WASHINGTON WATCH

AMY E. BLACK AND SHANNON MICKELSON

Crisis Opportunity

Economic crisis has captured headlines worldwide. Banks have curtailed lending. Americans have witnessed their savings for education and retirement plunge. Unable to access the credit needed to sustain operations, businesses continue to lay off employees or close doors altogether. Families have no choice but to tighten their budgets and reconsider their spending and credit habits.

But another aspect of this crisis rarely captures media attention. The mortgage crisis has a ripple effect in society, and the outliers—the poor, the disenfranchised—bear the brunt of it. The wealthy may face substantial monetary losses, but they will still have plenty. The middle class may find they must accept a lower—and, perhaps, wiser—standard of living. But what about the poor among us?

Last October, Sheriff Tom Dart of Cook County, Ill., garnered national attention when he temporarily suspended the enforcement of eviction notices. His deputies found themselves facing a tragic situation—evicting tenants current on their rent, but unaware that their landlords had defaulted on loans. Refusing to be a party to removing law-abiding renters, Dart demanded new policies requiring that tenants receive notice if their landlord was nearing foreclosure.

Millions of property owners faced foreclosure last year. More than 2.3 million filings were reported in 2008, up a staggering 81 percent from the year before and accounting for almost one of every 50 housing units. Approximately 20 percent of the properties in foreclosure were rentals, while in some regions more than half were multi-family dwellings. Foreclosures affect rentals across the economic spectrum; even Section 8 properties are among the casualties. What rights do tenants have when their landlords face default or foreclosure?

Years of paying rent for the same apartment do not guarantee a family a home. In most states, foreclosure nullifies existing leases. If a property owner defaults on a loan, many banks that take possession evict existing renters, often with little or no notice. At best, leaseholders are likely to move to month-to-month agreements, with the added uncertainty those bring. Compounding the problem, evictions affect credit ratings, making it more difficult for displaced renters to enter into a new lease even though they are not at fault for the eviction. This situation inadvertently penalizes those who have done everything "right"—those who worked diligently to find shelter, faithfully pay their rent, and provide for their families' basic needs—placing them at risk of homelessness because of the misdeeds of others.

Hesed House, a shelter and comprehensive resource center for the homeless in Aurora, Ill., regularly sees the fallout from these tragedies. According to Associate Director Neil McMenamin, the mortgage crisis has an intense trickle-down effect. Before the crisis, people who had never experienced home ownership before had been marginally making their way upward. The top renters moved into ownership, thanks to plentiful and easy credit, while the top tier of those who could not previously afford housing filled the vacated rentals. As banks relaxed credit requirements, rents flattened or decreased to fill units, and many families and individuals living on the margins found homes. However, this system could not and did not last. Now the marginalized are hurt the most.

Ryan Dowd, executive director of Hesed House, notes that many of the homeless clients they serve today are not there as a result of their own mortgage problems but rather are victims of the mortgage crisis swirling around them. Some face uncertainty because of their landlords' foreclosures; others can't afford spiraling rent increases. "We're seeing people who got into the rental market marginally [now] being forced out of it….Landlords promised month-to-month arrangements—'Pay us cash, we won't put you out.' Now," says McMenamin, "we're seeing people coming in whose landlord [renegotiates] on the 23rd of the month and says, 'If you don't like it, move out.'"

How do we show compassion and work for justice in the midst of this crisis?

State and federal legislators are beginning to pay attention. Legislation introduced in the 110th Congress sought to amend the Truth in Lending Act to offer more protections for renters caught in the mortgage crisis, including provisions to lengthen notices for terminating month-to-month rentals and protecting leases after foreclosure. The bill passed in the House of Representatives but died in the Senate. A few states have enacted measures to strengthen tenants' rights, and others are considering similar legislation. Our hope is that Congress and state legislatures will do more to address these issues.

Meanwhile we can minister to those affected by the mortgage crisis, regardless of income, and seek new ways to share Christ's love and hope. We must be more creative in meeting the needs of those trapped in poverty and homelessness, recognizing the complexities of each situation while seeking holistic solutions. We also must recognize the spiritual opportunity this crisis presents. The present crisis may help evangelistic efforts to find more fertile soil and may prompt biblical teaching on stewardship, generosity, sustainable lifestyles, and the joy of fellowship when we strive for everyone to have enough (2 Cor. 8-9). More daringly, we have opportunities to imitate the early church in sharing our goods as well. ★

Amy E. Black is an associate professor of political science at Wheaton College in Wheaton, Ill. Shannon Mickelson is a senior political science major at Wheaton College. She interned at Hesed House in 2008.