Land trusts hold their ground against Oregon foreclosures

'Hardest Hit' funds headed to Oregon to help struggling homeowners

BY ORION LUMIERE
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This month Oregon Housing and Community Services, the state's housing finance agency, reported that last quarter, Oregon's foreclosure rate was third in the nation, behind Nevada and Florida. In the last year, Oregon had the largest change of any state.

Oregon now has the 13th highest number of foreclosures in the country: as of January, at least 22,653 Oregon homeowners were in foreclosure or more than 90 days delinquent on their mortgage – a figure that does not include the thousands of Oregonians who have already lost their homes. This estimate is from the Federal Reserve Bank of New York, who acknowledges that that number is probably 30 to 50 percent short of the actual totals.

The state says the spike in foreclosures is due to high unemployment and the nationwide housing crash.

This month the U.S. Treasury approved Oregon's proposal to distribute "Hardest Hit" funds, $88 million in federal assistance to help struggling homeowners. On Wednesday, Aug. 11 the U.S. Treasury announced that Oregon will receive another $50 million in "Hardest Hit" funds for foreclosure prevention activities. This additional funding will be dedicated to helping unemployed homeowners maintain homeownership with mortgage payment assistance while they seek re-employment.

Seventeen states and the District of Columbia were chosen to receive the new round of funds because their unemployment rates exceeded the national average for the last 12 months. Of the seventeen states, nine, including Oregon, received first or second round Hardest Hit funding.

But in the midst of this crisis, community land trusts (CLTs) and other nonprofit homeownership programs are bucking the trends. A survey released this month by an independent researcher at Vanderbilt University working in partnership with the National Community Land Trust Network reported that conventional homeowners were 8 times more likely to be in the process of foreclosure than CLT homeowners at the end of the last quarter of 2009. 4.6 percent of market-rate mortgages were in the process of foreclosure, compared to only 0.6 percent of CLT mortgages.

"CLTs use public and private funding to offer eligible homebuyers an affordable price, as much as $100,000 less than a market rate home," says Erika Malone of the Northwest Community Land Trust Coalition. "The home's on-going affordability is guaranteed through an agreement between the CLT and the homeowner, so it stays affordable for the next family while the homeowner gets a fair return."

Clackamas Community Land Trust yesterday announced that 12 new affordable homes are available for purchase in their Juneberry Lane community in Oregon City. For families that meet the income requirements, two-bedroom homes are priced at $115,000, three-bedrooms at $124,000, and four-bedrooms at $135,000 – all far below market rate.

"These houses are high-quality," says Sarah Buckley from Clackamas Community Land Trust. "They have private yards and a shared common-space for gardening, will be LEED Platinum certified, and are the first residential project of the Earth Advantage Communities Program. And the ongoing education and support that comes with them means our homeowners will hold onto them."

In addition to financial counseling, many CLTs facilitate loan modifications with lenders, try to rectify overdue mortgage payments to help owners keep their homes, or for those who simply cannot hold onto their homes, facilitate short sales to prevent the adverse consequences of foreclosure.

"Our foreclosure rate is currently zero because we offer our clients long-term support to stay in their homes, which means they come to us early-on if they're having trouble instead of struggling alone," says Jesse Beason from Proud Ground. "CLTs are outperforming the retail housing market, because while it fluctuates wildly, community land trust housing is very stable.

Culturally specific housing services are another important tool nonprofit homeownership programs are using to address the problem, by providing homeownership coaching, education, and programming targeted towards communities of color. Such services are offered in Portland by Hacienda CDC, PCRI, and NAYA Family Center.

The plan will distribute the money to more than 6,300 Oregon homeowners through a state program called the Homeownership Stabilization Program. The program will offer assistance in loan modification, mortgage payments, loan preservation and transitional services. The first three types of assistance will help homeowners hang on to their houses and regain their financial footing. If they are not able to do so, the fourth program will help them relocate to more-affordable housing.

Many homeowners are expected to access more than one program, and the state's existing network of nonprofit counselors, certified by the federal Bureau of Housing and Urban Development, will help homeowners navigate them.

"We are really excited about this program," said Claire Carpenter-Seguin, director of the Neighborhood Economic Development Corporation, which runs regional housing centers for Lane and Marion Counties. "It's tough out there, and we will put the support to excellent use serving the huge number of struggling families in our community."

Throughout Oregon's foreclosure crisis, regional housing centers have been working hard all over the state to meet the enormous need in their communities. These nonprofit centers are certified by HUD and are an alternative to private loan modification companies.

The new program will dedicate 80 percent of the foreclosure prevention dollars to counties most dramatically affected by the recession, including Clackamas and Multnomah.

"Two of the hardest hit counties in Oregon, Grant and Wallowa, are served by our Regional Housing Center," said Lynne Ewing, Housing Resource Center Manager of Community Connection of Northeast Oregon. "This assistance to struggling families in these rural communities can make the difference between having their most basic need of shelter met, or becoming homeless."

Orion Lumiere is the communications and development manager with Oregon Opportunity Network.

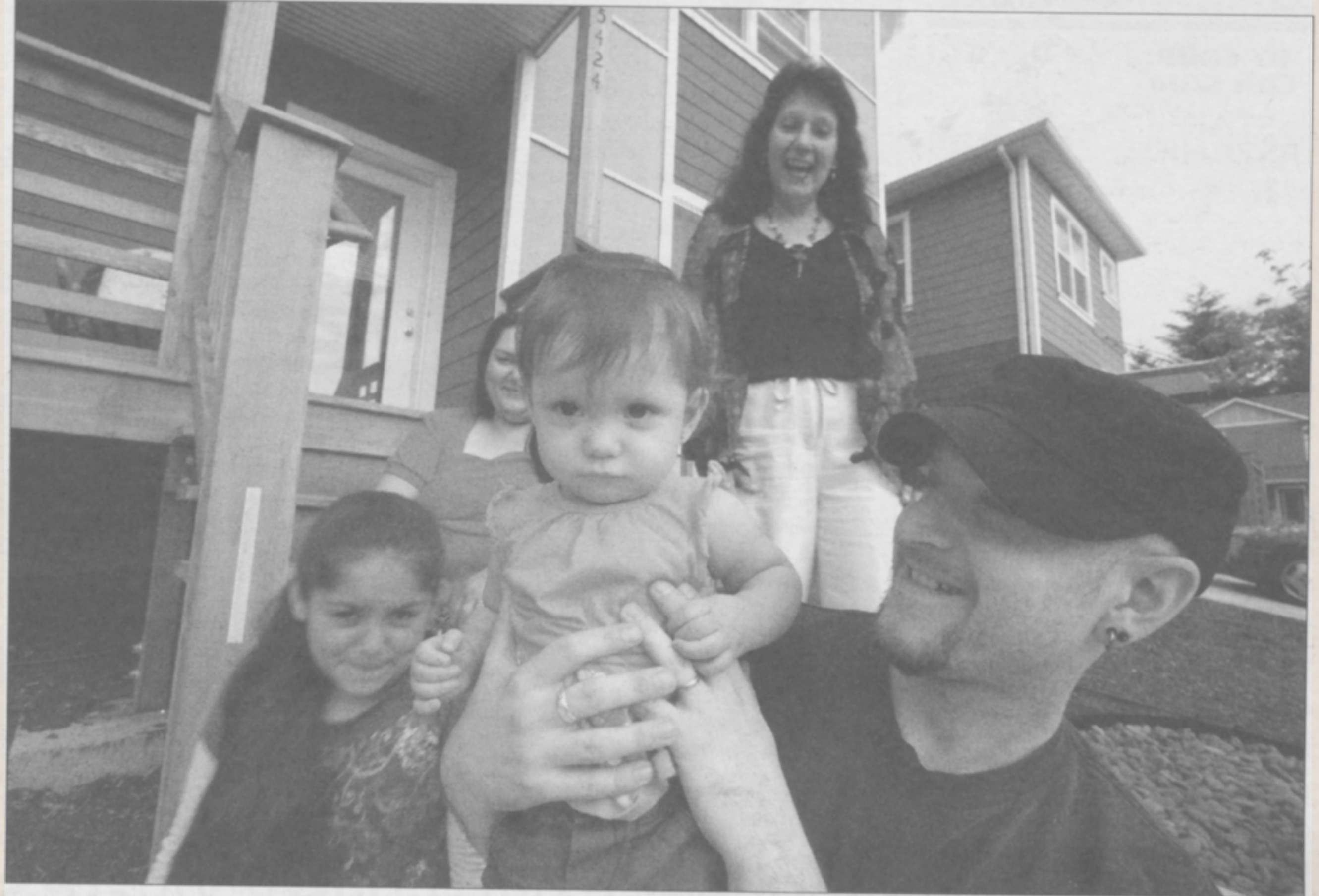

PHOTO BY BRIAN LINCOLN FOR PROUD GROUND

Yvonne and Nathan worked with the Native American Youth and Family Center and Proud Ground to buy their first home.

Where to get Help:

Homeowners who need help immediately should call 1-800-SAFE NET. (1-800-723-3638)

Regional Housing Centers: www.ohcs.oregon.gov/OHCS/SF

Portland Housing Center: www.portlandhousingcenter.org.

Neighborhood Economic Development Corp. (NEDCO): www.nedcocdc.org.

Community Connection of Northeast Oregon: www.ccno.org.

HUD approved Foreclosure Counselors in Oregon: www. cbs. state.or.us/dfcs/ml/ foreclosure/ counselors.