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DEVELOPING THRIVING COMMUNITIES

TO: House Committee on Business and Labor
FROM: Emily Reiman, CEO of DevNW
DATE: March 4, 2021
RE: Follow up data from 3/3/21 committee hearing on HB 2009

Chair Holvey, Vice-Chairs Bonham and Grayber, and members of the committee:

During the March 3, 2021 House Committee on Business and Labor hearing, Vice-Chair Bonham asked for additional detail about current default rates, particularly as compared to a typical or baseline figure.

According to the US Census Pulse Survey, Oregon has 1,226,576 owner-occupied homes with mortgages (not counting the roughly 600,000 owned free and clear).

Baseline Data:

According to Black Knight data, Oregon's default rate in February 2020 was 1.9% (or roughly 23,300 homeowners), which is probably the best number to use as a baseline. Unfortunately, we don't have baseline data for household unable/unsure of whether they can make their next payment; that is new data tracked by Pulse for the first time during COVID.

Current Data:

From the Feb 3-15 Pulse Survey for Oregon:

- Homeowners in Default = 61,643 or roughly 5.0% (160% increase from baseline)
- Homeowners Unable/Unsure of Next Payment = 121,893 or 9.9%
 - Deferred – 34,306 – 2.8%
 - No confidence – 30,951 – 2.5%
 - Only slight confidence – 56,636 – 4.6%
- Worth noting: another 200,473 report only “moderate confidence” about next payment.

Areas of Concern:

1. **10% of Oregon homeowners are either actively in default or have little/no confidence** that they can make their next mortgage payment. Some in this group are making mortgage payments with their credit card or using up emergency/retirement savings, meaning each month puts them more at risk.
2. Assuming that roughly 30% of mortgages are non-federally-backed:
 - a. **over 18,000 homeowners in default are not protected by the federal moratorium** or forbearance options.
 - b. **almost 37,000 unable/unsure of their next payment who are not protected.**

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3. It appears that **only about 55% of homeowners in default are on a forbearance plan.** This points to the need for more information/counseling, and streamlined access to forbearance plans.
4. This data includes only owner-occupied housing, and **does not include small landlords who are in or at risk of default;** we don't have good data on investment properties, but we can assume that these numbers are all higher if we looked at small landlords in default or unable/unsure of their next mortgage payment.

Thank you for the question, and the opportunity to provide additional data.

- Emily Reiman

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