

Homeowner Access & Retention: Homebuyer & Foreclosure Programs

The goal of the Homebuyer & Foreclosure Programs are to provide education and counseling that helps households to become mortgage-ready, purchase a home, and maintain homeownership, and to stabilize neighborhoods affected by foreclosure. The ultimate goal is to help minority households buy and retain homes.

HOMEBUYER & Foreclosure Education & Counseling PROGRAM NEEDS

The rate of homeownership among households of color is far lower than the rate among white households. In addition, households of color are disproportionately targeted by predatory and sub-prime lenders. Local and national commentators have called for more homebuyer and foreclosure education and counseling, specifically for minority communities, in order to assist more households of color to become ready to buy their first homes, to decrease their vulnerability to unscrupulous lenders and sub-prime financial products, and to limit the risk of subsequent foreclosure.

HOMEBUYER & Foreclosure Education & Counseling PROGRAM DESCRIPTION

This program addresses the well-documented credit, affordability, confidence, and information gaps that contribute to comparatively low rates of homeownership and high rates of foreclosures among minority households. The program funds community-based organizations that have the mission of assisting minority households to become homeowners, maintain homeownership, and/or avoid foreclosure. These organizations conduct public outreach, with an emphasis on reaching minority homebuyers and homeowners, and provide education and counseling services, and referrals to sources of financial assistance.

PROGRAM TOOLS

- Homebuyer education and counseling, including an overview of the home-buying process, financial literacy tools, credit counseling, and foreclosure-prevention; introduction to the range of available loan products, including both private-market loan products and publicly subsidized loan products; and information about the availability of direct and indirect forms of financial assistance;
- Foreclosure prevention counseling;
- Minority homebuyer fairs directed to the African American, Latino, Native American, and Asian/Pacific Islander communities;

PROGRAM SELECTION

BHCD will select contractors to carry out homebuyer & foreclosure education & counseling programs through competitive Request for Proposals.

PROGRAM ELIGIBILITY

- Prospective homebuyers with household incomes at or below 80% MFI are eligible to receive homebuyer services. PHB's education, counseling and outreach programs emphasize serving households from minority communities.
- PHB will undertake affirmative outreach efforts to increase the participation of people from historically underserved populations.
- PHB will continue efforts to reach residents of public housing and others assisted by the Housing Authority of Portland (HAP). PHB will post an updated fact sheet with contact info about homebuyer and foreclosure education & counseling activities at intake sites for the Section 8 Program. PHB will request that HAP staff responsible for managing public and HAP-owned affordable housing post the information on community bulletin boards at the apartment complexes, and announce the program at tenant meetings.

PHB will continue efforts to reach residents of Manufactured Housing and Mobile Home Parks. PHB will send updated fact sheets with contact info about homebuyer and foreclosure education & counseling activities to the 84 manufactured dwelling parks in Portland zip codes with a request that the managers post the information on community bulletin boards at the parks.

POTENTIAL BARRIERS

Affordability: although home prices have dropped significantly since 2008, they are still much higher than low- and median-income households can afford. This Homebuyer and Foreclosure Education and Counseling strategy will refer homebuyers to available sources of publicly-funded financial assistance, and other direct and indirect subsidies to reduce the cost of homeownership. Currently, the City's sole source for direct financial assistance is tax increment funding, available only in urban renewal areas.

Credit: it has become much more difficult for any borrower with to obtain financing for the purchase of a new home. Households of color face greater credit barriers than whites, and are more frequently targeted by predatory and sub-prime lenders.

Confidence and information: according to a Fannie Mae study, prospective homebuyers of color may lack the confidence to become homeowners or may lack the information about how to become a homeowner. Homeowners at risk of foreclosure many lack the confidence to seek a modification or may lack the information about other options that may be available to them. Limited funding for the Homebuyer and Foreclosure Education and Counseling Strategy may prevent this strategy from addressing these barriers for all affected owners.

The banking system was not designed to handle the volume of requests for mortgage modification that have resulted from the end of the 25+ year real estate bubble. Although there are many programs that offer counseling and education services to households facing foreclosure, poor lender communications, system issues, and lack of lender capacity are significant obstacles to assisting mortgagees to obtain sustainable refinancing arrangements.

PARTNER AGENCIES AND ORGANIZATIONS

These entities provide outreach, education, and counseling to prospective homebuyers and current homeowners at risk of foreclosure:

- African American Alliance for Homeownership (AAAH)
 - Asian/Pacific Islander Home Buying Fair (APICIA)
 - Hacienda CDC
 - Minority Homeownership Assistance Collaborative (A collaborative of AAAH, Hacienda, & PCRI.)
 - Native American Youth and Family Center (NAYA)
 - Proud Ground
 - Portland Community Reinvestment Initiative (PCRI)
 - Portland Housing Center (PHC)
- Habitat for Humanity

COMMUNITY PARTNERS

- Gresham Community Development and Housing Subcommittee
- Local lenders
- Oregon Department of Housing and Community Services (OHCS)

COMPLEMENTARY LOCAL, REGIONAL AND NATIONAL EFFORTS

Some urban renewal areas have funding available to directly assist homebuyers.

The City of Portland and Multnomah County offer several limited term tax exemption programs.

The City of Portland offers some SDC waivers.

The City of Portland offers a federal Mortgage Credit Reduction program. Information about all of these programs may be found at:

Several federal programs are available to assist households at risk of foreclosure, including the federal mortgage modification program, HAMP. OHCS administers Oregon's suite of programs funded through the Treasury under TARP, and known colloquially as the "Hardest Hit Fund."

Some of these programs include mortgage payment assistance, assistance with obtaining a mortgage modification, and limited financial assistance to families that have lost their homes to foreclosure and must relocate.

The members of Oregon's Congressional delegation have stepped up by assigning staff to assist constituents through the foreclosure maze.

Local organizations, including the AAAH, APICIA, Hacienda CDC, PCRI, and NAYA are leveraging public funding with private donations and volunteer hours to provide services to members of their communities.

FORECLOSURE PREVENTION AND THE NATIONAL STABILIZATION PROGRAM

Oregon Housing & Community Development designated the City of Portland as a guaranteed sub-recipient of National Stabilization Program 1 (NSP1) funds. The city formed a consortium with Multnomah County, and with the help of its community partners provided financial assistance to first-time home buyers, and funded acquisition and rehabilitation and other related activities.

The same Consortium has applied to the State of Oregon for NSP 3 funding to spend on the acquisition and rehab of rental properties in specific census tracts.

GEOGRAPHIC SERVICE AREAS (INCLUDING AREAS OF LOW INCOME FAMILIES AND/OR RACIAL MINORITY CONCENTRATION)

The Homebuyer Program provides services consortium-wide. Note that direct financial assistance is only available in urban renewal areas, and is not funded with federal money.

MONITORING

All contractors are pre-screened for CDBG and HOME compliance during the RFP process. A description of PHB's Monitoring program is in Section One.