

Advocates Applaud Senate Bill Fund to Help Millions of Families Keep Their Homes; Urge Inclusion In COVID Stimulus Bill

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Housing and Civil Rights Groups Call for Homeowner Assistance Fund to Avoid New Wave of Foreclosures and Devastating Effects for Communities of Color

Today, leading housing and civil rights groups applauded Senator Jack Reed's reintroduction of the Homeowner Assistance Fund bill as Congress and the Biden administration consider the next COVID-19 relief package. Senators Sherrod Brown and Patrick Leahy are lead cosponsors of the bill. The Homeowner Assistance Fund would provide a critical safety net for millions of families who are behind on their mortgages or already in foreclosure as a result of the pandemic, which disproportionately impacts communities of color. The groups also support inclusion of housing counseling funding in the package.

To date, Congress has not allocated any relief dollars to help homeowners during the pandemic, leaving millions of homeowners unable to pay their housing costs and on the brink of foreclosure. Homeowners of color lost their homes at twice the rate of white homeowners during the last financial crisis, and the same communities face the potential for major homeownership losses due to COVID-19. Homeownership is the primary source of wealth building in communities of color.

"This bill would provide crucial assistance that homeowners desperately need to hold onto their homes and keep their families safely and stably housed throughout the pandemic and beyond. Black and Brown homeowners, many of whom have overcome big obstacles in order to purchase their homes, are particularly vulnerable. Many of them were not covered by the protections in last year's CARES Act," said **Debby Goldberg, vice president of Housing Policy and Special Projects, National Fair Housing Alliance**. "Unless we give them the help they need now - the kind of help that the Homeowner Assistance Fund would provide - these families may lose their homes and the wealth those homes represent, just as happened during the last economic crisis. That would be a big blow to our efforts to advance racial equity in this country."

"It's important to recall that most foreclosures did not occur in 2009. They occurred between 2010-13, and the rate fell for another five years as millions of mortgage ready African Americans continued to reject homeownership based on the experience of their family and friends," said **David M. Dworkin, president and CEO of the National Housing Conference**. "Another wave of foreclosures and equity loss could prolong that damage for a generation and be a lasting legacy for all of us."

"Early on, economic relief necessarily needed to focus on immediate impacts of the crisis," said **Jesse Van Tol, CEO of the National Community Reinvestment Coalition**. "Now, nearly a year later, the rippling effects of the crisis must be addressed more comprehensively. The Homeowners Assistance Fund will provide critical relief for Americans facing foreclosure as a consequence of the crisis."

"The pandemic and its economic impact have hit communities of color the hardest," said **Alys Cohen, staff attorney at the National Consumer Law Center**. "25% of Black homeowners and

20% of Latinx homeowners are behind on their mortgages, and the racial wealth gap will expand further without immediate action. Congress has not yet provided cash assistance to homeowners during the COVID crisis. President Biden and Congressional leadership must act now by including the Homeowner Assistance Fund and support for housing counseling in the COVID economic stimulus package.”

“Homeowners who have lost income due to the pandemic should not have to lose their homes when forbearance is over,” said **Bruce Dorpalen, executive director, National Housing Resource Center**. “The Homeowner Assistance Fund can prevent unnecessary foreclosures and housing counselors can help get affordable workouts for them. Smart, targeted investments now will keep people in their homes, prevent homelessness and overcrowding, and to avoid the blight of empty houses in neighborhoods.”

“The pandemic’s hardest-hit families deserve their fair share of relief and a Homeowner Assistance Fund can help struggling homeowners remain safe as the health crisis continues,” said **Nikitra Bailey, executive vice president at the Center for Responsible Lending**. “A critical lesson of the Great Recession is that the communities most impacted need aggressive, targeted, early intervention. Acting now is the most cost-effective way to avoid a foreclosure crisis that is totally avoidable. Black and Latino communities unnecessarily lost more than \$1 trillion during the last crisis because the help came too late. Failure to act will once again result in devastating consequences.”

“The damage done by foreclosures doesn’t stop with individual homes and families, but extends to entire communities,” said **Julia Gordon, president of the National Community Stabilization Trust**. “Adding foreclosures into the mix of public health and economic effects of COVID-19 could trigger a downward market spiral that’s hard to break, especially for neighborhoods already on the edge. The Homeowner Assistance Fund is the ounce of prevention we need to prevent a much larger problem later.”

“Given the devastating — and unequal — impacts of the economic crisis that has accompanied the pandemic, many homeowners won’t be able to just pick up where they left off,” said **Lisa Sitkin, senior staff attorney of the National Housing Law Project**. “In order to stave off foreclosures that will destabilize and strip wealth from the very families and communities most harmed by the pandemic, the federal government must provide accessible and flexible dollars to help homeowners facing ongoing income reductions and overdue property tax bills and other pressing housing costs.”

“Millions of homeowners are behind on their mortgages because of the COVID-19 pandemic,” said **Linda Jun, senior policy counsel at Americans for Financial Reform**. “Facing the most economic distress and illness, low-income families and communities of color are most at risk of losing their homes to foreclosure without relief. The Homeowner Assistance Fund is a necessary measure to stem the impending foreclosure crisis and prevent devastating losses for families and neighborhoods. We urge Congress and the Biden Administration to provide homeowners with the assistance they need to protect their homes.”

“We cannot risk losing another generation of wealth in Black and Latinx communities,” said **Christie Peale, executive director and CEO of the Center for NYC Neighborhoods**. “Nearly half of the wealth of Black and Latinx families disappeared as a result of the 2008 recession largely due to foreclosures, and we need to act now to ensure this does not happen again. The Homeowner Assistance Fund has the potential to stem what could be a catastrophic housing crisis in the U.S. when so many neighborhoods are still trying to recover. We urge Congress and the Biden Administration to act quickly to pass the Homeowner Assistance Fund and save our communities.”

"It's imperative that we do all we can to prevent another foreclosure crisis, one that will disproportionately strip wealth from our most vulnerable communities. The next COVID package needs to include homeowner assistance funds," said **Doug Ryan, senior fellow at Prosperity Now.**

"Millions of homeowners lost their homes to foreclosure during the Great Recession of 2008-2013 because the Obama Administration let the banks set the terms for loan modifications and the Senate failed to pass legislation to help," said **Lew Finfer, on behalf of Faith in Action National Network and Massachusetts Communities Action Network.** "But, we can do it right this time. This legislation of Senators Brown and Reed filed today will help. We need direct aid to homeowners needing financial help to prevent foreclosure, funding housing counseling, and policies requiring banks to cooperate with forbearance for homeowners."

The Homeowner Assistance Fund would allow for direct payments to help homeowners with:

- Mortgage payments;
- Property taxes;
- Property insurance;
- Utilities; and
- Other housing related costs

According to the U.S. Census Bureau's Household Pulse Survey, 24.7% of Black borrowers and 19.8% of Hispanic borrowers are not current on their mortgage payments, compared to just 8% of white borrowers. Many homeowners lack access to government-backed programs and will lose their homes without this direct financial assistance, including 700,000 borrowers who have private loans and not covered by the prior CARES Act and many homeowners, including seniors, who are facing tax foreclosures.

For more information about the pressing need for the Homeowner Assistance Fund, please see this issue brief by the Center for NYC Neighborhoods and the National Consumer Law Center.

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