

FORECLOSURE PREVENTION/PRINCIPAL REDUCTION



Final Draft Report from the IDT

IDT Work

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Resolution 31495 directed IDT to explore principal reduction and other foreclosure prevention programs to assist low - income homeowners at risk of losing their homes due to foreclosure.

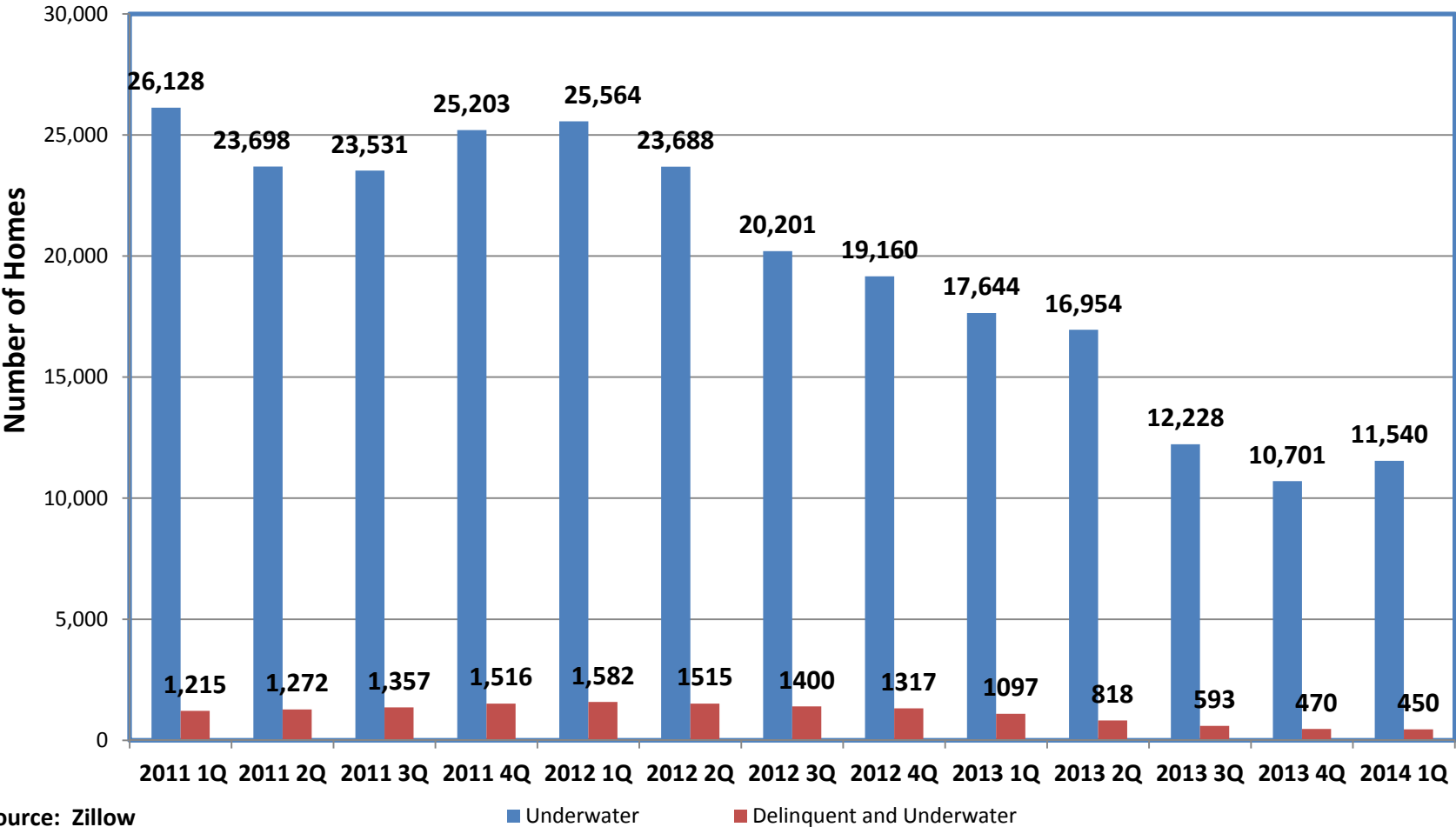
IDT provided preliminary report on findings and recommendations on March 26th, including: initial data on foreclosures in the City, existing programs that can assist homeowners at risk of foreclosure, and initial findings and recommendations based on the data and research we had done to that point.

Today – back to provide some additional updates on data as it relates to foreclosures, and to present final findings and recommendations.

Homes Underwater and ≥ 90 Days Delinquent

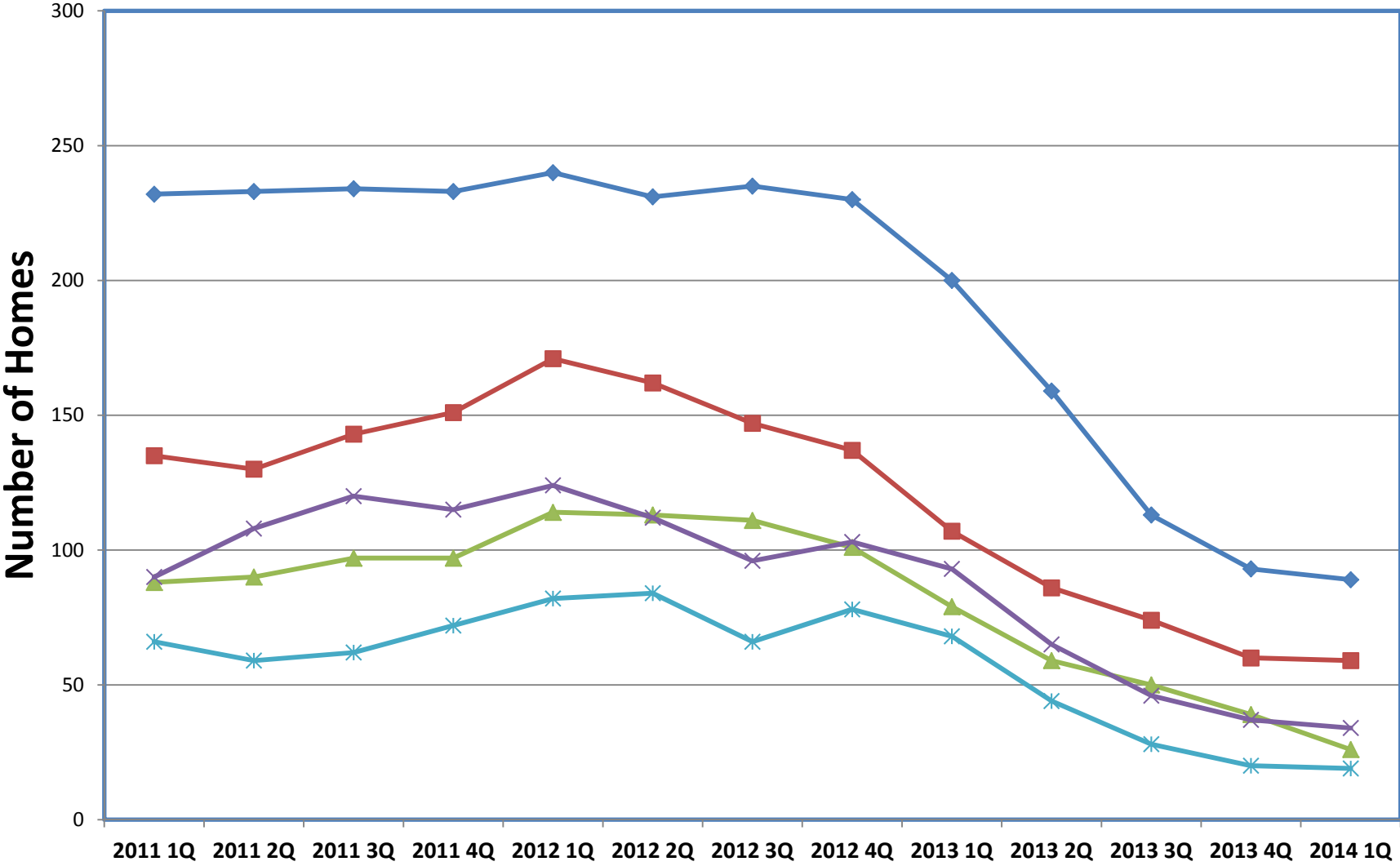
City of Seattle

2011-2014



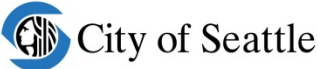
Source: Zillow

Homes Underwater and ≥ 90 Days Delinquent By Zip Code 2011-2014



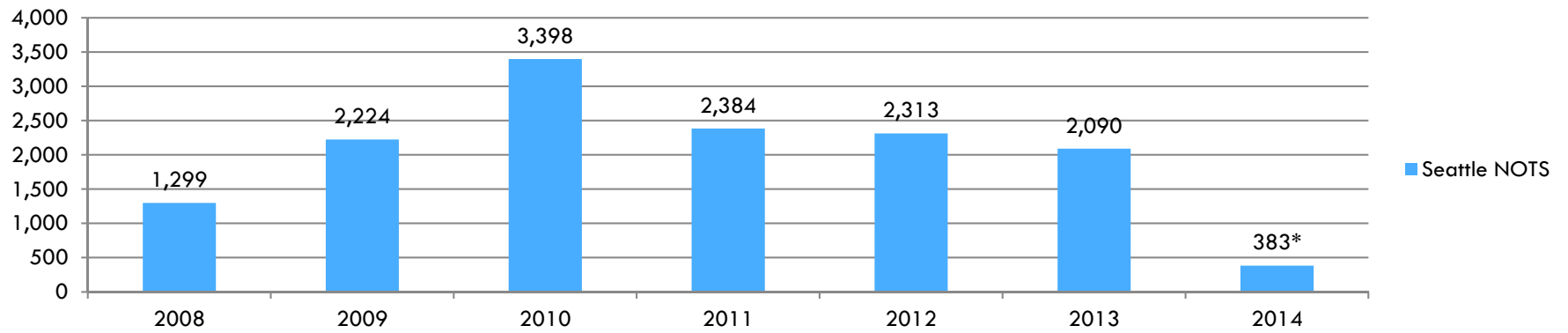
Source: Zillow

◆ Zip 98118
 ■ Zip 98106
 ▲ Zip 98108
 × Zip 98126
 ✱ Zip 98144



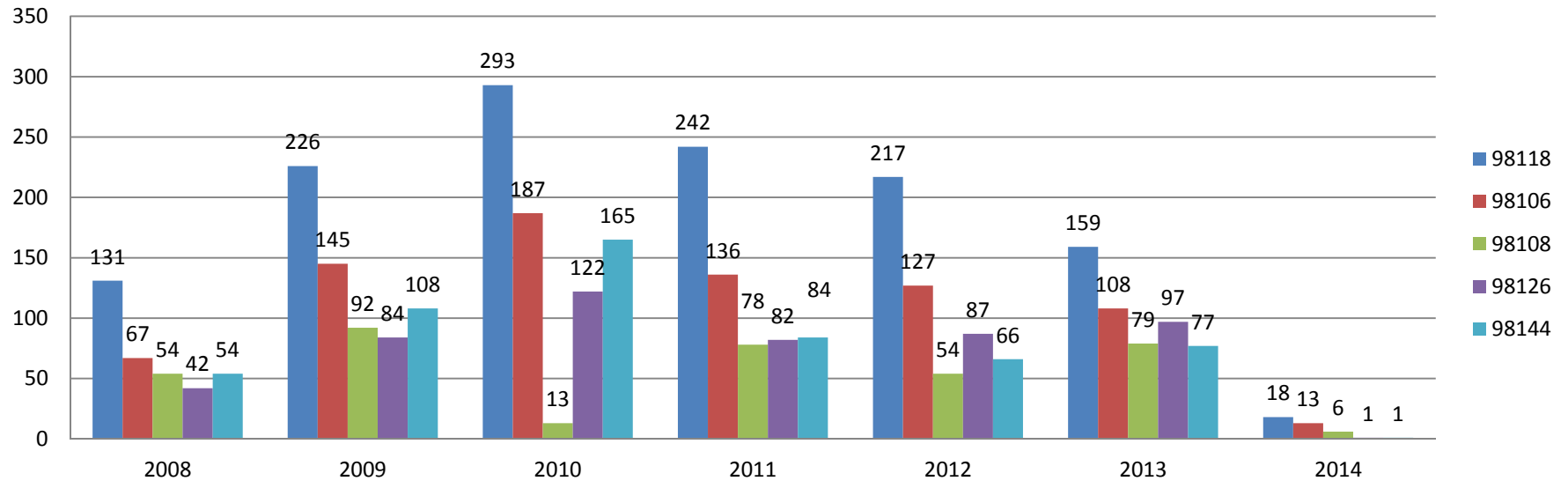
Seattle Notice Of Trustee Sales (NOTS)

First American Title



NOTS by Zip Code

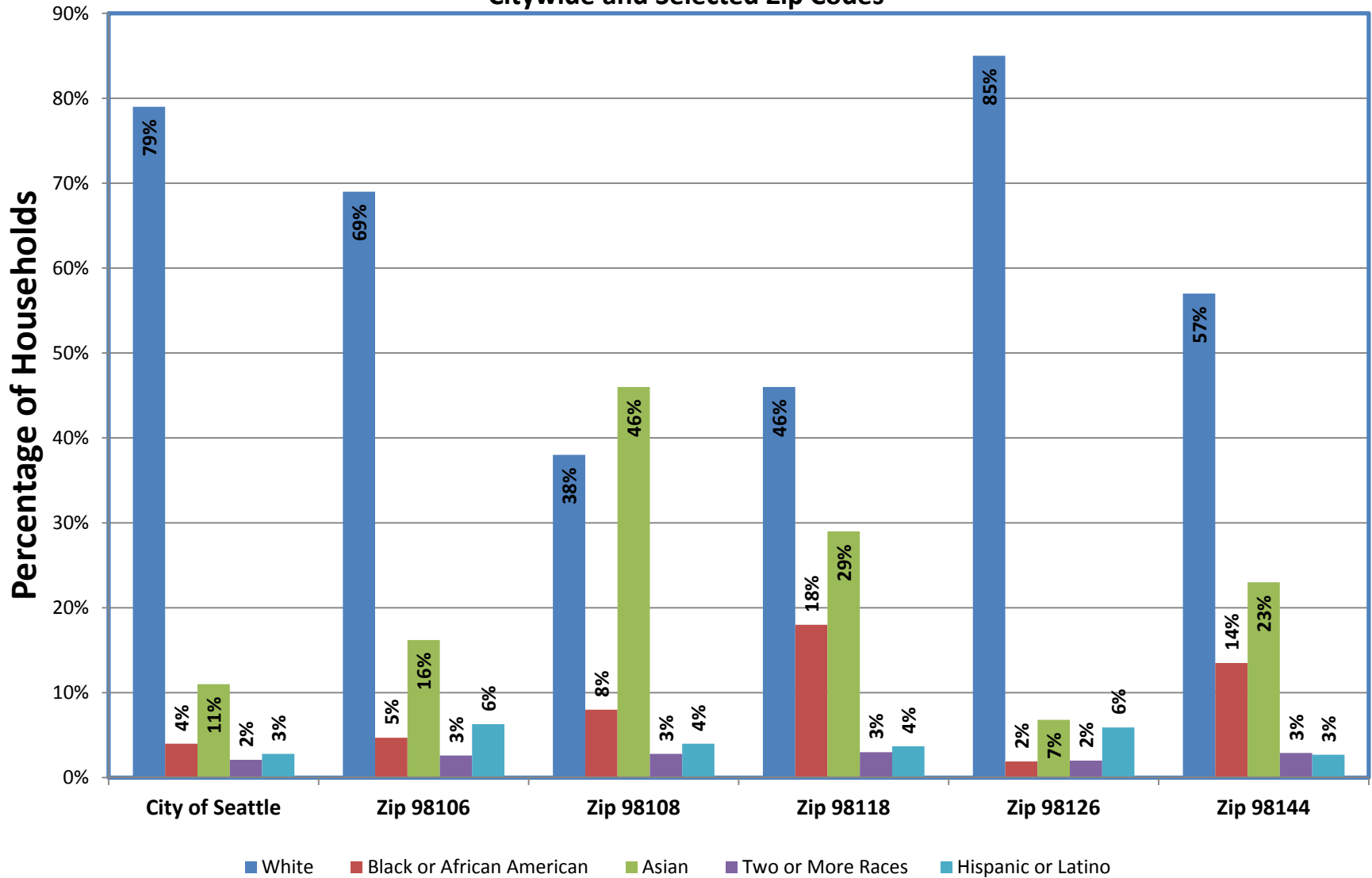
First American Title



ZIP CODE	NEIGHBORHOOD
98118	Southeast Seattle (Genesee to Rainier Beach)
98106	West Seattle (Delridge)
98108	South Park, Beacon Hill
98126	West Seattle (Highpoint)
98144	Beacon Hill, Central District

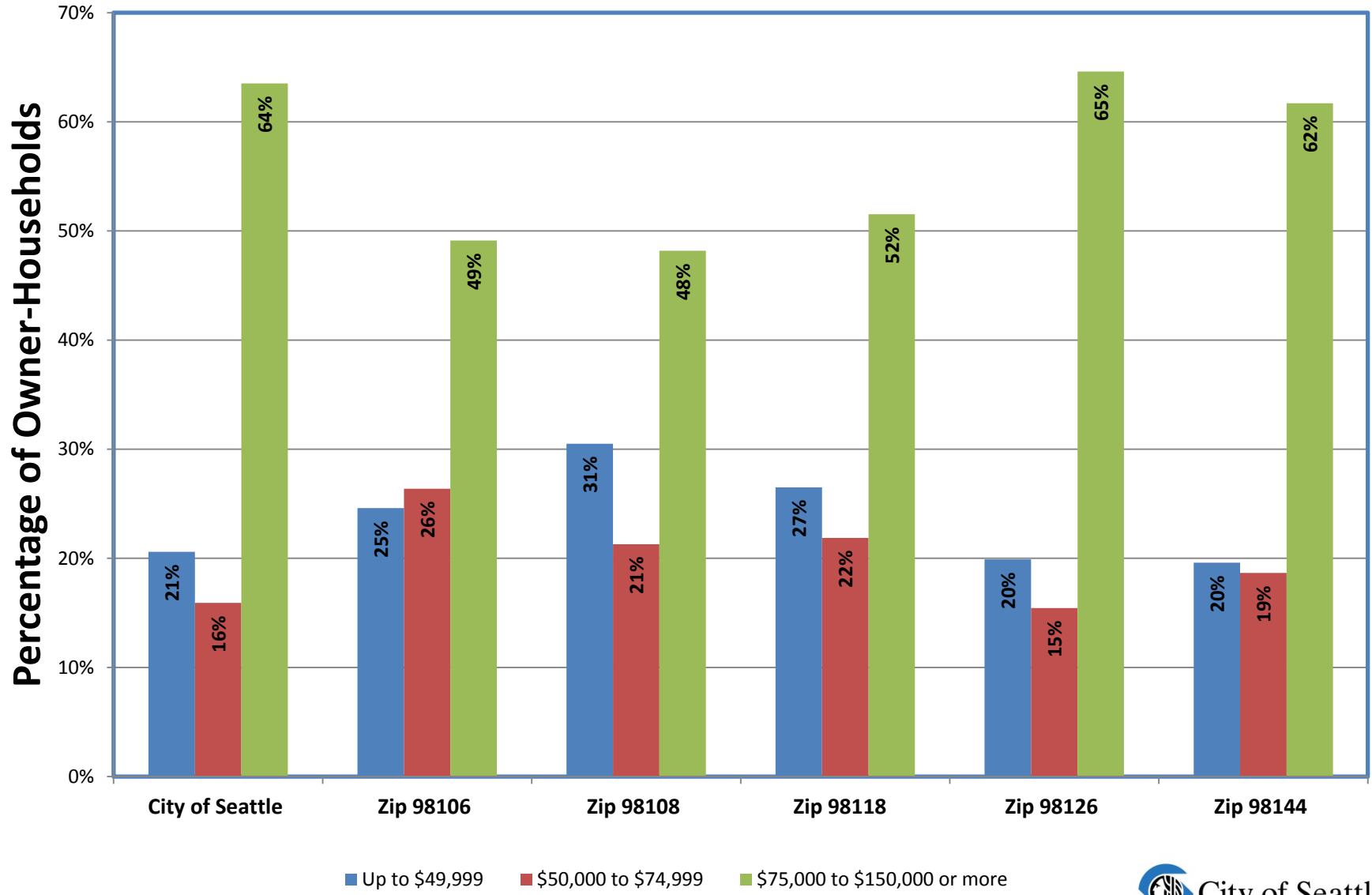


Race and Ethnicity of Householders in Owner-Occupied Housing Citywide and Selected Zip Codes



Source: 2010 Census Estimates

Household Incomes in Owner-Occupied Homes Citywide and Select Zip Codes



FINDINGS	
FORECLOSURE IMPACT	<ul style="list-style-type: none"> ➤ Data indicate foreclosures may be declining, but households still at risk. ➤ Homeowners in certain neighborhoods particularly impacted by or at greater risk of foreclosures -- SE Seattle, W. Seattle /Delridge, Beacon Hill, Central District, and South Park-- to lesser degree W. Seattle /Highpoint ➤ This has policy and programmatic implications given City's Race and Social Justice Initiative.
FORECLOSURE FAIRNESS ACT	<ul style="list-style-type: none"> ➤ FFA includes free counseling and legal services <i>that provide best chance for beneficial outcome</i> for at risk homeowners. ➤ Homeowners at risk or in foreclosure <i>may not know</i> who to contact and when to get appropriate counseling and/or legal services help. Puts homeowners at risk of scammers. ➤ State implemented efforts to educate homeowners, but more needs to be done to connect at risk homeowners to free, skilled, counseling and legal services. ➤ FFA and existing loan modification programs are meeting the needs <u>of some</u> homeowners at risk of foreclosure, but not all.
PRE AND POST FORECLOSURE ASSISTANCE	<ul style="list-style-type: none"> ➤ Homeowners at risk or in foreclosure may have additional unmet service needs, including: case management, financial assistance services, mental health services, rental or mortgage assistance, utility bill assistance, etc. ➤ Additional resources and assistance may be needed, particularly for those who have lost their homes to foreclosure.
PRINCIPAL REDUCTION/BUYBACK PROGRAMS	<ul style="list-style-type: none"> ➤ Oregon and Boston have implemented programs in recent years. ➤ Requires significant upfront capital to implement (\$12m and \$70m, respectively). ➤ Percentage of households assisted is modest (32% and 10%, respectively), but able to help some homeowners remain in homes. ➤ State law changes required to implement.

Recommendation # 1

Implement Seattle Homeowner Stabilization Program

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Program Description:

- ❖ Implement intensive 2-3 month outreach, information and education campaign. (Proposed for September to November 2014)
- ❖ Target to areas particularly impacted by foreclosures and Citywide.
- ❖ Coordinate efforts with community partners.

Program Goals:

Connect at risk homeowners with:

- ❖ Certified housing and/or legal services to achieve loan modification or other appropriate beneficial outcome.
- ❖ Financial Empowerment Services to address ongoing financial issues
- ❖ Case management, mental health services, mortgage or rental assistance, and other services to address pre or post foreclosure issues.

Recommendation #1: Implement Seattle Homeowner Stabilization Program

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Program Funding:

\$150,000 to support the following:

- ❖ Outreach, information, and education efforts targeted to at risk homeowners;
- ❖ Pre- or post-foreclosure assistance services for at risk homeowners;
- ❖ Staff to oversee implementation of program.

Program Outcomes:

- ❖ The number of households who access, participate in, or are contacted as part of the campaign.
- ❖ The number of households who access the City funded pre-and post-foreclosure assistance services.
- ❖ Report back to City Council and Mayor December, 2014.

Recommendation #2: Explore Principal Reduction/Buyback Program

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- ❖ City Council could explore development of a Principal Reduction/Buy Back Program similar to the Boston SUN or Oregon Loan Refinancing Programs.
- ❖ City Council could convene potential stakeholders to explore the development, implementation, and funding of such a program.
- ❖ City could explore development of state legislation to authorize implementation of such a program. This legislation could be a part of the City's State Legislative Agenda.