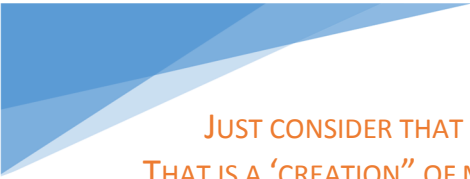


# Creating Affordable Housing through Foreclosure Prevention

An Essay by DeAnna O'Flaherty



JUST CONSIDER THAT FOR A MOMENT. THAT IS A 'CREATION' OF MORE THAN 100 AFFORDABLE HOUSING UNITS IN A SINGLE YEAR, BY A STAFF OF 5 PEOPLE WITH NO BUILDING COSTS, PERMITS OR COMMISSION MEETINGS.

The foreclosure crisis turns 10 years old this year. This auspicious anniversary leaves the impression that the crisis has ended. While the overwhelming avalanche of lender foreclosures tapered off over the intervening 10 years, many Florida families still face foreclosure every day across the state. The "crisis" as a community-wide tide has abated but for the individuals and families who face the daunting legal process of foreclosure, the "crisis" is real.

Alongside the foreclosure crisis, the voice of the affordable housing narrative also grew. Many communities raised the alarm that affordable housing was lagging behind the needs of the residents. However, rarely does one hear about foreclosure prevention as affordable housing strategy.

As the official foreclosure numbers began to drop across the state, so too did the number of housing counseling agencies reaching out to foreclosure prone homeowners. Many funding programs turned away from paying for primarily foreclosure and began funding credit counseling and first

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- *Columbia County -51 year old father of 3*
  - *Police Department, Criminal Investigations Supervisor*
  - *Reduction in income*
  - *Over 8k in arrears*
  - *Another home saved, Bankruptcy avoided*
- 

time homebuyer programs. This took much of the counseling focus off of the foreclosure client, further marginalizing their needs.

St Johns Housing Partnership (SJHP) has dedicated most of their counseling efforts to foreclosure for the bulk of the 10 year crisis and "recovery". During this time,

every community struggled with how to preserve and create affordable housing. One of the oft overlooked ways to preserve affordable housing is to preserve homeownership through loss mitigation.

## Lis Pendens as Outreach

Reaching clients who need affordable housing support and assistance is the crux of the housing counseling problem. Florida, as a judicial state, draws a wide, bold circle around each household needing foreclosure outreach in the form of the public record, lis pendens. These records provide the housing counseling agency with a targeted marketing sector that already lives in what is likely the most affordable option for them- their own, mortgaged home.

*This essay is submitted to raise awareness of loss mitigation as affordable housing creation, a topic not often addressed in housing strategy. It may be reproduced, shared or excerpted as needed to further the cause of affordable housing so long as credit is given to author and SJHP housing programs.*

# Creating Affordable Housing through Foreclosure Prevention

St Johns Housing Partnership has conducted weekly outreach to these families for years. Many clients related to SJHP that they have been the victim of real estate scams, legal advertisements and for profit consumer debt programs before they received the brightly colored envelop from SJHP with information on free, loss mitigation housing counseling. Just today, new statistics show Florida is the second largest market for delinquencies after New York.

According to the Federal Housing Finance Agency's (FHFA) fourth-quarter 2018 Foreclosure Prevention Report...*Florida still ranks at the top for its number of homeowners who have gone at least a year without paying their mortgage (16 percent of owners with a mortgage).*

## Loss Mitigation as Hope

Every day, lis pendens cases are filed across the state of Florida against homeowners who are struggling due to a variety of hardships. The human conditions that can effect anyone, at any time in life – job loss, divorce, death of a borrower or disability continue to cause a loss of affordable housing regardless of any national “crisis”. SJHP has served these families consistently as funding has increased, plateaued and nosedived over the 10 year “crisis” arch. Families need housing counseling regardless of the national focus on widespread housing instability.

## Loss Mitigation for the Long Haul

One of the greatest challenges of funding and accomplishing loss mitigation housing counseling is the length of time these relationships endure. Currently, the Florida Foreclosure Counseling Program (FCP) through Florida Housing provides one of the only long-term funding programs for this type of work. The average loss mitigation client reaches out to SJHP when they are more than 6 months delinquent. Even the most conscientious client, following up as quickly as they can to provide documents needed by their lender, reaching a processor within 30 days and submitting their loss mitigation packet quickly and accurately, will likely work with SJHP for more than 1 year. The process to protect their housing through loss mitigation is a long, multifaceted dance where the borrower, counselor, processor and lender must work together to advocate for the preservation of the most affordable option for the client to retain ownership of the home.

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- *St. Johns County- World Golf Village - 40 year old Husband & Wife with 3 children*
  - *\$13k + delinquent due to job loss*
  - *Marriage in jeopardy, savings exhausted, at the end of their rope*
  - *Old Payment was \$ 1,346.*
  - *Loan modification successful, new payment \$ 1,233*
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Funding these efforts can be difficult to structure and quantify. How does a funder properly support the agency through such a long process where the counselor or processor must contact the client and lender dozens of times over many months? As foreclosure prevention loses ground as the focus of funding, so too does the constraints of funding for the long haul.

## Retention as Reward

Throughout the past 10 years, the options to retain the home has changed dramatically. The Florida Hardest Hit program offered a unique, innovative and well-funded program to provide rescue funds to the homeowners who had truly unavoidable hardships such as job loss, death or divorce. SJHP became one of the largest advising agencies by client count as that program progressed. By March 2018, the Florida Hardest Hit program saved over 51,000 homes state-wide. The sheer impact of those homeowners NOT becoming homeless or over-burdening the rental and subsidized housing market in their area, is a massive accomplishment. Sadly, the program ended in 2018, with no replacement program currently proposed.

With Hardest Hit ending, SJHP continued to reach out to homeowners in danger of foreclosure but with fewer options to ultimately save their homes. The relationship with local Legal Aid, SHIP, lenders and local community organizations was more important than ever. In 2018 alone, SJHP secured 50 modifications that kept clients in their homes. In addition, SJHP assisted dozens of the most vulnerable, delinquent Habitat for Humanity

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- *Flagler County - 83 year old, widower*
  - *Delinquent due to reduction in income, as his wife passed away*
  - *No email, fax, printer, or internet. Snail mail only*
  - *Adult children paying his bills*
  - *Allowing him to stay in home!*
- 

homeowners to enter into repayment plans that would retain their homeownership, in communities where Habitat for Humanity represents the bulk of affordable housing development. These efforts, alongside the remaining rescue funds from Hardest Hit prevented over 100 homeowners from ending up searching for alternative, affordable housing.

Just consider that for a moment. That is a ‘creation’ of more than 100 affordable housing units in a single year, by a staff of 5 people with no building costs, permits or commission meetings. Yet, loss mitigation/foreclosure prevention/modification receives very little attention as an affordable housing strategy.