

# Hampton Roads Foreclosures have Risen at Staggering Rate Since 2008

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The number of Peninsula-area properties facing foreclosure mushroomed from 86 in 2006 to 2,735 in 2009, according to figures provided by RealtyTrac, which monitors foreclosure activity.

Foreclosures have climbed at a staggering rate here and nationally in the years since the housing boom and the subprime mortgage crisis that put borrowers in loans they later couldn't afford.

Nationally, foreclosures soared to record levels in 2009. The 2.8 million properties facing foreclosure in 2009 was up 21 percent from 2008 and up 120 percent from 2007.

"As bad as the 2009 numbers are, they probably would have been worse if not for legislative and industry-related delays in processing delinquent loans," James J. Saccacio, RealtyTrac chief executive, said in a news release.

Since peaking nationally in July, foreclosures decreased due to short-term factors, including trial loan modifications and "an overwhelming volume of inventory clogging the foreclosure pipeline," Saccacio said.

"In the long term, a massive supply of delinquent loans continues to loom over the housing market," he said, "and many of those delinquencies will end up in the foreclosure process in 2010 and beyond as lenders gradually work their way through the backlog."

Virginia ranked 16th-highest among states for its foreclosure rate in 2009.

Among Peninsula-area cities and counties, James City County ranked the highest in 2009 for its foreclosure rank, calculated by the number of foreclosure filings compared to the number of housing units.

In 2009, foreclosure filings were reported on 433 James City County properties. That's roughly one filing for every 65 homes, or about 1.5 percent of housing units. That ranks it 27th in the state for its foreclosure rate, according to RealtyTrac.

Newport News ranked 34th and Hampton ranked 36th out of 134 cities and counties.

The effect of foreclosures will linger, stalling a full turnaround of the real estate market, experts said. Foreclosures are helping to keep inventory levels high and to put downward pressure on prices.

Nearly a quarter of resale homes sold in December in Hampton Roads were distressed sales, bank-owned or short-sale listings. That's the highest monthly percentage of distressed sales since the housing decline started, according to the Real Estate Information Network, or REIN.

And there are more foreclosures on the way, with a wave of five-year adjustable-rate mortgages coming due, said Tom Sullivan, president of the Virginia Peninsula Association of Realtors.

"That high percentage of distressed sales will probably continue at least another quarter, maybe another six months," he said.

More people in trouble means more people are looking for help from housing counselors, such as the Hampton Roads-based Catholic Charities of Eastern Virginia.

"In the past year, we have seen a noticeably large increase. It's starting to taper down now," said Jill Simmons, a U.S. Department of Housing and Urban Development-certified financial and housing counselor with Catholic Charities.

The tapering-off could be because people facing foreclosure could be contacting their mortgage companies directly.

Simmons recommends working with a housing counselor who's already familiar with the process and can expedite a loan modification or short sale to avoid foreclosure. Catholic Charities foreclosure counseling is free, she said.

The reasons for falling behind on mortgages is changing, said Luanne Gallagher, program director for Catholic Charities' financial and housing counseling department.

At first, those seeking help were in trouble because of subprime loans. Now, the economy is taking center stage as the culprit, she said.

"We're seeing people who are in very good loans and at their previous employment had no problem, but now hours have been cut back or they lost jobs," Gallagher said.

Federal efforts to save people from foreclosure were originally available only to those with loans through Fannie Mae or Freddie Mac, but other lenders are coming on board, Gallagher said.