

Seattle Homeowner Stabilization Program

INTERIM REPORT

January, 2015

Background

In December 2013, City Council directed creation of a Principal Reduction/Foreclosure Prevention Interdepartmental Team (IDT) comprising staff from City Council central staff, the Office of Housing, the City Budget Office, City Attorney’s Office and Finance and Administrative Services. As directed by Council, in June 2014, the IDT reported on foreclosure resources currently available at the local, state, and federal levels; gaps in assistance; and possible strategies to help prevent foreclosures in the City. The IDT subsequently recommended that the City launch an initiative focused on community based outreach and homebuyer support. This targeted outreach would bring accurate foreclosure resource information and community-based referral services to connect at-risk Seattle homeowners with free housing counseling and legal services.

On the basis of this recommendation, in September 2014 City Council directed the launch of the Seattle Homeowner Stabilization Program. With this action, Council approved a detailed Scope of Work, charged the Office of Housing with delivering this body of work in the remaining months of 2014, and authorized supporting one-time funding of \$150,000 in the Second Quarter supplemental budget.

The approved scope of work comprised the following four action items.

- I. Convene community expert advisory group.
- II. Develop messages and content to support broad media-based communications.
- III. Develop and implement targeted outreach activities and homebuyer support.
- IV. Establish service connections to direct assistance to at-risk homeowners in pre-foreclosure.

This report provides the status of funding approved by Council, a status update on the above scope of work, and updated data on foreclosure trends since the launch of the program.

Commitments/Expenditures to Date: \$122,154

Activity	Amount	Funding Status
<i>Community Consultant:</i> Angeline Thomas, Foreclosure, Mediation & Outreach Project Attorney, Seattle University	\$5,000	Committed
Media/Communication	\$15,739	Disbursed
Canvassing/Outreach Materials	\$4,102	Disbursed
<i>Agency Service Connections:</i> El Centro de la Raza	\$47,000	Committed
<i>Agency Service Connections:</i> Habitat for Humanity Seattle King-County and White Center CDA	\$47,000	Committed
OH Staff Time through Dec. 2014	\$3,313	Disbursed

Status of Each Action Item

I. Community Advisory Group

Staff from OH have met at least monthly with the Financial Empowerment Network's Foreclosure Prevention group, a statewide consortium of foreclosure prevention practitioners. This group has served in an advisory capacity and provided excellent feedback, guidance, and participation.

On October 15, 2014, this body affirmed selection of Angeline Thomas, a Foreclosure, Mediation & Outreach Attorney with Seattle University, to serve as a consultant to and liaison with the City to ensure a swift, informed, and inclusive launch. Ms. Thomas has helped coordinate stakeholder feedback and build deeper community connections in all aspects of this initiative, but also advised on specific program actions. In specific, Ms. Thomas was instrumental in guiding the roll-out of canvassing efforts and other coordinated outreach. She also advised OH on development of a highly accessible foreclosure prevention video in English and Spanish. That video, described in further detail below, has received ovations from foreclosure counselors, practitioners, and other partners throughout Washington State.

II. Message Development, Media, and Communications

With the guidance of the advisory group described above, OH crafted messages to help homeowners determine their risk of foreclosure, avoid or navigate the foreclosure process, and identify legitimate counseling and legal resources to assist with loan modification and representation when dealing with lenders. Using this content, OH undertook the following media and communication activities during the fourth quarter of 2014.

Advertising

- Created Seattle Medium ad (online and print) (10 weeks)
- Created targeted Facebook ad (448 clicks, 58,830 reached)
- Promoted Facebook post about foreclosure video launch (44 engaged, 6,880 reached)
- Created West Seattle Blog ad (2 months)
- Created Rainier Valley Post ad and Advertorial; ran monthly
- Created International Examiner ad (online and print) (3 months)
- 30-second PSA on Radio Variedades
- King County Metro Interior Bus ads (25 for 3 months)

Media

- Seattle Homeowner Stabilization Program press release (09/09/14)
- Foreclosure Video press release (12/1/14)
- KXPA radio interview with HomeSight to highlight Mortgage Rescue Loan Funds
- Radio Variedades live interviews with El Centro de la Raza (4 interviews)
- Interview and article about resources in International Examiner
- Foreclosure video posted and blogged on SLOG (The Stranger)

Other Communications

- Developed OH website foreclosure resource page, now linked to multiple partner websites, including the Financial Empowerment Network and endorsed by the Department of Commerce as a model page to other Washington State cities.
- Developed and branded Foreclosure Prevention initiative outreach materials.
- Provided Foreclosure Fairness Act and City foreclosure outreach materials to over 330 community-based organizations, churches and service providers, leveraging resources from the Department of

Commerce, Department of Financial Institutions, City of Seattle Human Services Department, and other community-provided recommendations.

- Presented materials and staff at SHA's Resource Fair at Rainier Community Center.
- Presented materials and staff at HealthFest as part of Remote Area Medical at Seattle Center.
- Presented materials and staff at HSD's Energy, Utility and Resource Summit.
- Presented materials at Seattle City Light's Social Justice Equity Fair.
- Provided resource support to 25 Seattle households and community stakeholders that reached OH for further information and help in response to campaign outreach. The majority of these households were elderly or immigrant households who reported not having been aware of any resources available to them.

Foreclosure Fairness Video

One of the Homeowner Stabilization Program's most visible and well-received activities was the design and production of a video entitled **Plain Talk About Foreclosure**. OH helped produced this video in partnership with Seattle University School of Law's Foreclosure, Mediation and Outreach Project, and thank Seattle University for its commitment to helping distill complicated information into an accurate, clear call to action for at-risk households wanting to understand their options.



<http://vimeo.com/112739552>

Since its launch in November, the video has garnered 928+ views to date with a reported 35-50 additional views occurring per week. It has received endorsements and promotion by community partners, including the Financial Empowerment Network, Department of Financial Institutions and the Department of Commerce.

Based on the video, OH also produced a Public Service Announcement for programming on the Seattle Channel. OH also produced a Spanish-language version of the video in partnership with Radio Variedades, which was promoted on Spanish radio station Salem 1680 by the Attorney General's Office (AGO) Consumer Protection Outreach and Education Program and in partnership with the Office of Immigrant and Refugee Affairs website.

III. Outreach Activities and Homebuyer

In September, OH contacted agencies that provide foreclosure prevention services as well as other community-based organizations with deep connections and leadership roles within communities disproportionately impacted by foreclosure. OH also developed an interactive webinar training which interested agencies participated in. These organizations were targeted to perform the types of outreach identified in the Council-approved scope of work that launched the Homeowner Stabilization Program.

OH compiled real-time NOTS lists and distributed these weekly to partnering canvassing agencies. Targeted high-activity zipcodes were prioritized for canvassing; however it became quickly evident that given the numbers of NOTS were dropping quite significantly, our canvassing team had the capacity to canvass almost every Seattle address receiving a Notice (and their immediate vicinity) in addition to those in targeted zip codes.

The Citywide canvassing team includes the following agencies: El Centro de la Raza, Northwest Consumer Law Center, Parkview Services, Seattle University, Urban League, and White Center Community Development Association. While it would be ideal to reach people earlier in the pre-foreclosure process, a Notice of Trustee Sale is the first point at which this information becomes publicly available upon recording. The City has compiled real-time weekly lists and provides this information to canvassing team members to reach at-risk Seattle households. Using addresses identified through these Notices of Trustee Sale, agencies deploy staff to canvass homeowners directly. Through December, this team canvassed over **550** Seattle addresses. 246 of these addresses received a Notice of Trustee Sales (NOTS) from September through December. (Of these, 67 homes were in the targeted (high foreclosure activity) zipcodes identified by the Principal Reduction/Foreclosure Prevention IDT.)

Of the 555 homes canvassed, 116 in-person contacts occurred with 13 people declining information. Unless information was declined, comprehensive foreclosure, tenant rights, and other information on City of Seattle low-income programs were provided at all addresses. Of the 103 in-person conversations, a number of agency referrals were made, with residents stating they would call for further information.

All Seattle homes with a recorded NOTS from September –December received foreclosure campaign-branded postcards advising residents that canvassers were visiting Seattle neighborhoods as part of an outreach campaign. Households with recorded defaults were not identified individually in this mailing. This postcard invited people to call for further information or to pre-schedule a visit, offered information written in 11 languages, and provided direct City and Washington State Homeownership Resource Center contact info.

Every address canvassed has received a leave-behind envelope which included the following: A postcard letting people know they were visited (and inviting follow-up), a flyer with comprehensive City of Seattle Programs for Low-Income Households, a Foreclosure Fairness Act brochure, and tenants’ rights information. With the exception of September NOTS which were consolidated in the first outreach blitz, canvassing teams visited households weekly from October to December. With additional funds remaining, canvassing efforts remain underway. OH would be interested in focusing resources in this next quarter of activities to checking in with households to determine additional steps taken in response to this effort.

The Washington Homeownership Resource Center has reported that during the campaign, the City of Seattle was one of the top referrers to the statewide foreclosure hotline, with 2% of statewide callers in October identifying the Seattle campaign as the source for their call. Another leading source of referrals (11%) was internet/website sources, which the City also developed extensively during the course of this campaign.

Top Referral Sources	
Servicer/Trustee	70%
Online/Internet/Website	11%
Non-profit Agency	4%
Family/Friend/Co-worker	3%
Commerce/DFI/Other Gov	2%
Attorney/Other Legal	2%
AG/Senator	2%
City of Seattle Outreach	2%
Media	2%
Other	1%
Portal	1%

Office of Housing Staff fielded 25 calls from homeowners who responded to information they received through

this campaign. Several callers identified themselves as seniors, many spoke another language in addition to English, and several reported they had been unsuccessful in trying to navigate a loan modification on their own, or with legal representation they had privately hired. All reported having either directly received a canvassing postcard or described receiving it from a neighbor or friend.

With funding still available to support this activity, agencies have expressed enthusiastic interest in continuing their canvassing work. They note that in addition to foreclosure prevention resources, face-to-face outreach has provided opportunities to connect with homeowners on a variety of resources that can support lower-income households in maintaining their homes.

IV. Service Connections

OH has launched direct service partnerships with El Centro de la Raza and White Center CDA/Habitat for Humanity Seattle-King County. Scopes of work have been finalized and will get underway this month to provide direct homebuyer assistance to at-risk families. El Centro de la Raza will provide direct assistance to at-risk homeowners in pre-foreclosure. White Center CDA/Habitat for Humanity will together outreach, support and provide critical housing repairs to qualified homeowners who lack the financial ability to complete the repair using their own financial resources, and whose repairs may be critical to achieving a sustainable loan T

Both partnerships have \$47,000 committed to them. El Centro de la Raza anticipates delivery of approximately 9 (up to \$5,000 per household) small assistance grants. The White Center/Habitat agreement anticipates roughly 5-7 homeowners could be assisted with critical home repairs, depending upon the work required to complete the major repair.

These partnerships took time to put together. Initial discussions with Lifelong AIDS Alliance/Solid Ground to support homeowners with medical challenges did not come to fruition. Other agencies expressed hesitation around operationalizing a short time horizon and very limited funds available to support programming. The partnerships that have come together will build upon strong community programs, and will provide resources to better enable homeowners to remain in their homes.

OH looks forward to further supporting these efforts in 2015, and appreciates the funding made available to pilot these efforts in the community.

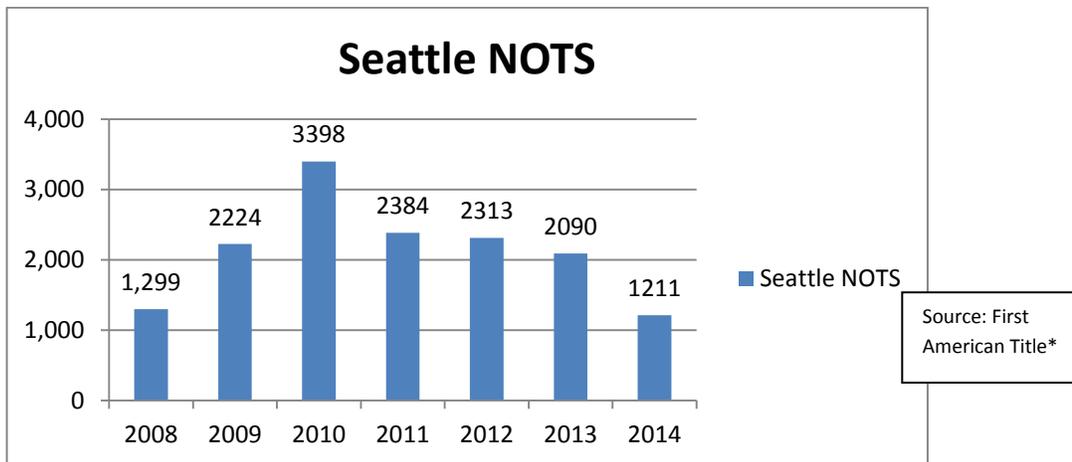
V. Next Steps

In addition to supporting the above direct service connections, OH and community partners will continue to collaborate to deliver neighborhood canvassing and outreach, as funds and canvassing staffing resources remain available. With much of the outreach mechanics operationalized in the previous quarter, OH would also support focusing additional resources to circling back with households who personally received canvassing information to determine what next steps were elected, and what resources were of benefit.

As these efforts continue, OH is exploring the opportunity to develop further connections to existing sustainable homeownership programs.

Current Foreclosure Trends

This initiative accessed Notice of Trustee Sales (NOTS) information recorded by the County to help direct targeted neighborhood outreach efforts to specific households. During the course of the initiative, below is a snapshot of how the numbers progressed through the final quarter of 2014. In short, the numbers continued to show improvement for many Seattle homeowners. Along with a healthy local economy and strong employment levels, Seattle metropolitan area foreclosure activity has dropped across all indicators.



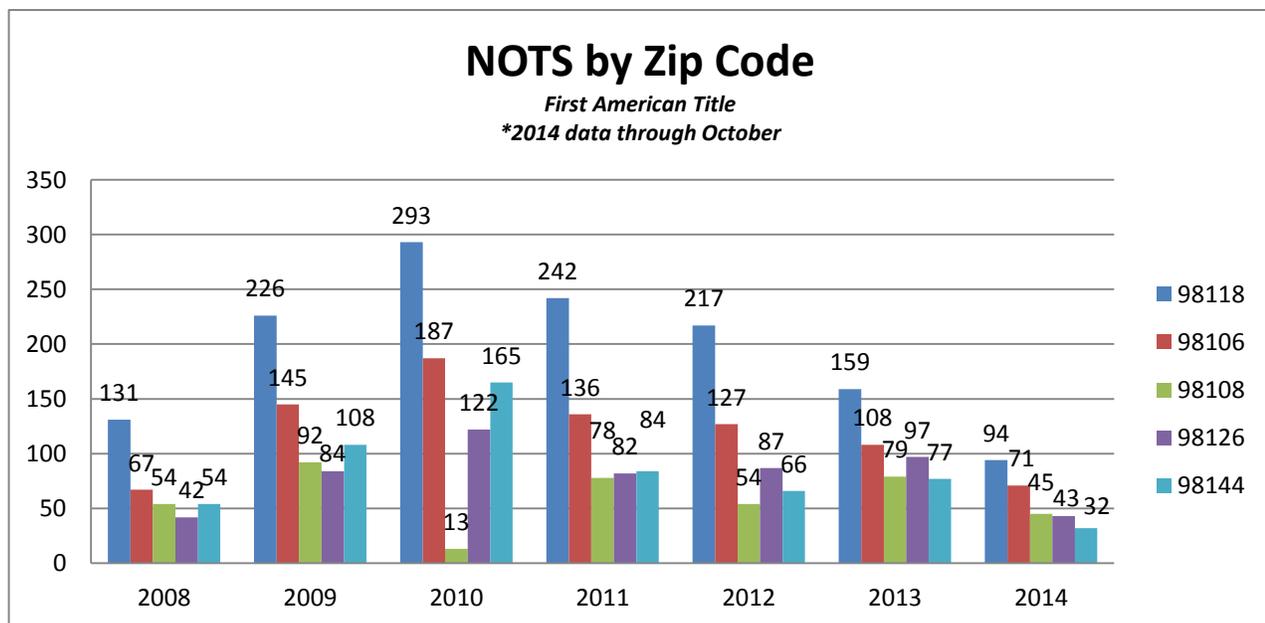
There were 1,211 NOTS recorded in Seattle during 2014, representing a 42 percent decrease from a year earlier, and a 64 percent decrease from 2010, which marked the citywide peak for recorded NOTS. This mirrors trending in nationwide foreclosure starts, which last year dropped 70 percent from the peak in 2009, per RealtyTrac. Seen monthly, the next page charts the monthly number of NOTS issuances as seen annually above:

City of Seattle							
	2008	2009	2010	2011	2012	2013	2014
Jan	48	105	160	177	62	192	118
Feb	73	115	155	203	83	223	100
March	91	118	288	231	121	188	88
Apr	87	197	218	216	96	125	77
May	160	151	179	155	154	153	102
Jun	121	307	302	200	136	137	83
July	85	203	362	192	156	108	89
Aug	101	135	261	145	277	136	81
Sep	113	162	264	122	201	120	67
Oct	95	130	317	114	175	109	90
Nov	121	171	145	NA	317	81	39
Dec	110	155	233	115	40	90	50
Total	1,299	2,224	3,398	2,384	2313	2090	1211

The IDT report also previously identified high-activity/risk zipcodes, where in recent years, nearly 50% of Seattle homes both underwater and seriously delinquent were located. Owner households in these areas were more likely to be low-income, large family, or have a householder who is a person of color:

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

City-wide NOTS declines are evident within these targeted zipcodes as well:



OH remains committed to building capacity to reach underserved and disproportionately impacted homeowners. Accordingly, in November 2014, OH sponsored a Cultural Competency Training at City Hall for foreclosure housing counselors and attorneys to provide deeper skillsets around challenges faced by immigrant, refugee and other householders of color.

The training, Raising Your Cultural Competence: Skills-Based Approaches for Assisting Culturally Diverse Homeowners Avoid Foreclosure was targeted to attorneys, housing counselors and mediators, and was a presentation developed by the Financial Empowerment Network in collaboration with El Centro De La Raza, Solid Ground, Seattle University School of Law, and Northwest Justice Project. Roughly 35 people were in attendance and together discussed:

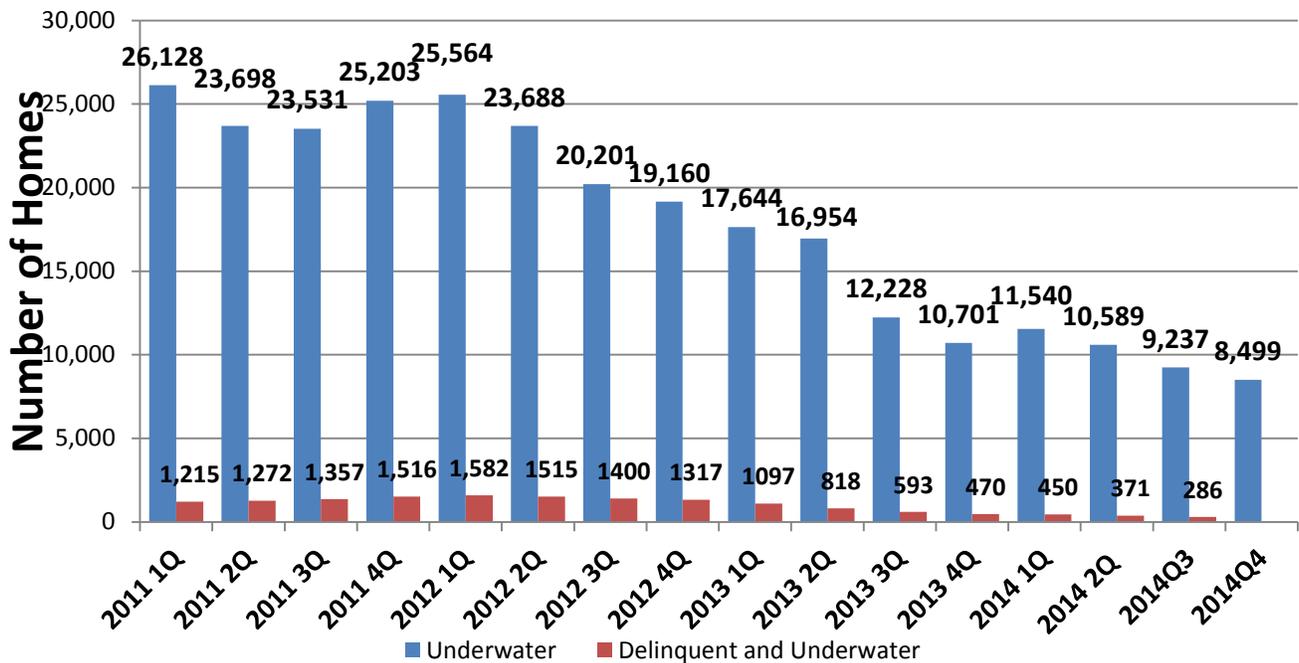
- Tools to increase awareness of the challenges facing culturally diverse homeowners in working with lenders
- Effectively presenting information to lenders on the finances of multi-generational households
- Ethically assisting ITIN borrowers in negotiations with lenders
- Maximizing the utility of interpreters in interviews with limited-English proficiency clients

Continue to grow the capacity of culturally competent foreclosure prevention professionals is critical to effectively mitigating the disproportionate impact faced by communities of color. And, it should be noted that while foreclosure filings (default notices, auctions and bank repossessions) steeply declined over the last year, nationwide foreclosure starts were reported to have increased over the past few months. This is due in large part to loans that have languished with years-long arrearages; many of which are only beginning to enter the foreclosure process. These systemic delays are largely found in judicial foreclosure states with involvement by the courts, whereas Washington State primarily uses trustee sales to complete foreclosures. Activity also tends to slow down towards the end of the year, so it possible that 2015 will see an uptick in activity as the first quarter gets underway.

Number of homeowners Underwater and Delinquent. Households that are both underwater and significantly delinquent also represent potential foreclosure pipeline activity to anticipate. The following graph captures (in red) the number of households [per Zillow] in this risk category: As of the third quarter of 2014, **9237** Seattle homeowners were underwater, of which **286** households were both underwater **and** seriously delinquent (\geq 90 days delinquent) on their loans. While 4th quarter delinquency data is not yet available, assuming that third Quarter delinquency rates held constant (though it has decreased every quarter since 2012), the number of households both underwater and delinquent during the fourth quarter of 2014 would remain largely unchanged.

CoreLogic's most recent quarterly figures likewise find the Seattle Metropolitan Area among the Top Five metropolitan areas with positive equity in the country with 95.7% of households with positive equity as of the end of Q3 2014.

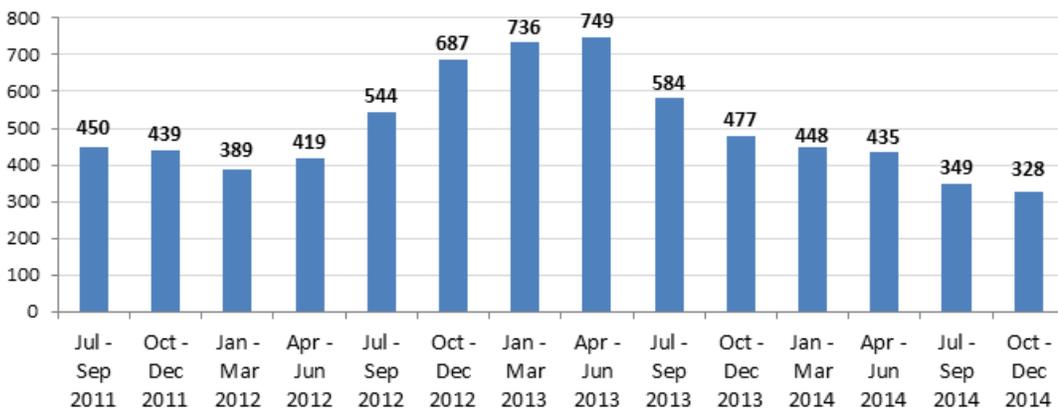
Homes Underwater and 90 Days Delinquent & Underwater City of Seattle 2011-2014 *Zillow*



Mediation Referrals through Washington State’s Foreclosure Fairness Program. The Department of Commerce’s (DOC) oversees the Foreclosure Fairness Program and receives funding from banking institutions based proportionately on the number of Notice of Defaults they issue. The DOC reports they received \$470,000 in funding for the third quarter of 2014, representing an almost 50% decrease in funding received during prior quarters, due to decreasing foreclosure activity.

Mediation referrals likewise mirrored default activity and saw quarter-by-quarter statewide decreases through 2014.

Mediation Referrals Received per Quarter



Seattle numbers represented a very small portion of the above statewide activity, with 779 Seattle mediation referrals received from 2011 to date, and 2014 referrals as follows:

Seattle 2014 Mediation Referrals:

- January – March: 58 referrals
- April – June: 48 referrals
- July – September: 34 referrals
- October – December: 33 referrals