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Mortgage Relief Programs to End Soon

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U.S. NEWS

Mortgage-Relief Programs to End Soon

Some homeowners won't be able to pay bills when yearlong forbearance plans expire

BY ORLA MCCAFFREY

When Jen and Brian Bononi signed up to postpone their mortgage payments last April, they thought it would be for six months at most.

Close to a year later, little has changed for the couple. Ms. Bononi's autoimmune disorder makes finding another job as a social worker during the Covid-19 pandemic dangerous. And Mr. Bononi's income as a behavioral-health counselor isn't enough by itself to cover their monthly mortgage payment of roughly $2,000 on top of their other expenses.

Mortgage forbearance has been a financial lifeline for many Americans navigating the pandemic-ravaged economy, allowing homeowners to eliminate what is often their largest bill for months at a time. But the relief programs, largely designed to last a maximum of 12 months, are set to expire in the coming months, a serious challenge for borrowers who are still out of work or are earning less than they did pre-pandemic.

More than half of 2.7 million active forbearance plans are set to end for good in March, April, May or June, according to mortgage-data firm **Black Knight** Inc.

"The biggest concern in my eyes is the number of folks whose forbearance programs are going to end this spring," said Ralph McLaughlin, chief economist at Haus, a home-finance startup. "Those that were hit the hardest early on and still haven't found a job are going to be in dire straits."

The federal Cares Act passed last March allowed borrowers to postpone payments on federally backed mortgages for as long as 12 months. About 75% of U.S. mortgages are guaranteed or insured by the U.S. government, according to Black Knight. Close to one in 10 homeowners signed up for forbearance at the peak of the program's use last June.

Like other consumer-relief programs crafted during the pandemic's early, frenzied days mortgage forbearance was envisioned as a short-term fix, a way to buy time for the economy to recover and consumers to get back on their feet.

The agreement has worked for many homeowners. Some paused their payments when they were laid off, then started paying again when they found new jobs. But others are still struggling. Fewer borrowers have exited forbearance plans in recent weeks, and the share of Americans unemployed for more than six months is rising.

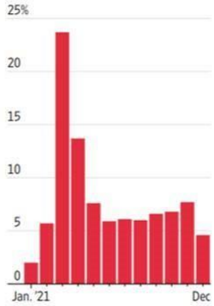
JOVELLE TAMAYO FOR THE WALL STREET JOURNAL

Jen and Brian Bononi are trying to keep their Washington state home.

Lenders are supposed to work with borrowers when forbearance plans expire, and there are rules to constrain them from making borrowers pay back all their missed mortgage payments at once if the loan is government-backed. Lenders also can offer modifications such as lower interest rates or longer terms to lower the monthly bill—but borrowers typically need to be employed to qualify for a loan modification.

"The hope is that people will be back to employment, to some form of income aside from unemployment benefits or stimulus payments, so they can qualify for modifications," said Marcel Bryar, founder of consulting firm Mortgage Policy Advisors. "If you can't get a job at the end of that forbearance, the reality is you're not going to have the income to afford even a modification because nothing would be affordable to you."

Percentage of forbearance plans expiring each month*



*The month when the plan will reach its 12th and final month.

Source: Black Knight

Many of the borrowers who are still postponing payments have Federal Housing Administration loans. FHA borrowers typically have lower incomes and smaller down payments than Fannie Mae and Freddie Mac borrowers. Job losses during the pandemic have disproportionately affected low-wage workers, including employees of the restaurants, hotels and shopping malls that have been devastated by the stay-at-home economy.

The forbearance on the Bononis' home in northwest Washington state is set to expire in April, but they don't expect to be able to restart payments then.

Ms. Bononi, 46 years old, said she hasn't been eligible for unemployment because she left her job voluntarily because of her autoimmune condition. She added that she applied for disability insurance from the Social Security Administration in 2019 but has yet to be approved.

If the payments haven't kicked in by April and the couple can't extend forbearance, Ms. Bononi, who is a graduate student, plans to take out student loans to cover the family's mortgage payments to Umpqua Bank. "It's our first home so the idea of losing it after we've worked so hard to get it would be devastating," Ms. Bononi said.

The Department of Housing and Urban Development, which sets guidelines for FHA loans, plans to announce additional relief measures for homeowners in the coming weeks

U.K. Market Is Set for a Comeback

Yoo Capital and Deutsche Finance are revamping the Olympia Exhibition Centre in west London. A rendering of how it will look after its £1.3 billion makeover.

U.K. Market Is Set for a Comeback

With Britain's EU exit completed, vaccines rolling ahead, analysts see strong '21 rebound

By Ruth Bloomfield

Britain is trapped in its third national lockdown as it battles a more contagious strain of the coronavirus. The country's economy is likely to shrink again in the first quarter. But analysts are forecasting a strong real estate rebound this year.

The biggest factor is that the U.K.'s deal to leave the European Union is finally completed, removing a political and economic uncertainty that has shadowed the market for years.

Britain's vaccination program is moving forward and economists expect growth to accelerate in the second half of the year.

The U.K.'s "settled new relationship" with Europe, plus low interest rates, will drive an uptick in commercial real-estate investment, said Miles Gibson, executive director of U.K. research for CBRE.

The real-estate-services firm forecasts £48 billion, equivalent to about $66 billion, worth of investment this year, up 30% from £37 billion in 2020.

Colliers International is a bit more bullish, predicting commercial property investment in the U.K. will accelerate by 36%.

Even last year, there were signs that demand for London offices was bouncing back.

Investors spent £5 billion in the second half of 2020, according to Daryl Perry, head of U.K. research at Avison Young.

The Singapore investment company **Sun Venture** made the biggest transaction with its £552 million purchase of 1&2 New Ludgate in the City of London, the capital's historic financial district.

Paul Williams, chief executive of property developer **Derwent London**, suggested that a two-tier office market will emerge after the pandemic. Some form of working from home will continue, but companies will still invest in what Mr. Williams describes as "long life loose fit" office space—flexible, net-zero carbon, and with plenty of staff amenities from on-site gyms to coffee shops and roof terraces.

"Our vacancy rates are very low," he said. "People want to congregate if they can."

Even if companies have fewer people in the office, each employee will require more space after the pandemic, said Stephen Clifton, head of commercial at real-estate agent Knight Frank.

"I think as a result most organizations will make some degree of space saving, but it's going to be fractional," Mr. Clifton said. "Maybe it will be five or 10%."

Analysts expect the logistics and multifamily sectors to be top performers this year, boosted by rising online shopping and housing demand. Some even foresee a comeback for the beleaguered hospitality sector, which saw investments fall by 70% in 2020 to just over £1.8 billion, according to Knight Frank.

Once the current lockdown is lifted, it will be leisure hotels in popular coastal and scenic countryside locations that will lead the recovery, said Henry Jackson, a partner in Knight Frank's hotel team.

Business travel is still sluggish, Mr. Jackson said, but hotels "will benefit from the pent-up demand from the staycation market."

The U.K. has a population of 66.65 million and only around 15,000 hotels, he added, and "everyone wants a change of scenery."

In one of London's biggest commercial real-estate projects, British investment firm **Yoo Capital** and Germany's **Deutsche Finance International** are revamping the historic Olympia Exhibition Centre in west London.

The £1.3 billion overhaul of this 1886 property will include a 4,400-person capacity live-music venue that will be run by Los Angeles-based **AEG Presents**, which promotes California's Coachella music and arts festival.

Olympia will also feature hotels managed by **Hyatt Regency** and the Dutch boutique brand citizenM.

"History tells us that post-wars and [post]-pandemics, people are social animals and quickly return to all the activities that support human society," said John Hitchcox, chairman of Yoo Capital. "People are longing to get back to normal."