

Why Both Homeowners and Renters Need Assistance During the Pandemic

The unprecedented loss of jobs and wages during the COVID-19 crisis has taken a heavy toll on renters and homeowners alike. Millions of Americans are at risk of losing their homes in the middle of a global health crisis. Unemployment remains very high, especially for low-income workers and persons of color. And federal boosts to unemployment assistance have all but expired, with the most recent \$300 supplement created by presidential order only covering a 6-week period that ended in mid-September. Meanwhile, Congress has failed to reach an agreement on a replacement.

In the face of this economic crisis, most attention so far has been given rightfully to renters at risk of eviction. Renters are especially vulnerable to losing their homes when faced with job loss or cuts in hours. Evictions can happen more quickly than foreclosures, and lower-income renters typically face even more acute housing cost burdens than lower-income homeowners.

But millions of homeowners (many of them lower-income) are also at risk of losing their homes due to the economic crisis and are not covered by protections created by the federal CARES Act.

- **Millions of homeowners are already in default and at the precipice of foreclosure.**
 - 1.06 million homeowners were in default (30+ days past due) in July 2020 *and were not in a forbearance program.*
 - More than 2 million homeowners were at least 90 days delinquent as of July, putting them at imminent risk of foreclosure if unprotected by foreclosure moratoria. This is up 900% over pre-pandemic levels.
 - More than 1.6 million homeowners said in late August that in the next two months they were very likely or somewhat likely to have leave their home due to foreclosure. Most (72%) earn less than \$75,000 per year. Nearly a third are Black homeowners.
- **Millions of homeowners aren't covered by forbearance or foreclosure protections created by the federal CARES Act.**
 - Roughly 14.6 million homeowners were excluded from guaranteed forbearance and the moratorium on foreclosure because the law only applies to federally-backed mortgages.
 - Most manufactured homes are also excluded from forbearance options under the CARES Act, in spite of occupants making up the largest share of workers in industries that have been hard hit by COVID-19. Most manufactured homes are owner-occupied.
- **Even those currently in forbearance have plans that are expiring.**
 - More than 2 million COVID-19-related forbearance plans were set to expire in September.
 - Homeowners can request an extension, but many do not know they have this option.

Too many homeowners are at risk of losing their homes now. Many others will struggle to get caught up after forbearance and foreclosure protections end.

To avert major losses in homeownership for Black Americans and lower-income households, and to prevent foreclosures that have devastating impacts on families, communities and the economy, **it is critical that policymakers include both rental and homeownership assistance in their next COVID relief efforts.**

The Solution: Prevent Foreclosure Before It Happens

Federal, state and local governments need to invest in foreclosure prevention today. Two bills before Congress present promising models: the Housing Assistance Fund (**S. 3620**) and the Homeowner Assistance Fund (**H.R. 6729**). Each provides resources for targeted mortgage payment assistance, housing counseling, assistance with loan modifications, and other cost-effective interventions, drawing on lessons from the **successful Hardest Hit Fund** created after the Great Recession. Each provides flexible resources to all 50 states and allows assistance to be customized to local needs. The Housing Assistance Fund also allows funds to be used for renter assistance.

Similar initiatives at the state and local levels could also make a tremendous impact by protecting families and stabilizing communities. Local and state officials should prioritize the use of federal dollars, such as CDBG-CV funds and Coronavirus Relief Funds, for mortgage assistance and foreclosure prevention. Likewise, states and local governments should invest local dollars in programs to stabilize vulnerable homeowners and ensure the long-term economic health of their neighborhoods.

Now is the time for Congress, states and localities to invest in both emergency rental assistance and foreclosure prevention for homeowners. These investments are critical for helping all lower-income families keep their homes during this crisis and ensuring that our nation's racial homeownership and wealth divides do not grow following the pandemic.



270 Peachtree St. NW, Suite 1300, Atlanta, GA 30303-1246
322 W. Lamar St., Americus, GA 31709-3543 USA
(229) 924-6935 (800) HABITAT fax (229) 928-8811
publicinfo@habitat.org habitat.org

GOVERNMENT RELATIONS AND ADVOCACY OFFICE:
1310 L St. NW, Suite 350, Washington, DC 20005 USA
(202) 239-4441 (800) HABITAT fax (202) 239-4472
advocacy@habitat.org habitat.org/CostOfHome

Help Habitat make the #CostOfHome something we all can afford.