



Coalition on Homelessness
and Housing in Ohio
COHHIO

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Contact: Suzanne Gravette Acker, 614-280-1984; Bill Faith, 614-579-6108

Federal response to Ohio foreclosure crisis lauded; State legislature urged to step-up

COLUMBUS - Under increasing pressure to expand foreclosure relief to beleaguered states, the U.S. Treasury department today announced a second round of \$600 million in funding to bolster housing finance agency loan programs in Ohio and four other states. Ohio's portion is \$172 million, to be used by the Ohio Housing Finance Agency for programs to help families living in counties with unemployment rates above 12 percent stay in their homes.

The announcement came as boost for Ohio lawmakers and advocates who helped push the Obama Administration for federal aid; but also as a warning that the funds have limited and specific purposes, and must be accompanied by legislative measures if it's to produce effective results.

"This is great news for Ohio, but it is not a windfall that's going to fix our foreclosure crisis on its own," cautioned Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio (COHHIO).

Faith said the state legislature has more work to do, including passing the legislation to regulate mortgage servicers; funding for mediation programs; funding for foreclosure prevention counseling and for the mitigation of vacant and abandoned properties; and the protection of tenants in the event of landlord foreclosure. "Foreclosure prevention legislation has been sitting idle in the Senate for almost a year," he said. "I hope we can make the most of these federal funds by passing state legislation quickly."

The U.S. Treasury Department's HFA Hardest Hit Fund was first announced on February 19. Five states where housing prices fell more than 20 percent from their peak -- including Nevada, California, Florida, Arizona and Michigan -- received shares of the \$1.5 billion largess. The \$600 million second round states include Ohio, North Carolina, Oregon, Rhode Island and South Carolina. Ohio's \$172 million is the third largest of all of ten state awards after California and Florida.

Ohio elected officials, including U.S. Rep. Kucinich and 12 other members of the Ohio delegation; U.S. Senators Brown and Voinovich; Governor Strickland; Attorney General

Cordray; House Speaker Budish and the House Democratic Caucus; as well as foreclosure prevention advocates including COHHIO, were able to convince the Obama Administration that funding should be expanded to additional states. “Ohio has had 14 straight years of record breaking foreclosure numbers,” said Faith. “Maybe our pain hasn’t been as dramatic as the ‘sand’ states in recent years, but it has lasted nearly a decade longer than most,” Faith said. “That’s important criteria for help.”

Statewide in 2009, Ohio had 89,053 foreclosures, a 3.8 percent increase over 2008 and the 14th year of record-breaking numbers. 15.3 percent of all mortgages serviced in Ohio were either in foreclosure or at least 30 days past due in their payments; nearly 1 in 6 Ohio homeowners were delinquent or already in foreclosure.

While Faith applauds the federal response, he remains vigilant about action at the state level. “We made the case at the federal level, they heard, and responded appropriately, for which we are grateful. But this problem is currently overwhelming our state. It requires action on multiple fronts.”

Faith is urging the Senate to adopt the following strategies in any legislation going forward:

- 1) The Senate should adopt a filing fee provision found in House Bill 3 that would provide a funding mechanism for foreclosure prevention counseling.
- 2) The regulation of mortgage servicers (intermediaries between lenders and homeowners) to better protect consumers while creating industry incentives to help prevent unnecessary foreclosures. Again, the Senate should look to House Bill 3, where servicers are required to provide advance notice to homeowners about the availability of resources to avoid foreclosure, among other requirements.
- 3) Protect tenants when their landlords go into foreclosure, as in the provisions in House Bill 9. It requires the landlord to provide notice of the foreclosure process and sheriff sale to the tenant and allows tenancy to survive the foreclosure by converting the existing agreement to a month-to-month tenancy after the sheriff sale.

“We can’t use this one-time federal money to say, ‘Great! Problem solved,’” Faith said. “We have the opportunity to make some real progress with these funds. If the state were to step up, we’d hit a home run.”