



NEWS FROM HOME

Winter 2009

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Foreclosure Myths

As the foreclosure crisis continues and the economy falters, people are afraid and fear leads to the human inclination to blame someone. There is more than enough blame to go around, but the trend to blame the victims of foreclosure for the financial mess is not based in fact.

HOME has a 3-year grant from United Way to help people in danger of losing their homes to foreclosure. In the hundreds of homeowners we have helped, the majority were able to handle the mortgage payments before they started adjusting skyward. These are not people who bought more house than they could afford. Their homes are modest with original payments of around \$700 a month. By the time the families come to us they are struggling to make adjusted payments of over \$1300. Sometimes we are able to convince the lenders to modify the loans back down to fair levels. The lender still has a profitable loan; the homeowner can manage the monthly payments, and the neighborhood is not left with another vacant foreclosed property.

Contrary to the assumptions, most of these people were NOT poor credit risks. They qualified for a good prime loan, but got sold a bad loan by a lender or mortgage broker who made more money on the subprime, high-cost loans. A report by the Wall Street Journal found that 61% of the people who ended up with subprime loans had credit that qualified them for a prime loan. Their only fault was trusting their lender and not realizing that the friendly mortgage broker, like a used car salesman, made more commission on the expensive products and

was under no obligation to let you know you qualified for something less expensive.

Unfortunately as these bad loans are working their way out of the system either through foreclosure or with loan modifications, unemployment is rising. This year we are beginning to see more families who have fair loans, but have lost their job and can no longer keep up with the payments. It is important that the government find ways to keep families in their homes. HOME has joined Legal Aid and other organizations in asking Ohio for a 6-month

moratorium on foreclosures to give people an opportunity to recover their financial footing and to see whether they are eligible for the new Federal programs being developed.

Another myth making the rounds is that the Community Reinvestment Act (CRA) is responsible for the banks making bad loans. The CRA is a law passed 30 years ago requiring banks subject to government regulation to extend credit to low and moderate income communities, in accordance with "the safe and sound operation of such institutions." The irony of blaming

the CRA for the current financial crisis is that 75% of all loans that have been foreclosed were made by unregulated sub-prime mortgage companies that were not subject to the Community Reinvestment Act. The large banks that were regulated under the CRA did not make the bad loans. The disintegration of sound underwriting standards was not the result of the CRA, but was overwhelmingly the product of a lack of regulation of sub-prime lenders and mortgage brokers, and the advent of "securitization" of mortgage loans.

Ohio Needs a 6-month Moratorium on Foreclosures

- There will be 8,000 foreclosures in Hamilton County in 2009, and 80,000 in the State of Ohio.
- There are only a handful of Legal Aid lawyers, volunteer attorneys and housing counselors who are working to save families who are facing foreclosure. Most homes can be saved through mortgage relief and loan renegotiation, but we need time.
- Federal mortgage relief is on the way from Washington, but we need time for Ohio families to be able to take advantage of the new programs.

Ask your state representatives to place a 6-month moratorium on foreclosures to give us a chance to keep families in their homes.

Program Notes

- Education & Outreach Coordinator Deb Jetter will be traveling to US Army bases to conduct fair housing training for staff of Picerne Military Housing in 2009. Picerne, a private property management company for military base housing, contracted with HOME to train all its employees.
- HOME receives funding from HUD to audit new multifamily buildings to see whether they meet the fair housing guidelines for accessibility. Tony Baize, former director of the Louisville Fair Housing Center, is working with HOME part-time on the design and construction audits.
- HOME received 100% on the HUD evaluation of its fair housing compliance program in 2008. Because of the perfect score, the HUD performance-based grant was automatically renewed for 2009.
- Short outreach presentations on housing discrimination topics can be arranged by calling Tiara Newbill at the HOME office.



- The First Suburbs project continues in 2009 with HOME staff member JoAnna Mitchell Brown working with the Village of Golf Manor on a housing plan for the community. The project is funded by United Way and is conducted in partnership with the Hamilton County Regional Planning Commission.

Homeless Prevention for Tenants

HOME receives many calls from tenants about housing problems that are not illegal discrimination. The Fair Housing staff is able to provide some information and referral, but was frustrated by the lack of referral options. With the help of a \$25,000 grant from the Greater Cincinnati Foundation, we are now able to help tenants find solutions to stay in their homes. HOME has requested United Way support to continue the program at the end of the foundation grant.

Rental housing for low and moderate-income families is often unstable. Small disputes between tenant and landlord or between neighbors easily can result in loss of housing. Often the tenant leaves in frustration when necessary repairs are not made. HOME works with families in danger of losing their housing, providing information on housing rights and advocacy with landlords, with the goal of keeping the family in the home. When money is the issue, HOME may be able to negotiate with the landlord or help the tenant find emergency rental assistance. Some disagreements can be resolved through the Housing Me-

diation Service, a joint project of HOME, the Apartment Association, and the Real Estate Investors Association (REIA).

One recent example shows how just a phone call by a third party can sometimes resolve a problem. A man called HOME when he and his child faced eviction from their apartment because he had recently lost his employment. Just as he found another job and had enough money to pay the back rent, he received an eviction notice. He contacted the landlord, but she was upset, refused to accept his rent and wouldn't listen to him. HOME's Nicole Kelch called the landlord and explained the client's situation. Once she understood the circumstances, the landlord was willing to accept the back rent and work with the family, saving them moving expense, stress, and a likely school change.



HOME Clients



Bill Hanks (left) helped the Chambers save their North Fairmont home from foreclosure.

Foreclosure Prevention

Mr. and Mrs. Chambers purchased a modest home in North Fairmont in 1986. They raised their children there and almost had the house paid off when they refinanced to provide capital for Mr. Chambers to start a small business. The new loan had an adjustable rate. When the Chambers called HOME's Foreclosure Prevention Program, they were behind on the mortgage and were frustrated with trying to straighten out the escrow account. Taxes were being paid twice and loan payments were not being credited. They would spend hours on the phone with the bank only to be transferred back and forth. HOME was able to intervene to untangle the escrow account and negotiate a fair loan modification. The Chambers are now current and able to handle the mortgage payments.

Discrimination Against Families with Children

A young woman who was pregnant called HOME. She had applied for a one-bedroom apartment and the landlord said he wouldn't rent it to her because it would be too small for her when she had the baby. HOME testing showed he would not rent to a single parent and child saying it was "too small", but would rent to an adult couple. A fair housing complaint was filed based on discrimination against families with children. The case was settled for a confidential amount. (The new baby attended the settlement negotiation.)

Racial Discrimination

An African American woman called HOME saying she had applied at a suburban apartment complex and felt she was getting the runaround. HOME sent Black and White testers to the complex and found that Blacks were quoted higher rents. The property management company claimed it was not discrimination. They just offer a lot of specials to attract tenants and the specials change often. However, HOME testing showed that Black applicants were never offered the specials while White testers on the same day within the same hour were offered significant discounts. A complaint was filed and the client settled for a confidential amount.

HOME is a United Way Agency Partner . . .

understanding what matters and sharing in the goals for improving the community and the lives of the families who call our community home.



National Fair Housing News

Coinciding with the 40th anniversary of the passage of the Fair Housing Act in 1968, the Leadership Conference on Civil Rights partnered with the Lawyers' Committee for Civil Rights Under Law, NAACP Legal Defense & Educational Fund, and the National Fair Housing Alliance to create a national, bipartisan fair housing commission. The Commission held hearings across the country in 2008 and in December released its findings and recommendations in a comprehensive report. See www.civilrights.org/publications/reports/fairhousing.

A national media campaign promoting integrated living is called A Richer Life. Advertising materials that appeared in magazines and on radio stations are available at the website www.aricherlife.org. "Encourage and accept diversity in your neighborhood and community. It will promote a greater sense of engagement, better prepare your children for the global community they will inhabit... give us all a richer life." The campaign is sponsored by State Farm Insurance and the National Fair Housing Alliance.

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Your United Way Agency Partner

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Know Your Rights!

- If a landlord refuses to rent, or requires a higher deposit, or limits where your family can live, it may be discrimination.
- If you feel that you and your family have been discriminated against concerning housing rentals or sales, call:



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(513) 721-4663

www.cincyfairhousing.com

Housing discrimination based on:

- Race/Color • Sex • National Origin
- Religion • Disability • Children

IS ILLEGAL!

