



## **Key Findings from Nonprofit Housing Leaders Opinion Survey / October 2011**

*Directors of Chicago's leading nonprofit agencies dealing with housing issues were asked to complete this survey designed by The Pierce Family Foundation. The survey focused on issues and solutions relative to the current foreclosure crisis. Sixty nonprofit leaders completed the survey, each representing a different agency engaged in work related to some aspect of housing, such as housing counseling, community development, homelessness, housing policy, etc.*

*The Pierce Family Foundation, which supports organizations that address homelessness, developed the survey in order to gather perspectives on strategies that could help families in need, and to highlight what housing leaders believe might help address the foreclosure crisis. The survey gauges the opinions of individuals who are at the very frontlines of dealing with the housing crisis and its human consequences.*

### **Summary**

Survey respondents describe a future in which both foreclosures and building vacancies will continue to increase and where individuals affected by the ongoing mortgage crisis are best helped through direct assistance in the form of principal reduction and rental assistance.

Much in the survey speaks to how nonprofits are working to turn one of the consequences of the foreclosure situation-- vacant buildings-- into part of the solution to the affordable housing crisis.

When asked what they see ahead, 96% said they anticipate households seeking affordable rental housing after foreclosure, which was the issue of greatest concern to the most number of organizations.

In order for the growing number of abandoned and vacant properties to be repositioned and made available to renters (and former homeowners) who so badly need affordable housing, nonprofit housing leaders will need the necessary financial and legal supports to do that repositioning.

### **In the next 1-2 years, what do you see ahead relative to foreclosures in the six-county Chicagoland region?**

The responses paint a grim picture, describing some of the longer-term consequences of the ongoing crisis.

- 77% of respondents expect to see an increase in completed foreclosures and 82% expect to see an increase in underwater borrowers walking away from their homes.
- It follows that 85% of respondents also expect to see the number of vacant and abandoned properties increasing; 97% expect an increase in the number of

households seeking affordable rental housing, and 89% expect to see more families having to double up.

- Respondents believe that some of the mortgage crisis' original contributing factors, such as predatory loans and lenders walking away from foreclosed homes, will simply continue at current levels or even decrease but they do not expect to see these increase.
- Only 66% of respondents thought that unemployment contributing to foreclosures would increase in the next couple years --and yet in the subsequent question (#3), unemployment ranked as one of the top concerns for organizations. Whether or not current unemployment levels rise, respondents identified unemployment as an obstacle to individuals keeping their homes and/or finding affordable rental housing as a pressing issue that needs to be addressed. This is reinforced by responses to question #8, where respondents name continued unemployment as the greatest obstacle to advancing any strategies they might pursue.

**In the next 1-2 years, what do you see as the TOP THREE issues of concern to you or your organization?**

Responses to this question reflect not only the most pressing issues associated with the mortgage crisis, but also with the larger problem of affordable housing.

- 66% of respondents said that households seeking affordable rental housing after foreclosure was a pressing issue of concern. 61% named the number of vacant and/or abandoned properties and 48% named unemployment/loss of income contributing to foreclosures.
- Issues surrounding lending practices, lenders and/or borrowers walking away from homes, or even the actual number of foreclosures are of less concern to these organizations.

**What needs to happen to curb foreclosures and reduce the number of vacant buildings in the Chicago region to improve the housing market moving forward?**

**Please rank the potential impact of each of the following strategies for foreclosure prevention.**

- A majority of respondents (70%) said that principal reduction on delinquent mortgage loans would have the greatest potential impact. In fact this strategy was the only one that a majority of respondents believed would have "great" impact. An additional 24% of respondents said that principal reduction would have "some" potential impact. Of all the strategies listed in the survey this strategy represents the most direct form of financial support to individuals.
- Other strategies described by a majority of respondents as having "some" potential included: providing incentives for homeowners not to walk away from their

mortgages, lenders and government splitting principal write downs on delinquent loans, and allowing judges to restructure loans.

- Strategies that focused on the lending process (such as a streamlined loan modification process, financial literacy programs, or outreach events), rather than economic supports, were more often viewed by respondents as having less potential impact. An even number of respondents thought that consumer education had “some” impact or “less” impact but none felt that it had “great” potential.
- One respondent commented that the effectiveness of these programs and strategies all “depend on implementation, enforcement, and availability”. Another respondent commented that employment (although it was not listed as a strategy) would be the “most significant boost” to slow the foreclosure crisis.

**Please rank the potential impact of each of the following strategies for vacant building security and maintenance.**

- The most popular strategy, or at least the one seen as having the greatest potential by the largest number of respondents (68%), was the vacant building court call intended to transfer ownership on vacant buildings more quickly.
- Overall respondents felt that a combination of code enforcement and an acceleration of the processes for securing and transferring ownership are the strategies with the greatest potential.
- Although data and building registration initiatives were viewed as having “some” value only a minority of respondents felt they had “great” value.

**Please rank the potential impact of each of the following strategies for repositioning vacant properties.**

- Respondents believe that the strategies with the greatest potential impact involve pressing lenders to donate properties to nonprofits for rehab and rental, or resale (69.2%); the conversion of properties for scattered site rental housing (65.4%); and more funding and low-cost capital for the purchase and/or rehab of vacant properties (66%). All of these strategies focus on turning one of the consequences of the foreclosure--vacant buildings--into a solution to the affordable housing crisis.
- Almost 75% of respondents agree that the strategy with the greatest potential impact is providing rental assistance or emergency utility payments to bridge gaps for households seeking rental housing and 94% agree that such assistance can have either “great” or “some” potential.
- 60% of respondents indicated that the demolition of low-value assets would not have a great impact on repositioning vacant properties. They were also skeptical that holding the properties in a land bank would work, with 34% saying this strategy has less potential to impact the issue and only 46% felt it had “some” potential.

**What are the obstacles preventing the kinds of strategies or advances noted above?**

- The greatest obstacles to advancing these strategies are a mix of continuing unemployment (86% of respondents named this as the primary obstacle), and a lack of leadership and will at the federal level (59.6%) as well as by lenders themselves (66.7%).
- Lack of will and or leadership at the federal level was seen as a much greater obstacle (59.6% named as greatest obstacle) than leadership at the city level, which was chosen as “greatest” obstacle by only 7.3%.
- Lack of funding to support ideas coming to scale was also cited as either a great obstacle or somewhat of an obstacle by respondents (together, 97%).
- Many of the commonly cited problems we hear about relative to the mortgage crisis, such the backlog of foreclosure cases, a lack of consumer confidence, and fear around appraisal scrutiny leading to undervalued properties, are perceived by respondents as being only “somewhat” or “lesser” of an obstacle.