

DATE: 3/18/09

SOURCE: USA Today

HEADLINE: Foreclosures Force Renting Families Onto Street



Foreclosures force renting families onto street

Posted 3/18/2009 4:15 PM ET

By Christina Hoag, Associated Press Writer

LOS ANGELES — Clutching pajamas for her three youngest kids, Janice Johnson straggled into a Skid Row homeless shelter on a recent night, frustrated and weary from another fruitless apartment hunt.

The Midnight Mission was her last resort after being evicted when a bank took over the South Los Angeles building where she'd rented an apartment for years.

"I don't want to be on the street," said Johnson, a single mother who lives on welfare. "I'm just trying to keep the kids going to school. With this homeless thing, I'm getting calls that my 8-year-old is sleeping in class."

The foreclosure crisis is hitting inner-cities hard as landlords default on mortgages in record numbers and foreclosures force tenants into the street. Boarded up apartment buildings have become common on impoverished city blocks while emergency shelters are swelling with mothers with children.

"The doors are busting down with people with this problem," said Mercedes Marquez, city housing general manager. "And the wave is still coming."

The problem has grown to such proportions that the City Council recently halted evictions and the city decided to buy empty buildings and designate them as affordable apartments.

Government mortgage company Freddie Mac recently said it would allow homeowners facing foreclosure-related eviction to remain in their homes as renters, while Fannie Mae also has taken similar steps to prevent renters and owners from being thrown out.

Cities across the nation are grappling with the dilemma which is affecting some of their neediest residents.

In Chicago, Cook County Sheriff Thomas J. Dart now requires banks to give tenants four months notice of an eviction. Last year, he blocked foreclosure evictions after seeing renters being summarily tossed out, said spokesman Steve Patterson. Chicago's number of foreclosure evictions has tripled over the past two years, to more than 4,500 last year.

Boston started sending postcards to tenants advising them of their rights and now requires owners to put a sign on the property advising who the landlord is and a local contact, said Pat Canavan, housing adviser to Mayor Thomas Menino. If tenants don't have heat, city inspectors are allowed to order heating oil and bill the owner. Meanwhile, the city is exploring purchasing foreclosed buildings.

"The (debt) servicers want these buildings unoccupied but we want them occupied," Canavan said. "There's all kinds of fallout from this."

DATE: 3/18/09

SOURCE: USA Today

HEADLINE: Foreclosures Force Renting Families Onto Street

Housing advocates say they're seeing the same situation with renting families in cities large and small, urban and suburban, being forced into shelters.

Some evictees are even employed but don't have the savings for a new apartment or simply can't find an affordable one.

"We're now seeing working families in shelters -- people are going to work from the shelter and getting kids to school from the shelter," said Ellen Bassuk, president of the National Center for Family Homelessness.

Evictions are likely to keep rising as job losses sock renters, said Delores Conway, multifamily market expert at the University of Southern California's Lusk Center for Real Estate.

"The pressure is going to continue because of rising unemployment," Conway said.

While the nation's default rate on apartment buildings is still relatively low, it is rising quickly. Fannie Mae, for example, said its delinquency rate was 0.30 percent at the end of last year, double what it was at the end of September, and almost four times the rate at the end of 2007.

In Los Angeles, neighborhoods in the city's low-income south and central areas are being walloped.

In 2007, buildings containing a total of 1,690 apartments were foreclosed on. In 2008, owners lost buildings containing 4,789 apartments, according to the city housing department.

Marquez said complaints have flooded in to the city from evicted tenants. Tenants rights group Inquilinos Unidos (Spanish for Tenants United) has never seen as many cases of tenant foreclosure evictions as in the past six months, said organizer Silvia Sandoval.

Most evictions stem from banks that don't want to be landlords after foreclosing on properties, even if they have to forgo rental income. Occupied properties entails hiring a property manager, which is something banks are generally reluctant to do, even in a normal real estate market, said Dustin Hobbs, spokesman for the California Mortgage Bankers Association

"It's not the business they're in," he said. "They want to resell the property free and clear."

But in many cases, it means tenants who have paid the rent are getting thrown out because the landlord hasn't paid the mortgage.

On top of that, many tenants complain that landlords are resorting to intimidation to get them out cheaply and quickly. Tenants in rent-controlled apartments must get a 60-day notice to vacate and relocation fees that can total thousands of dollars, Marquez said.

The council is now set to consider an ordinance that would require banks to notify the city of foreclosures so it can contact tenants to advise them of their rights.

Social service agencies are feeling the pressure. Evictions are a chief cause for a spike in families seeking emergency beds this winter, a change from the traditional population of single men.

DATE: 3/18/09

SOURCE: USA Today

HEADLINE: Foreclosures Force Renting Families Onto Street

"The housing crisis is giving us a newer demographic of people experiencing homelessness," said Orlando Ward, public affairs director of the Midnight Mission, where about 14 families seek cots every night, about 10 more than six months ago.

Accommodations are Spartan. Families, mostly women with a couple children, sleep in a room separate from the men's area on cots furnished with a thin mattress, sheets and a small pillow. A neighboring room serves as a children's play area. Doors open at 6:30 p.m., lights are out at 10 p.m. Patrons must be out in the morning by 7 after a light breakfast.

It's often the only option for working-class renters who have little financial cushion to absorb a setback such as losing an apartment, and whose relatives and friends have limited resources.

Parents with numerous children or teenagers are often forced to split up their families among various places. Most shelters don't accept adolescent boys, for instance, out of fear of aggressive behavior.

Janice Johnson's teenage son found a couch at a friend's house. Other friends and relatives took in her two teenage girls, one with a baby. Johnson then bounced with her three youngest children between a motel room paid for by a social services agency and sleeping in her van until she swallowed her pride and shuffled into the Midnight Mission.

The magnitude of the situation spurred the City Council in December to suspend foreclosure evictions for year.

The source of the apartment-building foreclosures is the same as single-family homes. Many owners of small buildings, which comprise much of the rental housing in low-income neighborhoods, refinanced during the subprime lending boom, often replacing fixed-rate loans with adjustable-rate ones, Marquez said.

When interest rates skyrocketed, landlords found rental income no longer covered the mortgage. More than 95 percent of foreclosed buildings are rent-controlled.

With so many apartments at stake, city officials are exploring a plan to use federal and city money to buy buildings and designate them as housing for low- and moderate-income families.

For couples like Gabriela and Mario Hernandez, who have two kids, the stress is overwhelming. They received a 90-day eviction notice, but they can't afford the deposit on a new place while they're still paying \$875 in monthly rent.

The owner, they said, hasn't paid the mortgage since August. If he had been upfront about being in default, they could have saved the rent for a new apartment.

"We just don't have the resources," said Gabriela. "Where are we going to go -- the street?"

Copyright 2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.