



*Towards Shared Recovery:* **Boosting the Economy by Protecting People's Homes**

**The Need: Millions of Americans are at Risk of Eviction and Homelessness**

Congress needs to act now to prevent low-income families from losing their homes as a result of the housing crisis and recession. One in ten homeowners with a mortgage is either behind at least one payment or already in foreclosure. About 2.2 million foreclosures were initiated in 2008, and even more foreclosures are projected in 2009. Just as troubling, nearly one in five homeowners owes more on their mortgage than their homes are currently worth.

Renters are the unseen victims of the foreclosure crisis. As much as 40 percent of families who lost or could lose their homes are renters. Many never knew their homes were in jeopardy and faithfully paid their rent. The owners, however, had not made their mortgage payments, leading to foreclosure and the tenants' eviction. Evicted renters are unlikely to get their security deposits refunded and face unexpected relocation expenses. If they live paycheck to paycheck, they are at high risk of becoming homeless.

**Our Proposal: Investing in Housing Will Prevent Homelessness and Create Jobs**

**Protection for Renters:** Congress should provide \$2 billion for state grants to assist renters who are victims of foreclosure and to alleviate the current surge of homelessness. The assistance would help cover security deposits, first and last month's rent and services to find safe and affordable housing. In addition, tenants should have 90 days notice before being evicted because of foreclosure, and should have special protections if they are using a federal voucher to subsidize their rent.

**Public Housing Assistance:** Because of chronic under-funding of public housing maintenance, there is now a \$32 billion backlog of capital projects and inadequate operating funds. Congress must reduce that backlog, or more affordable rental units will be lost. Investing in public housing maintenance will also create jobs. Public housing units should be preserved through a \$5 billion increase in the Public Housing Capital Fund and through \$3 billion for HUD- and Rural Housing Service-assisted project-based housing.

**Rental Housing Vouchers:** Even before the current downturn, 4.8 million poor families were paying more than half their income for rent. Congress should provide 200,000 rental housing vouchers under the Section 8 program in FY 2009, followed by another 200,000 in FY 2010. These vouchers, at a 2-year cost of \$3.6 billion, will help maintain the supply of affordable housing.

**National Housing Trust Fund:** The new National Housing Trust Fund is intended to increase the supply of affordable housing. The funding (to come from Fannie Mae and Freddie Mac) has been delayed by a year. Therefore Congress should provide two years of funding for the Trust Fund, at \$5 billion a year.

**Help for Homeowners:** Low- and moderate-income homeowners facing foreclosure should be able to renegotiate the terms of their mortgage as part of a bankruptcy proceeding. Congress should enact the Emergency Home Ownership and Mortgage Equity Protection Act of 2007 (H.R. 3609) to enable courts to reduce the mortgage principal or make other adjustments.

**Disaster Relief:** Despite damage from Hurricanes Katrina and Rita, Alabama did not receive any of the Community Development Block Grant funding that was distributed to Louisiana and Mississippi. Disaster relief for Alabama should be provided through \$110 million in Community Development Block Grant funding to help pay for ongoing emergency housing needs.