

Examples of Foreclosure Prevention and Stabilization Programs

Excerpted from the manual for course CB 240 "Community Organizing Strategies to Promote Homeownership, Fight Predatory Lending and Prevent Foreclosures" prepared by Doug Dylla and James Johnson, July 2008.

Empowering and Strengthening Ohio's People

Direct Action Community Organizing and Foreclosure Prevention Advocacy

Empowering and Strengthening Ohio's People (ESOP) was formed in 1993 as the "East Side Organizing Project" to organize community leadership in the Cleveland area. ESOP now works statewide and has focused its efforts in recent years around foreclosures and predatory lending. The organization is well known for having employed direct action techniques to pressure lenders to enter into non-binding fair lending agreements.

In 2002, ESOP organizers began going after lenders, servicers and mortgage brokers using creative direct action techniques. Organizers enter offices of lending institutions dressed in shark costumes and throw two-inch plastic sharks at the businesses to demonstrate their belief that the lenders are loan-sharking. The actions are designed to force high-level executives to contact ESOP to work out a memorandum of understanding stating their promise to stop predatory lending practices. The fair lending agreements also give ESOP direct access to a single authority-wielding executive that can modify loans for struggling borrowers.

ESOP has developed a Hot Spot Card (an intake form) which borrowers use to provide financial information relevant to their case and can also make suggestions to their lender for a resolution. ESOP Foreclosure Prevention Advocates use this information to negotiate a loan modification with the lender, specifically communicating in an efficient manner with the point of contact identified in the agreement.

ESOP has successfully negotiated fair lending agreements with over a dozen lenders and servicers, and helped more than 1,500 homeowners modify their mortgages in 2007. More than 50 mortgages have already been modified this year with Countrywide alone, following a year and a half struggle to arrive at a fair lending agreement with the company. ESOP is currently engaged in a campaign for a fair lending agreement with Wells Fargo Home Mortgage.

In addition to their work with lenders and servicers, ESOP has active campaigns around payday lending, vacant properties, and the practices of local developers that double as brokers.

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People United for Sustainable Housing (PUSH Buffalo)

Property Reclamation and Redevelopment

People United for Sustainable Housing was founded in 2005 by Aaron Bartley and Eric Walker with the objective of organizing residents of the West Side of Buffalo to “confront institutions that perpetuate poverty.” PUSH Buffalo is currently engaged in a direct-action campaign to reclaim publicly owned houses and redevelop them for occupancy by low-income individuals.

In 2005, PUSH Buffalo spent six months going door-to-door to complete a property survey of the city’s West Side neighborhood. The results of the survey were presented at a community forum and residents identified abandoned houses, absentee landlords, and property flipping as the most pressing concerns. Further investigations revealed that the largest holder of abandoned property is a state agency called the Municipal Bond Banking Agency (MBBA) that contracts to JER Revenue Services to manage the liens. Together, they are responsible for roughly 1,500 tax-delinquent properties in the City of Buffalo. The reluctance to lower the sales prices for the houses has resulted in the failure to sell them at auction and they remain abandoned. PUSH Buffalo’s direct action tactics aimed at holding the state accountable have included petitioning, participation in public hearings, street protests, lobbying, and performing political skits.

PUSH Buffalo initiated a new tactic in March 2008 by issuing housing violations to the City for abandoned properties. Promoting the adoption of the PUSH Housing Platform, giant citations are posted on city-owned houses throughout the West Side (orange for demolition and green for rehabilitation). The aim is to demonstrate the need for a plan with specific, numeric, achievable goals and also to educate residents about who is responsible for the properties.

The vast majority of City-owned properties remains in limbo, but PUSH Buffalo is expecting additional financial resources to rehab properties from an announcement in early June 2008 by Governor Paterson that the City of Buffalo will receive \$2 million in grants to renovate 74 homes as part of the new Block-by-Block program. PUSH Buffalo worked with another non-profit Affordable Housing Corporation to help design the program.

PUSH Buffalo has also formed the PUSH Community Housing Co-operative to acquire abandoned property, oversee rehabilitation work by local non-profit developers, and train low-income individuals to become co-op owners. The rehabilitation of their second building purchased at auction is being completed at this time.

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Take Back the Land

Direct Action Organizing and Property 'Liberation'

Take Back the Land is a project started in 2006 by the Center for Pan-African Development. Originally formed to take over a vacant city-owned lot for the creation of a shantytown for the homeless, the project now focuses on installing homeless families in foreclosed properties in Miami-Dade County.

In October 23, 2006, a group of housing advocates and homeless people took over a vacant lot jointly owned by the City of Miami and Miami-Dade County. After initially erecting tents, they built approximately 20 wood-framed structures from wooden pallets, a kitchen, two porta-potties and a shower fed by an elevated water container. Named the Umoja Village Shantytown, the settlement was intended to be a permanent neighborhood for around 50 formerly homeless individuals but was burned down after 6 months by a resident's candle.

Led by cofounder Max Rameau, Take Back the Land has refocused its efforts to place homeless families in foreclosed houses in Miami-Dade County. Families visit various vacant houses to locate a suitable one which, for example, is not full of abandoned belongings from the previous owner. After identifying the property, Take Back the Land assists the family in breaking in, changing locks, cleaning, painting, connecting water and electricity, and then moving the homeless family into the house. 'Liberating the housing,' as Max Rameau calls it, is a process that violates criminal laws ranging from trespassing to breaking and entering and requires the organization to keep a pro-bono lawyer on standby. The organization also counsels families in the risks of squatting including arrest and potential prosecution, but many families are desperate enough to take them.

Since the campaign started, only a couple of families have moved into foreclosed houses. The challenge has been the conflicting objectives of Take Back the Land: 1) to house people and 2) to bring attention to the contradictions in housing policy. Drawing attention to the campaign has also drawn the attention of law enforcement, and at least one family has already been evicted by the lender through a "cash for keys" program. At least while in the property, families have benefited from the support of neighbors who have provided connections to water and electricity in creative ways. In general, neighbors have preferred to see the houses lived in and cared for rather than abandoned and available for less-desirable activities.

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The Home Ownership Preservation Initiative in Chicago

Significant work on this issue was pioneered by Neighborhood Housing Services of Chicago (NHS of Chicago) starting in 2003. NHS of Chicago, in partnership with the city of Chicago and leading mortgage lending and servicing institutions, piloted a new model for homeownership preservation activities. Facing a rising number of both conventional and subprime foreclosures concentrated in low-income and minority neighborhoods, NHS of Chicago developed the Home Ownership Preservation Initiative (HOPI). The HOPI partners are working to help homeowners avoid foreclosures with innovative outreach efforts, delinquency counseling, loss mitigation and loan workouts. Through this effort, NHS of Chicago has helped over 1,300 families over the past three years to preserve homeownership. When foreclosure is unavoidable, the partners seek to preserve the properties as neighborhood assets. Innovations coming out of HOPI include a city-run 311 hotline to connect troubled borrowers to phone counseling; research on foreclosure-related issues; and an advisory committee with industry-led workgroups investigating further innovations.

ACORN's Efforts on Negotiating Loan Modifications

According to ACORN's Director of Housing Counseling Bruce Dorpalen, "ACORN Housing is working with 36 mortgage servicers, prime and subprime, to negotiate loan workouts and payment agreements." ACORN has teams of community workers visiting people facing foreclosure in Ohio, Michigan, Texas and Louisiana and connecting them to counselors or directly to their lenders. Team members try to negotiate affordable loan modifications, because many of their clients cannot qualify for refinances of their mortgages. In addition, continues Dorpalen, "ACORN and ACORN Housing have been working with servicers to set up best practices which reduce foreclosures, preserve the wealth of low- and moderate-income homeowners, and curb predatory lending practices."

Early Intervention Foreclosure-Prevention Outreach and Workshops

Some localities have had success developing and delivering foreclosure-prevention workshops in communities suffering high delinquency and foreclosure rates. These workshops have been most effective when delivered in cooperation with lenders who help provide targeted outreach to consumers in the early stages of delinquency. In Chicago, these workshops have also been used with borrowers with ARMs to help provide them with advance information about the potential effect on their mortgage payment after an interest-rate reset occurs. In a more advanced version of this strategy, Consumer Credit Counseling Service of San Francisco (CCCS-SF) and Self-Help Credit Union have had great success providing early-intervention, telephone-based counseling to new borrowers to prepare them for the responsibilities of homeownership and to stress the importance of making timely mortgage payments.

A Statewide Foreclosure-Prevention Initiative in Ohio

Over the past six years, the State of Ohio has had one of the highest foreclosure rates in the country causing untold harm to families and communities across the state. Starting in 2005, twelve nonprofit organizations in Ohio formed a statewide coalition to share best practices, align efforts and leverage their strategic partnerships to achieve a common goal of reducing foreclosures among low- and moderate-income families across Ohio. In 2006, the state Office of Housing and Community Partnerships (OHCP) funded this initiative with a three-year, \$3 million commitment to do statewide outreach to consumers, promote a 24/7 hotline for telephone-based counseling to consumers, expand local counseling services for foreclosure prevention, and offer small grants (up to \$3,000) to assist homeowners in foreclosure with “home rescue” funds. A statewide marketing effort was launched to promote the 888/995-HOPE hotline to provide free telephonic counseling to consumers facing foreclosures. This outreach campaign produced 10,488 calls to the HOPE Hotline from Ohio with 3,102 callers completing telephonic counseling sessions. Over the past two years, the initiative assisted 3,972 families with foreclosure prevention counseling and 1,073 families were able to avoid foreclosure.

Baltimore Homeownership Preservation Coalition

The Baltimore Homeownership Preservation Coalition (BHPC) has 81 members representing 63 organizations, including banks, nonprofits, realtors, foundations, state and local public agencies. Four foundations, the Abell Foundation, the Annie E. Casey Foundation, the Goldseker Foundation, and the Baltimore Community Foundation, have taken leadership roles in this effort.

According to Laurie Latuda, Program Officer from the Goldseker Foundation, “BHPC and its members have been on the forefront of finding short and long term solutions to the lending and foreclosure crisis for Baltimore and the State of Maryland. As a result, its impact on the foreclosure issue is broad and far reaching.” BHCP has completed two studies of foreclosure trends; one in Baltimore City (September 2006), and another throughout the state of Maryland (February 2008). In addition, the coalition launched a public awareness “Every Minute Counts” campaign in September 2006 and a second outreach effort with the theme “Mortgage Late? Don’t Wait!” The campaign included ads on radio stations, billboards and buses. BHPC was also able to attract \$1 million in funding for local nonprofits to expand their foreclosure counseling services in 2007.