

September 22, 2008

The Honorable Nancy Pelosi
The Honorable Harry Reid
The Honorable Barney Frank
The Honorable Chris Dodd
The Honorable Mitch McConnell
The Honorable John Boehner
The Honorable Spencer Bachus
The Honorable Richard Shelby

Dear Members of Congress,

The unprecedented financial crisis we face as a nation has many causes, and as you take another step to address the situation, we urge you to also take action to protect one group of victims who had no role in creating the crisis—tenants in foreclosed properties.

A report recently issued by the National Low Income Housing Coalition provides strong evidence that the mortgage foreclosure crisis extends well beyond homeowners in single-family homes. For example, the percentage of renters whose homes are threatened by foreclosure is estimated to be 45% of the total homes in foreclosure in four New England states. In most states, these innocent tenants have few protections and many have been summarily put out of their homes after the foreclosure.

As the federal government acquires millions of troubled mortgages, it must act responsibly with respect to the management of these troubled loans. Responsible management must, at a minimum, include actions to avoid disrupting the lives of those who have no way to protect themselves. Renters often have no idea their home is about to be foreclosed. Moreover, depending on state law, renters in foreclosed properties may be evicted with limited notice, forcing families to move quickly and increasing the number of vacant properties in neighborhoods.

We urge you to include provisions similar to those of H.R. 5963 and S. 3034 in any legislation authorizing the Secretary of Treasury to purchase mortgage-related assets. These bills would provide that for every foreclosure after the date of enactment, if the current occupant is renting the property, the entity that takes ownership of the property in foreclosure must honor the lease of the current leaseholder and provide at least 90 days notice prior to terminating the tenancy. The bills also would provide specific protections for Section 8 voucher holders who are particularly vulnerable if their tenancy should be terminated unexpectedly.

The authority requested by the Treasury will put hundreds of billions of taxpayer dollars at risk and provide relief to many of the institutions responsible for creating the crisis. It is incumbent that our leaders look for opportunities to address the impact of the crisis on innocent victims as you provide relief to others.

Sincerely,

American Association of Homes and Services for the Aging

Center for Community Change
Center for Responsible Lending
Coalition on Human Needs
Corporation for Supportive Housing
Council of Large Public Housing Agencies
Housing Assistance Council
Jesuit Conference USA
National AIDS Housing Coalition
National Coalition for Asian Pacific American Community Development
National Coalition for the Homeless
National Fair Housing Alliance
National Health Care for the Homeless Council
National Housing Conference
National Housing Law Project
National Housing Trust
National Law Center on Homelessness and Poverty
National Policy and Advocacy Council on Homelessness
National Urban League
Network: A National Catholic Social Justice Lobby
United Way of America