



Landlords in Foreclosure: Assistance for Renters in Maryland 5/12/2010

Martin O'Malley
GOVERNOR

Anthony G. Brown
LT. GOVERNOR

Raymond A. Skinner
SECRETARY

Clarence J. Snuggs
DEPUTY SECRETARY



Extent of Problem Nationally

- 932,234 property foreclosure filings were reported in the U.S. (including notices of default, notices of foreclosure sales and lender purchases of foreclosed properties), during the first quarter of 2010.
 - This is an increase of 7.2% over the previous quarter and an increase of 16.0% from the first quarter of 2009.

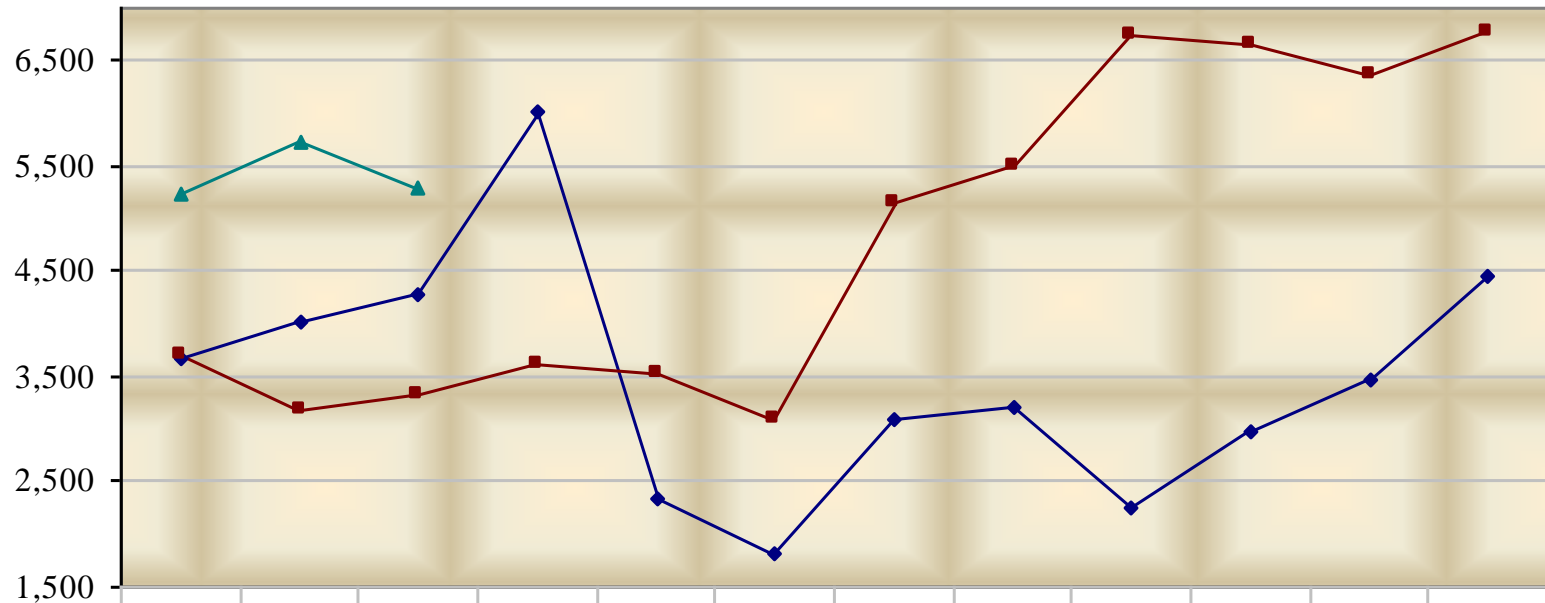
Extent of Problem in Maryland

- Number of foreclosure events continue to increase:
 - Compared with the 4th quarter of 2009, foreclosure events in the 1st quarter of 2010 decreased slightly by 11.5% to 14,855 foreclosure filings, but has increased by 59.9% over last year.
- Prince George's County continues to be most severely afflicted by the foreclosure crisis, with 3,816 events this quarter (25.7% of the State's total). Other jurisdictions follow:
 - Montgomery County – 10.4%
 - Baltimore City – 16.5%
 - Baltimore County – 12.3%
 - Anne Arundel County – 7.6%
 - Frederick County – 5.1%
- A total of 5,218 default notices (new foreclosures) were issued in the first quarter of 2010, the lowest recorded quarterly figure since the first quarter of 2008.

Extent of Problem in Maryland

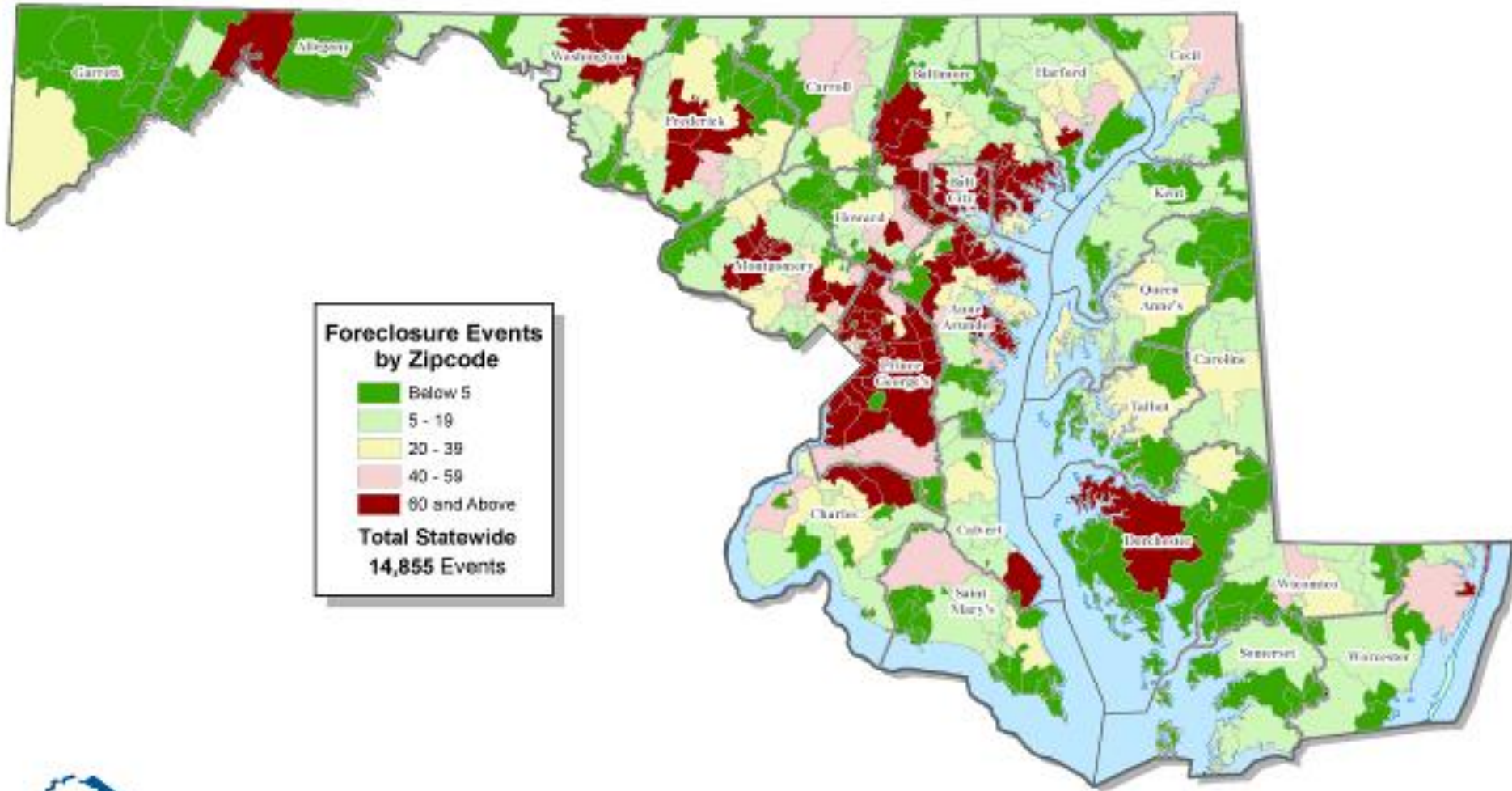
- Number of foreclosure events continue to increase:
 - Compared with the 4th quarter of 2009, foreclosure events in the 1st quarter of 2010 decreased slightly by 11.5% to 14,855 foreclosure filings, but has increased by 59.9% over last year.
- Prince George's County continues to be most severely afflicted by the foreclosure crisis, with 3,816 events this quarter (25.7% of the State's total). Other jurisdictions follow:
 - Montgomery County – 10.4%
 - Baltimore City – 16.5%
 - Baltimore County – 12.3%
 - Anne Arundel County – 7.6%
 - Frederick County – 5.1%
- A total of 5,218 default notices (new foreclosures) were issued in the first quarter of 2010, the lowest recorded quarterly figure since the first quarter of 2008.

Total Foreclosure Events in Maryland, January 2008 - March 2010



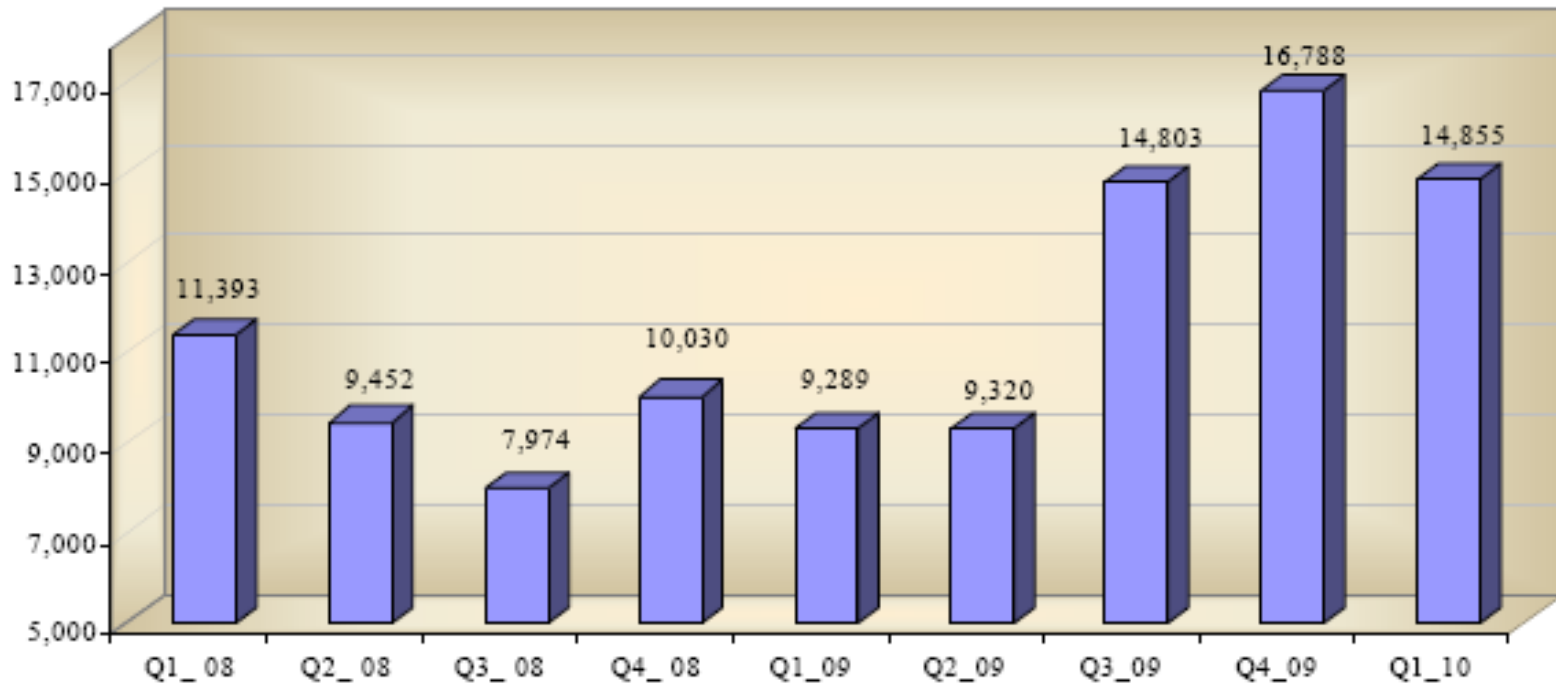
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	3,681	4,016	4,275	6,011	2,351	1,804	3,104	3,217	2,247	2,973	3,470	4,439
2009	3,697	3,176	3,334	3,613	3,539	3,100	5,152	5,491	6,751	6,661	6,370	6,768
2010	5,229	5,732	5,293									

Distribution of Property Foreclosure Events in Maryland First Quarter 2010



Total Foreclosure Activity in Maryland

TOTAL FORECLOSURE ACTIVITY IN MARYLAND



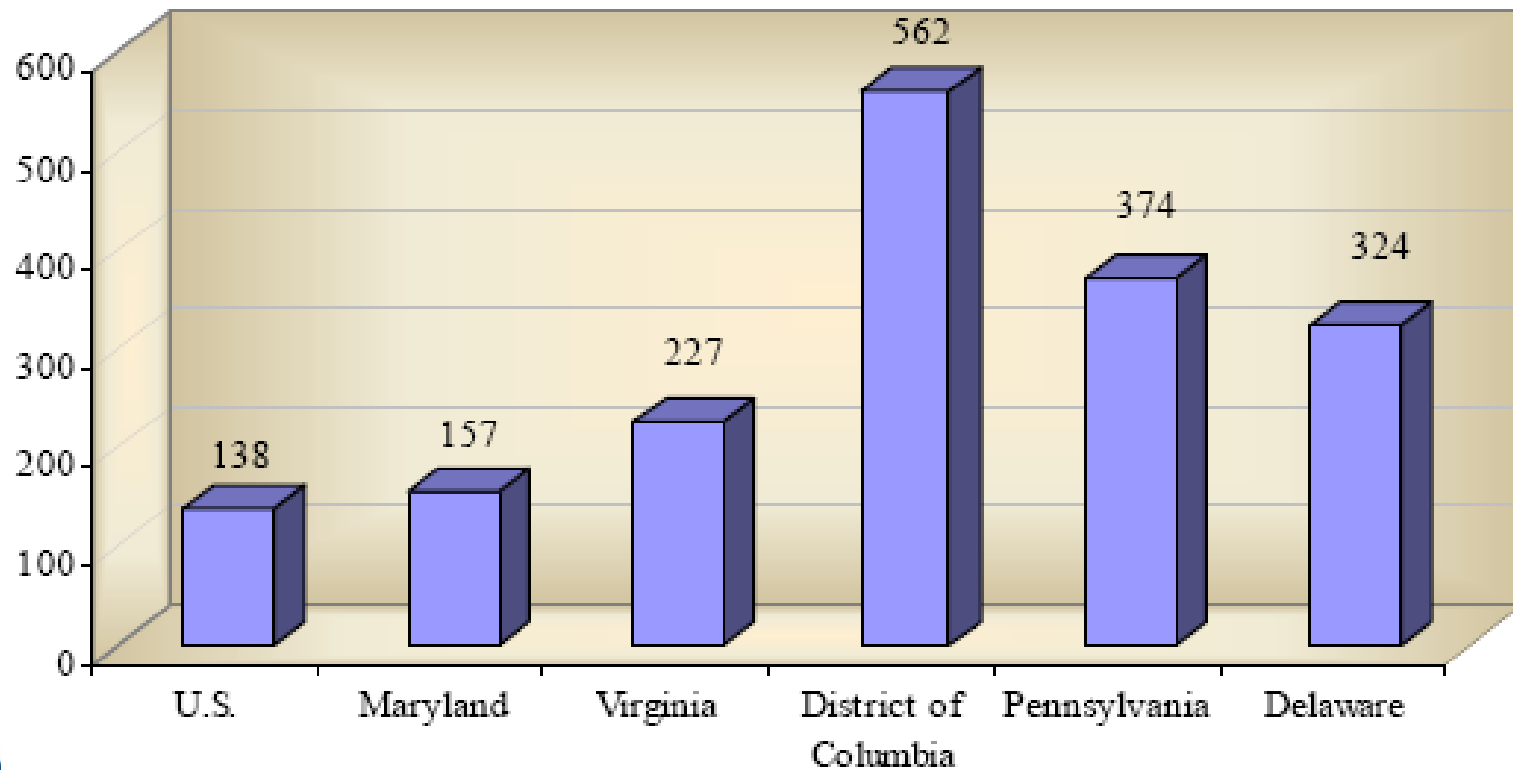
Source: RealtyTrac

Property Foreclosure Rate

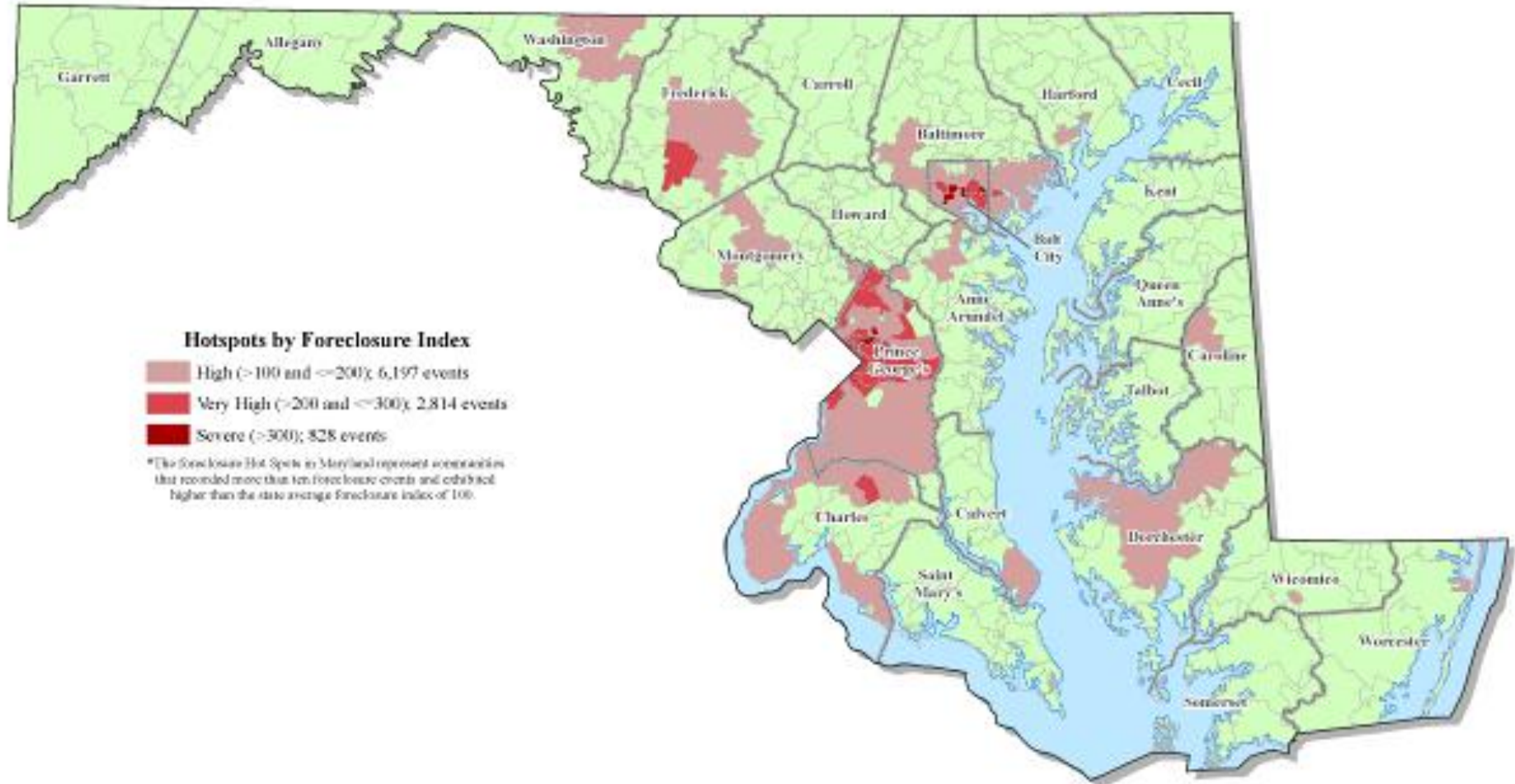
- The property foreclosure rate represents the intensity of foreclosures in a community.
- Measures the number of home owner households per foreclosure event.
- The State's overall foreclosure rate has improved slightly in 2010, from 138 households per foreclosure in the 4th quarter of 2009 to 157 households per foreclosure in the first quarter of 2010.
- This moved the State's ranking from 10th highest in the previous quarter to the 14th highest in the current quarter.

Foreclosure Rates in the Region

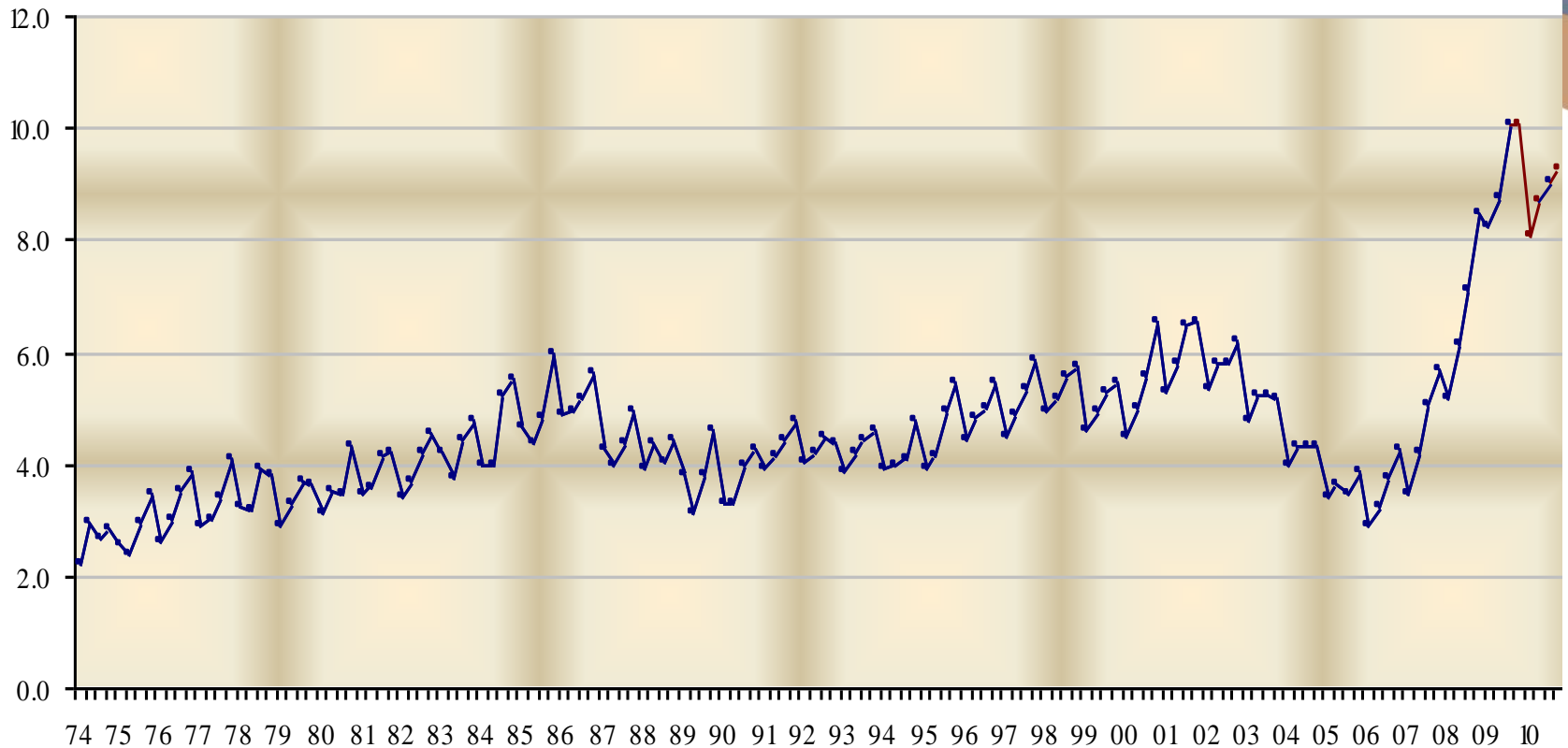
FIRST QUARTER 2010



Distribution of Foreclosure *Hot Spots* in Maryland First Quarter 2010



Mortgage Loan Delinquency Rate in Maryland: Q1, 1974 - Q4, 2010



- Highest delinquency rate in nearly 37 years

- Continuing upward trend started in 2006 Q1 (2.91%)

- '09Q4 to 10Q4 Forecast: 8.08% to 9.3%

2009 Federal Legislation

- S. 896: Protecting Tenants at Foreclosure Act:
 - Signed 5/20/09
 - Sunsets on December 31, 2012
 - “Under this amendment, tenants in any federally related mortgage loan or any dwelling or residential real property with a lease have a right to remain in the unit until the end of the existing lease. If a new purchaser intends to use the property as a primary residence, then the lease may be terminated, but the tenant has to receive 90 days’ notice to vacate.”

2010 Legislation in Maryland

- Senate Bill 654 / House Bill 711: *Tenants in Foreclosure - Conforming to Federal Law:*
 - Makes the federal “Protecting Tenants at Foreclosure Act” permanent law in Maryland;
 - Also changes language of foreclosure notice to tenants, informing them of their current rights under this law.
 - Unlike the federal act, this law in Maryland does not sunset.

Housing Reconnect Information Line

- Created as a result of 2009 Maryland legislation (HB 776 / SB 842) requiring foreclosure notices for occupants/tenants.
- Notices to **property owners** directs them to existing MD HOPE hotline (administered by DHCD).
 - MD HOPE Hotline (Home Owners Preserving Equity) was established in 2007 to assist **homeowners** at risk of foreclosure.
- Notices to **occupants** directs them to the DHCD-administered information line, 877-775-0357, set up specifically as a result of 2009 legislation, and providing resources specifically for occupants who have received the 45-day foreclosure notice.
 - Referred to internally as “Housing Reconnect”, information line number is provided through the notices (not marketed).

Housing Reconnect Information Line

- Managed by InfoSpherix for the Department under a contract with the State;
- Set up as a triage and referral process;
- Since May 19, 2009, the “Housing Reconnect” information line for occupants has received 4,176.
 - Average calls per month in CY '09: 577
 - Average calls per month in CY '10: 452
- Caller Data (database created 9/2009):
 - 91.4% of callers have received a 45-day foreclosure notice;
 - 26.4% had been late with their rent at least once, but 66% were current with their rent at the time that they called the information line.
 - 53.1% (69.2% in December) had contacted the owners of their residence prior to calling the information line.

Housing Reconnect Information Line Data:

- Average reported monthly income is \$ 2,545.44 (\$30,545 annually) - down from \$2,732.92 in December (\$32,784 annually);
- Average # of months spent in residence is 29 (no change since December);
- Average monthly rent payment is \$1225 (slight decrease from \$1,274 in December);
- 69.2% (down from 88% in December) had provided their landlord with a security deposit; (the average security deposit amount is \$1,347.46, down from \$1,767 in December);
- 69.7% (significant decrease from 91.5% in December) of all callers had a written lease;
- On average, callers had 6.4 months left before their lease expired (no change since December);



Housing Reconnect Information Line

- Script includes the following:
 - Basic personal information;
 - Checking to see if it is a repeat call;
 - Triage owners from renters;
 - Additional demographics such as:
 - Income, how long at address, monthly rent, payment history, security deposit, do you have a formal lease
 - Referral to owner
 - Brief explanation of federal “Protecting Tenants in Foreclosure” act;
 - Referral to MD. Housing Search both Web and phone to one of the following:
 - Public Justice Center
 - Baltimore Neighborhoods
 - Maryland Legal Aid
 - Allegheny Law
 - Montgomery County Bar
 - Prince George’s Legal Services

Housing Reconnect Information Line

- Referral to website for additional information on the State and Federal Laws;
- Referral to DHCD's Rental Allowance Program (RAP) or if applicable to Bridge Subsidy Demonstration for the Disabled;
- Referrals to MD. Mental Health, MD Department of Developmental Disabilities;
- Referral to HPRP resources (by jurisdiction);
- If Homeowner referral to National Hope and to MDHope Hotline and www.mdhope.org.

Housing Reconnect Information Line

- MD Department of Labor, Licensing, Regulation:
 - For information about the Maryland Legislation
 - To report Fraud or predatory lending

Housing Reconnect Information Line

1-877-755-0357

MD Housing Search

www.mdhousingsearch.org

1-877-428-8844

Resources: MDHousingSearch.org

- **Free** rental housing finder created by DHCD in 2007 and operated by SocialServe;
- Bilingual website and call center service to allow users to search by:
 - Affordability;
 - Accessibility;
 - Section 8;
 - Units for seniors;
 - Other special needs.

MDHOUSING SEARCH

- 35% of landlords in Maryland claim successful placement through MDHousing Search;
- 54,786 units listed (21% increase in the last 6 months);
- 1621 active landlords;
- 1,600 units available last year, presently 2,176 2010—36% increase;
- 57,000 unique users per year on the website;

MDHOUSING SEARCH

- Within the past six months, searches have increased from 6,000 to 10,000 per month;
- 13%-14% of searches are for Section 8 properties;
- 57% of properties listed are 4 or less units per dwelling;
- When “Foreclosure Victims” first added as a special group one year ago:
 - 40% of the landlords said they wanted to outreach to them;
 - Within a year dropped to 22.9% just above HIV/AIDS, but recently has increased to 25.5% (now above homeless and developmentally disabled individuals, as well as HIV/AIDS).
- In December 92% of all calls into the national service referencing foreclosure come from Maryland, now this has equalized;
- System wide, they continue to see an increase in rents in the lower-cost rental area and a decrease in rents in the higher income properties.

MDHOUSING SEARCH

- Overall a shrinking bell curve with a 12% decrease in rents overall;
- Roughly 30% of the listing in Maryland wanting to be listed as accepting vouchers.
- Socialserve estimates that roughly 40% of families experiencing foreclosure are moving in with relatives rather than renting their own apt.
- An increase in acceptance of Section 8 of 11% this past year, 9.6% increase over 2008;

What is the Emergency Shelter Grants Program?

- ESG is designed to provide services to emergency shelters and transitional housing through local governments on behalf of persons who are, or can become homeless
- Funding comes from the U.S. Department of Housing and Urban Development (HUD) to assist those areas in the State that do not receive funds directly

Emergency Shelter Grant (ESG): The Continuum of Care

The fundamental components of a Continuum of Care system are:

- Outreach and assessment to identify a homeless person's needs;
- Immediate (emergency) shelter as a safe, decent alternative to the streets;
- Transitional housing with appropriate supportive services to help people reach independent living and;
- Permanent housing or permanent supportive housing for the disabled homeless.

Homeless Prevention and Rapid-Re-Housing Program (HPRP): Program Intent

- Focus of HPRP is housing stabilization and foreclosure prevention;
- Provides temporary financial assistance and/or services to help persons gain housing stability;
- Temporary assistance as a bridge to long-term stability;
- Intent is to serve persons who:
 - Are homeless or would be homeless **but for** this assistance;
 - Can remain stably housed **after** this temporary assistance ends.

DHCD HPRP Distribution

- Entitlement/Non-Entitlement Areas;
- Communities (competitive) \$3,096,373;
- Rental Allowance Program
\$2,000,000
- Enhancement of HMIS Reporting
\$300,000

HPRP Allocations to Other MD Jurisdictions

- Anne Arundel County: \$865,183
- Baltimore City: \$9,523,896
- Baltimore County: \$1,721,080
- Montgomery County: \$2,104,743
- Prince George's County: \$2,512,242

HPRP Assistance Types

- **Homelessness Prevention**
 - Prevent individuals and families at risk of homelessness from becoming homeless
- **Rapid Re-housing**
 - Assist persons experiencing homelessness to be quickly re-housed and stabilized
- **Housing Relocation and Stabilization Services**
- **Data Collection and Evaluation**
- **Administrative costs**
- **Total period of assistance cannot exceed 18 months for rental assistance and 18 months for utilities**
- **Arrears (up to 6 months) counts toward 18-month service period**



DHCD's Awards of HPRP Funds

- More than \$2 million in HPRP funding on a formula basis to the existing Rental Allowance Program entities;
 - Support the established network of organizations working with individuals and families seeking to maintain or acquire rental housing.
- DHCD provided funding to enhance activities under MDHousing Search;
 - Updates to the website to more readily identify rental opportunities for individuals and families facing foreclosure;
 - Outreach to landlords in order to expand the availability of rental housing to individuals and families facing foreclosure;
 - Training on use of the MDHousing Search tool for case workers and others who may be seeking to assist families in need of rental housing.

Resources

Home Owners Preserving Equity (HOPE)

www.MDHope.org

1-877-462-7555

Housing Reconnect Information Line

1-877-755-0357

Maryland HousingSearch

www.MDHousingSearch.org

1-877-428-8844

ESG/HPRP

Reginald Stanfield, DHCD

410-514-7209