



*Testimony by Ruben D. Feliciano, Housing Analyst with The Latino Policy Forum, submitted for the March 15, 2010 public hearing on the residential mortgage foreclosure crisis - organized by State Senator Iris Martinez and City of Chicago Alderman Ray Suarez.*

My name is Ruben D. Feliciano and I am the Housing Policy Analyst at the Latino Policy Forum. I want to commend Chairman Suarez and Senator Martinez for their continued commitment in bringing further light to the issue of foreclosures and its impact in Chicago and throughout the state of Illinois. Latinos have been one of the groups most heavily impacted by the current foreclosure crisis. Various practices by lenders, particularly over recent years, have contributed to the disproportionate impact that the crisis has had on the Latino community.

Research shows that subprime lenders were more heavily concentrated in low income communities of color. In a study by the Woodstock Institute of seven metropolitan areas, 40% of loans by high-risk lenders were made in neighborhoods that were over 80% minority. Analysis by the Latino Policy Forum of data from the Woodstock Institute indicates that from 2007 to 2009, there were a total of 9,596 new foreclosure filings in the Chicago wards with the highest populations of Latinos. In the five suburbs with the highest Latino population, there were 12,062 filings.

Last year alone there were 4,397 foreclosure filings in the Chicago wards with the highest population of Latinos in 2009, representing an alarming increase of 148.4 percent over 2007. In the five suburbs with the highest Latino population, there were 5,734 filings in 2009, representing an increase of 103.7 percent over 2007.

The housing foreclosure crisis coupled with the economic downturn is having detrimental impacts on many of Chicago's low and moderate income neighborhoods. We have been tuning in to the alarming number of people that continue to lose their homes, falling victims to foreclosures. Homeowners that are hanging on are in an unpredictable situation as they see their property values plummet and at the same time are unable to refinance since the value of their mortgages are worth more than the actual cost of the home. This mismatch has created a delicate situation that without policy intervention will lead to more foreclosures throughout the Chicagoland area.

Not only do foreclosures affect homeowners, but it also greatly impacts renters. Many times, renters are not aware that their landlords are undergoing foreclosure proceedings. Thus, they continue to pay their rents and from one day to the next get an eviction notice from the sheriff's office to vacate their dwelling as a result of the foreclosure by the homeowner. According to The Chicago Reporter, in the city of Chicago as many as 18,300 rental households could have been affected by the foreclosure crisis. This is an alarming rate of renters impacted by foreclosures. At the same time, many of the impacted renters are low and moderate income residents that may have a hard time finding decent and affordable housing in Chicago.

The foreclosure crisis has wiped out entire family's retirement plans and is creating a situation that without policy intervention will continue its downward spiraling effect. Once again on behalf of the Latino Policy Forum we would like to commend all legislators present today and it is our hope that with today's hearing, we can have outcomes that will lead us toward recovery and the stability of our communities. Thank you.