



HOUSING ALLIANCE

April 15, 2021

Senate Committee on Housing and Development
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Dear Chair Jama, Vice-Chair Linthicum, Members of the Committee:

I am writing to you today on behalf of the Oregon Housing Alliance to express our support for HB 2009A, which would reinstate Oregon's residential foreclosure moratorium through June 30, 2021 and provide basic protection for homeowners at risk of foreclosure during COVID.

The Oregon Housing Alliance is a coalition of more than ninety organizations from all parts of the state. Our members have come together with the knowledge that housing opportunity is the foundation on which all of our success is built – individual success as students, parents, workers, and community members as well as the success of our communities. We represent a diverse set of voices including affordable housing developers, residents of affordable housing, local jurisdictions, and organizations working to meet basic needs in every corner of our state.

We believe that all Oregonians need a safe, stable, and affordable place to call home.

Since the beginning of the COVID-19 pandemic, all of us have spent much more time in our homes. It has become the place where we work, learn, worship, and play. Home has always been essential, and this past year has showed us exactly how essential home is.

The pandemic has lifted up countless stories of people who are making extreme sacrifices to pay rent and remain in their homes. Looking at a 6-week rolling average of the US Census Pulse Survey¹, in February and March 80,000-90,000 Oregon homeowners were behind on their mortgage payments. When asked about their ability to make next month's payment, we can see even more households on the brink of default:

- 25,000-40,000 had 'no confidence' they would be able to make their payment
- 55,000-65,000 had only 'slight confidence' they would be able to make their payment.

The most recent data from March 17-29 Census Household Pulse Survey² data reports that: Twenty one percent (25%) of respondents who are not caught up on their mortgage payments reported being worried about being foreclosed upon within the next two months. In addition:

- 22% of Oregon homeowners surveyed were reporting using credit cards to meet basic needs, and
- 19% of Oregon homeowners surveyed reported selling belongings or spending down savings to meet basic needs.

¹ <https://www.census.gov/programs-surveys/household-pulse-survey/data.html>, Weeks 25, 26, 27

² <https://www.census.gov/data/tables/2021/demo/hhp/hhp27.html>

Families of color have been particularly hard hit by COVID – both the impacts of job loss and the virus – due to systemic racism which has kept many in low wage jobs, or a legacy of environmental impacts which negatively affect their health. The last foreclosure crisis also negatively and disproportionately impacted families of color³, who disproportionately received subprime loans, after controlling for income, credit score, and other factors. In addition, families of color in the last foreclosure crisis were more likely to lose their home and experience a greater loss of wealth than their white peers.

Research by public health experts⁴ also shows how housing instability can and will negatively impact our COVID cases in Oregon. The public health research was focused on evictions, as those protections for people in other states have been inconsistent, but the impact is similar: First, the threat of the loss of housing can increase stress, anxiety, and depression, thereby weakening people's immune systems. Families spend down savings and assets and put rent on credit cards in order to avoid losing their housing. When this becomes unsustainable or people run out of any assets, they may next turn to move in with family or friends. With COVID, this creates an overcrowded housing situation, and circumstances which can worsen the spread of the virus. Homelessness and housing instability exacerbate the spread of COVID.

Currently, the federal foreclosure moratorium⁵ passed as part of the CARES Act is providing protection to some (approximately 70%) Oregonians who may be unable to pay their mortgage during this time. This federal protection is currently in place through the end of June, 2021, and we hope it will be continued to provide forbearance and foreclosure protection to help people remain in their home.

We hear regular reports that homeowners are reporting trouble accessing accurate information from their lenders. In spite of our state and federal protections – and assurances from banks that they are assisting homeowners – foreclosure counselors working all across the state, with struggling homeowners are regularly reporting that people are having trouble even reaching their servicer to ask for assistance. They continue to receive conflicting information, no clear direction, and inconsistency from servicers. Information varies based on what the homeowner knows to ask for and who their servicer is.

Passing HB 2009A could help to educate and inform homeowners, and ensure all Oregonians have access to the same protections. The federal foreclosure moratoriums simply delay the requirement that people pay mortgages due during the emergency period. HB 2009A does not release a homeowner from their requirement to pay, but requires moving payments to the end of the loan period. The bill would not preclude banks and homeowners from working out a different option, but would provide immediate and meaningful protections to homeowners.

HB 2009A provides protections to all residential mortgages, which includes homeowners and small landlords. As defined in the bill, Section 1(2)a, eligible borrowers could own up to five subject properties. Subject properties include residential mortgages, up to four units.

HB 2009A would temporarily prevent the filing of foreclosures by lenders, and provide forbearance to allow homeowners to move missed payments to the end of their loan period. Homeowners who have lost work due to the pandemic will not be able to pay several months of

³ http://allianceforajustsociety.org/wp-content/uploads/2013/05/Wasted.Wealth_NATIONAL.pdf

⁴ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3736457

⁵ <https://www.nhlp.org/wp-content/uploads/2020.04.10-NHLP-Homeowner-Relief-Info-Sheet-Update2.pdf>

mortgage payments at once, and moving the payments to the end of the loan period, including interest, means that banks and lenders will still receive payment, and homeowners will not lose their homes. HB 2009A is written explicitly to ensure that lenders will be made whole at the end of the loan.

Renewing our moratorium would both protect the approximately 30% of Oregon homeowners who currently lack foreclosure protection, and would help to educate and inform homeowners, and help them access these protections.

In addition, HB 2009A would make a critical change to the Oregon Foreclosure Avoidance program. Currently, lenders who file fewer than 175 foreclosures in the previous calendar year are exempt from participation in the State's foreclosure mediation program. HB 2009A would reduce the exemption threshold to 30 foreclosure filings per year, and look back to 2019. Oregon Foreclosure Avoidance has been an incredible successful program that has given homeowners the ability to negotiate with their lender, and for homeowners who have accessed counseling, 70% have been able to reach an agreement with their lender, most to remain in their homes.

Several critical changes were made to address concerns by lenders in the House. The -3 amendments adopted by the House Committee on Business and Labor:

- Made important technical changes to clarify the definition of borrower and subject property.
- Changed the emergency period to align with the federal moratorium. The protections now expire June 30, 2021, and give the Governor the explicit authority to extend the protections up to two times through December 31, 2021.
- Require the borrower attest to a loss of income due to COVID.
- Exempting vacant or abandoned property, in alignment with the CARES Act.

Many Oregonians remember all too well the last foreclosure crisis and the negative ripple effects felt by families, individuals, and communities. Stories in the news over the last two months have highlighted incredibly difficult stories reminiscent of the Great Recession: families selling cars, skipping meals, and making other sacrifices in order to pay their housing costs. Nobody should be kicked out of their home during a pandemic. It is critical that we make public policy decisions accordingly so that we protect people and help them keep their homes. Without a stable home, people will not be safe, nor will they be able to return to work and school. This is an urgent issue that requires urgent action by the Legislature.

We urge you to support of HB 2009A, and ask that you pass this bill immediately to provide protection to homeowners. Thank you very much for your time, and for your service to our state.

Sincerely,



Alison McIntosh
On Behalf of the Oregon Housing Alliance

Housing Alliance Members

1000 Friends of Oregon
211info
Aging in the Gorge
Benton Habitat for Humanity
Bienestar
Bradley Angle
BRIDGE Housing
Business for a Better Portland
CASA of Oregon
Central City Concern
Chrisman Development
Church Women United of Lane County
City of Beaverton
City of Eugene
City of Forest Grove
City of Hillsboro
City of Hood River
City of Portland
City of Tigard
Clackamas County
Coalition of Community Health Clinics
Coalition of Housing Advocates
College Housing Northwest
Community Action Partnership of Oregon
Community Action Team
Community Alliance of Tenants
Community Development Partners
Community Housing Fund
Community Partners for Affordable Housing
Community Vision
Cornerstone Community Housing
DevNW
Ecumenical Ministries of Oregon
Enterprise Community Partners
Fair Housing Council of Oregon
Farmworker Housing Development Corp.
FOOD for Lane County
Habitat for Humanity of Oregon
Habitat for Humanity Portland/Metro East
Hacienda CDC
Home Forward
Homes for Good
Housing Authorities of Oregon
Housing Authority of Clackamas County
Housing Development Center
Housing Oregon
Human Solutions
Immigrant & Refugee Community Organization

Impact Northwest
Innovative Housing, Inc.
Interfaith Alliance on Poverty
JOIN
Lane County Health and Human Services
League of Oregon Cities
League of Women Voters of Oregon
Lincoln County
Looking Glass Community Services
Mainstream Housing Inc.
Metro
Mid-Columbia Housing Authority
NAYA Family Center
Neighborhood Partnerships
NeighborImpact
NeighborWorks Umpqua
Network for Oregon Affordable Housing
Northwest Housing Alternatives
Northwest Pilot Project
Oregon AFSCME Council 75
Oregon Coalition of Christian Voices
Oregon Center for Public Policy
Oregon Coalition on Housing & Homelessness
Oregon Council on Developmental Disabilities
Oregon Food Bank
Our Children Oregon
Partners for a Hunger-Free Oregon
Portland Community Reinvestment Initiatives
Portland Homeless Family Solutions
Proud Ground
Raphael House
REACH CDC
Residents Organizing for Change (ROC Oregon)
Rogue Action Center
Rose CDC
St. Francis Shelter
St. Vincent de Paul of Lane County, Inc.
ShelterCare
Sisters Habitat for Humanity
Sponsors, Inc.
SquareOne Villages
Street Roots
Think Real Estate
Transition Projects
Washington County
Welcome Home Coalition