

# ST. LOUIS RECEIVES NLC'S MUNICIPAL EXCELLENCE AWARD FOR WORK TO END FORECLOSURES

By Angela Conley and Kara Bowlin

In 2008, the possibility of foreclosure was becoming a scary reality for many homeowners in St. Louis and across the country. And while the city of St. Louis - a 62-square-mile stretch containing the metropolitan area's urban core - was not feeling the effects of foreclosure as strongly as some neighboring counties or states, the impact of foreclosure was nevertheless being felt and seen. Determined to help St. Louisans stay in their homes, St. Louis Mayor Francis Slay developed a program that relied on early, proactive intervention. His program kept residents in their homes and off the streets.

Foreclosures, of course, have a devastating effect on individual homeowners and their impact can be felt on neighborhoods and a city's economy as a whole. Foreclosed property can result in a loss of tens of thousands of dollars due to unpaid property taxes, diminishing surrounding property values, reductions in a family's net worth, and costly renovation expenses required to make abandoned foreclosures habitable again. Foreclosures also cause damage to a neighborhood's image and residents' peace of mind. Furthermore, they can cause severe disruption in family life,



St. Louis Mayor Francis G. Slay holds a press conference March 11, 2008, to announce the formation of the St. Louis Alliance for Homeownership Preservation (shown from left to right) are Karen Wallensak, Catholic Charities; James Buford, Urban League of Metropolitan St. Louis; Angela Morton Conley, Affordable Housing Commission; Mayor Slay; Malik Ahmed, Better Family Life; Gregory F.X. Daly, Collector of Revenue; and Lewis Reed, President of the Board of Aldermen.



A family whose home was saved from foreclosure through the efforts of the St. Louis Alliance for Homeownership Preservation poses for a photograph outside their north St. Louis City home.

causing children to be uprooted from schools, interrupting their learning and separating them from friends and family. And, in many cases, foreclosure is the prelude to homelessness.

Although St. Louis was already working to keep people in their homes, more had to be done to protect homeowners and halt the negative effects foreclosure had on the City. In 2008, the city of St. Louis' Affordable Housing Commission was already providing grants and loans to several agencies that were involved in assisting families in danger of homelessness or foreclosure. Mayor Slay saw no point in these agencies working independently from each other toward the same goal, so he challenged them to work as a coordinated group in order to help homeowners in the City avoid foreclosures.

The agencies accepted Mayor Slay's challenge - and soon, Better Family Life, Inc., Catholic Charities/Housing Resource Center, ACORN, The Urban League of Metropolitan St. Louis, and Beyond Housing, Inc., formed the St. Louis Alliance for Homeownership Preservation. The group officially began operating in March 2008 to provide necessary, cost-effective assistance as a "one-stop shop."

But, before the Alliance of Homeownership Preservation could begin

its mission, it needed resources. The Affordable Housing Commission awarded the Alliance \$250,000 from its Affordable Housing Trust Fund, and the City's board of aldermen approved an additional \$250,000 from general

revenue to successfully launch the program for its first year. These general revenue funds were limited to direct client financial aid use only. Together, with the direct financial aid funds from the Commission's original award, these general revenue funds created a pool of \$350,000 that participating agencies could use to pay up to \$1,500 per client for delinquent mortgage, insurance payments or fixed-rate refinancing costs for families needing cash assistance in addition to counseling. However, money could only be given when the agency believed that the family could retain ownership once these one-time funds were spent. The Department of Housing and Urban Development (HUD) provided funds to use only for counseling and could not be used to provide any direct payments on behalf of the homeowner.

"Many homeowners in danger of foreclosure can make it if they just "catch up" with past-due mortgage payments, or if they can cover the cost of refinancing at a fixed rate," said Angela Morton Conley, director of the City's Affordable Housing Commission. "However, successful outcomes were virtually impossible when counselors were faced with difficult loan officers or outstanding payments too great for the homeowner to satisfy personally. That's when city funds augmented Housing and Urban Development counseling dollars and made a critical difference in cases that could not be resolved simply by loan modification."

The Alliance for Homeownership Preservation set income requirements when it came to dispersing the one-time grants. Because the program is designed to serve low- and moderate-income families, all families receiving assistance must have incomes no greater than 80 percent of the City's median income, which is \$38,000 for a single person or \$54,300 for a family of four.

In addition to meeting income requirements, the members of the Alliance met to develop a list of more than 12 criteria for participation and receipt of financial aid. Financial aid could only be provided if the family could demonstrate a capacity to live within a budget and make on-time mortgage payments in the future. When possible, counselors sought work-out agreements requiring no monetary assistance in order to save the available dollars in the financial

aid pool for families who needed financial help the most. Families were always first encouraged to bring their own funds to the table to pay arrearages.

To ensure that they would have the future ability to make smart financial choices, clients were required to attend a three-hour financial literacy or money management tutorial offered by the Alliance for Homeownership Preservation. They also were required to attend four, quarterly, face-to-face meetings with a counselor.

Success of the Alliance for Homeownership Preservation has been impressive but hard fought. Factors such as job stability and lender cooperation were outside of the Alliance's control, and it soon became clear that the







**St. Louis Mayor Francis G. Slay and Angela Morton Conley, executive director of the City's Affordable Housing Commission, proudly display the National League of Cities Award for Municipal Excellence.**



**As a condition of receiving financial assistance, clients must attend budget counseling and financial literacy classes to prevent future budget crises. Here, a counselor at one of the agencies provides training in budgeting and financial literacy.**

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process of modifying loans was slow and often frustrating as loan officers across the country buckled under the pressure of enormous case loads.

In a few situations where the Alliance determined that foreclosure could not be prevented, agencies assisted the households in relocating to a rental home to avoid homelessness and the stress associated with being forced out of the residence.

Nevertheless, the Alliance persevered. At the end of the Alliance's first full year of operation, 976 families had received initial case management and counseling, and 428 of those families had preserved homeownership. Of the additional 548 families, 472 remained in the system awaiting answers from lenders and attending on-going counseling sessions. From March 16, 2009, to December 30, 2009, an additional 464 families were saved from foreclosure, making more than 880 total homes saved since the project's inception.

The City continues to buck the trend of the growing numbers of homes lost to foreclosure. *The St. Louis Post-*

*Dispatch* reported that RealtyTrac, a national real estate monitoring firm, released data suggesting that foreclosure rates across the country jumped an average of 9 percent for the first quarter of 2009 from the same time the previous year. However, the St. Louis Metro area reported a 3.2 percent decline in foreclosures from the fourth quarter of 2008 and a 15.7 percent drop from the same quarter the previous year. The city of St. Louis's tax assessor documents a similar decline in numbers through December 2009.

"The work of the St. Louis Alliance for Homeownership Preservation has meant a great deal to both our citizens and the city of St. Louis," said Mayor Francis Slay. "Working in partnership with the City, the Alliance has helped more than 800 families save their homes from foreclosure through counseling, intervention and financial support since the program's inception in March of 2008. This means that our neighborhoods are more stable, more of our families have remained intact, and homeowners have preserved their dignity."

Thanks to Mayor Slay's call to action and the Alliance for Homeownership Preservation's hard work, St. Louis is honored to be one of eight cities selected to receive the 2009 Award for Municipal Excellence at the National League of Cities' Congress of Cities & Exposition in San Antonio, Texas. The awards for Municipal Excellence recognize city programs that improve the quality of life in local communities through creative collaboration, excellence in city governance, and best practices in municipal policy. The event marked the 20th anniversary of this prestigious award.

"I'm glad to be recognized by the National League of Cities for our accomplishments," said Mayor Francis Slay. "But nothing feels as good as knowing that we've kept many residents in their homes." □

This article was submitted by **Angela Morton Conley**, executive director of the City's Affordable Housing Commission and **Kara Bowlin**, press secretary to Mayor Slay.