Recommendations for Action

- Affordable and adopted healthcare programs
- Legal assistance programs
- Prevention of youth homelessness by implementing more federal support
- Better interpretation of data (i.e. Consideration of the rural foreclosure issue separately)
- An appropriate definition of rural homelessness
- Better emergency support

Post-Eviction Situation of the Newly Homeless

58% of the newly homeless have not attempted to access legal assistance, even less so in the Northeast and South, 66% and 70%, respectively. Some common post-eviction living situations of the surveyed organizations' clients were: with family and friends (86%), in emergency shelters (61%), in hotels and motels (26%), on the streets (21%), and outside but not on the streets (18%).

Services Provided

Counseling to prevent foreclosure: 72%, Free or pro-bono legal assistance: 50%, Cash assistance: 49%, Relocation assistance: 18%, Communities buying properties for use by persons with limited incomes: 15%, Other: 10%

The foreclosure crisis for rental properties

70% of extremely low income, or ELI (those living on 0 -30% of the Area Median Income), participants admitted to spending 50% of their income on rent. Spending 30% of income on rent is typically considered affordable. In 2008, 1 in 5 foreclosure properties were rentals. For every 100 ELI renters, there are 63 units of affordable housing in any given state. Roughly 40% of families facing eviction due to foreclosure are renters. According to the National Low Income Housing Coalition (NLIHC), some 40% of those who experience home-foreclosure are renters.

The impact of health care on homelessness:

The number of adults over age 50 in homeless shelters and clinics is increasing due to economic issues. It is estimated that people experiencing homelessness live for 30 years less than do their housed peers

Rural America

Rural states show significantly greater numbers of foreclosures. Because rural foreclosures are incorporated into overall foreclosure statistics, the problem is largely overlooked.

Hopes for the Future

- The new Administration and Congress have implemented laws in order to avoid foreclosures. The P*rotecting Tenants at Foreclosure Act of 2009* is a good start.
- The government has also invested 1.5 billion dollars to reduce homelessness, $1 billion of which will go to rehabilitating affordable housing and improving key public facilities through the Community Development Block Grant Program.

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