

Preserving the American Dream Act

Support HB2175 (Delegate Torian)/SB1327 (Senator McClellan)

The Problem:

Homeownership is synonymous with the American dream, but too many are currently at risk of losing the home they already own.

Homeownership is central to building and maintaining wealth. Sadly, homeownership access and retention are the bedrock of racial wealth inequality in Virginia — only 48 percent of African American families in Virginia own their home compared with 73 percent of non-Hispanic White households.

According to a recent report by Harvard's Joint Center for Housing Studies, an estimated 36 percent of homeowners have lost income since the start of the pandemic. This has disproportionately impacted communities of color. In September, just seven percent of white homeowners were behind on their mortgage payments- compared to 17 percent for Black homeowners and 18 percent for Hispanic homeowners.

There are already signs of another foreclosure crisis due to the COVID-19 pandemic. The percentage of serious mortgage delinquencies among those with Fannie Mae-backed mortgages jumped 400 percent from November 2019 to November 2020. A foreclosure crisis will lead to an even greater disparity in wealth and homeownership.

HB2175/SB1327's Solution:

These bills make modest changes to Virginia's foreclosure law to help some homeowners facing foreclosure get the help they need to make their mortgage payments and protect their home:

- Require a mortgage company to give a 60-day notice period to a homeowner of a pending foreclosure auction sale. Current law only requires a 14-day notice period.
- Require that notice to include information for the homeowner on potential legal assistance and housing counselors that may be available for assistance.
- Make it less likely for low-income homeowners that a vindictive creditor will force the sale of a person's home to satisfy a medical, credit card, or other debt.

HB2175/SB1327 also preserve the least-cost entry into homeownership in Virginia: manufactured homes.

- Require localities to provide plans to maintain and improve this housing.
- Ensure residents of manufactured home communities are provided information about their rights and opportunities to have a greater say in the future of their communities.

More Information: Jay Speer • jay@vplc.org • (804) 351-5268