



Stabilizing Urban Neighborhoods - A Unique Foreclosure Prevention Initiative

Sandy Bodner Strategic Communications LLC and Pro-Media Communications and Boston Community Capital / SUN Foreclosure Prevention Initiative, Jan 1,2013

Summary: 2013 Silver Anvil Award Winner — Marketing Consumer Services —Financial Services

The SUN (“Stabilizing Urban Neighborhoods”) Initiative is a first-in-kind foreclosure prevention program of Boston Community Capital (BCC), a community development financial institution with 28 years of experience working to stabilize and revitalize low-income neighborhoods. The program stops the displacement of families before evictions occur and prevents neighborhood destabilization caused by vacant and abandoned properties. Through SUN, BCC acquires foreclosed properties at discounted prices, sells them back to existing owners and tenants, and provides financing through 30-year fixed-rate mortgages. Since the program’s establishment in 2009, BCC has invested more than \$45 million to halt the foreclosure of 225 Massachusetts homeowners.

Marketing consumer services includes programs designed to introduce new services or promote existing services to a consumer audience.

Full Text: PROGRAM DESCRIPTION

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RESEARCH

In 2008, Boston Community Capital commissioned a series of focus groups to be conducted with distressed homeowners in Fall River, New Bedford and Boston. The goal was to gain a deeper understanding of the circumstances leading up to their foreclosures and the kinds of financial products that might help them remain in their homes. A key learning that emerged from these sessions was that reaching homeowners in foreclosure was going to be extremely difficult.

Many of the homeowners in the focus groups had tried working with mortgage companies to get a loan modification but their efforts had failed. Most of them had pursued leads that turned out to be scams and they were deeply frustrated by their inability to find information that could help them. Many of them had stopped answering the phone to avoid harassing phone calls from creditors. They had also stopped opening their mail due to the large influx of mailings reminding them of their foreclosure status. Desperate to keep their home and reduce their debt, their most successful venues for assistance took the form of inexpensive legal advice and counsel from community organizations such as ABCD, Urban League, CityLife, Plymouth Re-Development,

ACORN, and Catholic Charities.

In the course of conducting their dialogue with homeowners in the focus groups, BCC described an emerging plan to purchase houses in foreclosure and sell them back to the original owners at a mortgage they could afford. The reaction of the participants was cautiously optimistic; they were appreciative of the fact that Boston Community Capital is a nonprofit community development institution with a local Roxbury address. They understood the informational materials and the thrust of the program. The majority said that they would call back the next day to get more information.

PLANNING

In 2009, BCC raised \$3.5 million to support the development of a loan loss reserve fund; used \$10 million of their own funds for loan capital and launched the SUN Initiative near the end of the year in Boston and Revere—targeting homeowners who met a simple set of eligibility criteria—Massachusetts residents with stable incomes (including salary, retirement, social security) who are late on their mortgage payments, facing eviction or going through foreclosure. The heart of the outreach strategy was to deliver the SUN message and call to action (phone 617-933-5880, email info@SunHomeHelp.org, visit SunHomeHelp.org) through advertising and publicity vehicles and a network of community partners, and endorsements by trusted community leaders and organizations. By 2010 enthusiasm among investors enabled BCC to raise \$24 million to support the program and in 2011 additional investors, expressing a deep and abiding faith in the program's innovative approach brought the total raised to \$46.5 million.

In the first two and half years, the response to outreach efforts was modest. In 2009—SUN issued 11 loans, representing an investment of \$1.9 million. In 2010—during SUN's first full year of operation—5-10 referrals came in per week and SUN issued a total of 33 loans, representing an investment of \$6.8 million. Radio and print advertising proved especially ineffective as outreach tools. However, the program continued to grow and the tide slowly began to turn in SUN's favor in the spring, summer and fall of 2011. By year-end, SUN had made 40 additional loans representing an investment of \$8.1 million. The program was not yet running at full-speed. Still, several important events occurred that provided the all-important element of 'trust' and momentum began to build as weekly referrals quintupled to 25 to 40 per week.

- In April 2011, Ben S. Bernanke, chairman of the Federal Reserve, praised the efforts of the SUN program in his speech, "*Community Development in Challenging Times*," to the Federal Reserve Community Affairs Research Conference¹: "...a community development financial institution called Boston Community Capital is pursuing an innovative strategy to prevent occupied homes from becoming vacant and creating a strain on the community."
- CBS National News ran a segment² on July 14 2011 featuring Elyse Cherry, CEO of BCC, explaining to homeowners Monica and Mike Bassila of Randolph, MA, "*We are prepared to schedule your closing. So, you can have your home back.*"
- SUN initiated a comprehensive third-party validation campaign—leveraging four integrated strategies.
- On October 28, 2011, Cherry wrote an OP-ED published in the Los Angeles Times titled, "*A realistic fix for the mortgage crisis.*"³ She rooted advocacy for the SUN program on this foundation: *Renegotiating mortgages on foreclosed homes at a reasonable interest rate keeps people in their homes and helps neighborhoods. It is not a bailout or charity but a sustainable model that big lenders could employ.*"

EXECUTION

The third party validation campaign leveraged a combination of in-person briefings with community-based groups; provided multi-lingual materials that featured endorsements from religious organizations; community development, and mayoral officials; and extensively

promoted homeowners in local media who had successfully escaped foreclosure through the program.

EVALUATION

The full fruits of an integrated, multi-faceted validation campaign were seen in 2012 when referrals over a 12- month period averaged 131 per month and SUN issued a total of 141 loans representing an investment of more than \$28 million. A listing of these 141 mortgages appears in the evaluation section, detailing the savings that each homeowner realized for their 30 year mortgages and monthly payment. These savings are equivalent to 40 percent on average. Counting two- and three-family dwellings, the program has helped keep more than 300 families in their homes. Elyse Cherry is in the process of raising additional funds to expand the SUN program to other states.

1. Bernanke BS. *Community Development in Challenging Times. Federal Reserve Community Affairs Research Conference*, Arlington, VA. April 29 2011 Available at: <http://www.federalreserve.gov/newsevents/speech/bernanke20110429a.htm>
2. Mason A, New Program helps people avoid foreclosure. CBS News July 14, 2011. Available at: <http://www.cbsnews.com/stories/2011/07/14/eveningnews/main20079619.shtml>
3. Cherry E. A realistic fix for the mortgage crisis. Los Angeles Times. October 28, 2011. Available at: <http://articles.latimes.com/2011/oct/28/opinion/la-oe-cherry-foreclosure-20111028>

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