

# Innovative Strategies for Mitigating the Foreclosure Crisis and Stabilizing Communities

**Thomas Bledsoe**

*Housing Partnership Network*

**Brandee McHale**

*Citi Foundation*

The foreclosure crisis has been devastating to neighborhoods. Homes have been abandoned and fallen into disrepair, families have been displaced, and community anchors have been uprooted. The numbers are staggering. Since the crisis began in September 2008, approximately 4.5 million homes have been foreclosed, with roughly 2.1 million homes still in serious delinquency as of August 2013.<sup>1</sup> Throughout, high-capacity, entrepreneurial nonprofit organizations have developed innovative solutions to stem the tide of foreclosures and stabilize affected communities.

Working closely with public- and private-sector partners, nonprofit organizations have helped families and communities address the profound challenges and disruptions precipitated by the subprime mortgage crisis and subsequent Great Recession. An example of this collaborative model is the Innovations in Neighborhood Stabilization and Foreclosure Prevention Initiative launched by the Citi Foundation and the Housing Partnership Network (HPN), a business collaborative of the nation's leading housing and community development nonprofits.

In 2011, the Citi Foundation awarded HPN a \$2.75 million grant to fund a two-year initiative that HPN had created to identify the most innovative and promising solutions to the foreclosure crisis among HPN members. Through a competitive proposal process, an advisory committee composed of HPN staff and external housing experts selected 12 member organizations, representing 10 separate projects, to participate in the initiative.<sup>2</sup> The goal: to seed emerging models for helping low- to moderate-income families successfully navigate the foreclosure crisis. The Innovations Initiative advisory committee selected participants on the basis of their potential to leverage external resources, effect lasting and transformative change, achieve scale and replication, and inform housing policy recommendations through their programs.

During the next two years, the 12 organizations used the funding to expand existing initiatives or launch entirely new enterprises to address the foreclosure crisis. Throughout,

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<sup>1</sup> CoreLogic, "National Foreclosure Report" (Irvine, California, August 2013).

<sup>2</sup> Atlanta Neighborhood Development Partnership, Boston Community Capital, Cleveland Housing Network, HAP Housing, Housing Development Fund, Mercy Housing Lakefront, Neighborhood Housing Services of Chicago, Neighborhood Housing Services of New York in partnership with the Long Island Housing Partnership and the New York Mortgage Coalition, NHT/Enterprise Preservation Corporation, and Project for Pride in Living.

HPN worked as a partner with the organizations as they developed and refined interventions and strategies that could have a broader impact in practice and policy.

The following five articles, which comprise the first section of this issue of the *Community Development Investment Review*, were authored by representatives from the 12 organizations as well as HPN. They highlight lessons learned from the two-year initiative and provide a prospective look at strategies for replicating and expanding neighborhood stabilization programs.

- “Policy Lessons from the Neighborhood Stabilization Innovations Initiative” highlights the practitioner experience of the 12 participating organizations and the implications for policymakers.
- “Targeted Neighborhood Stabilization: Lessons in Resilience in Weak Market Cities” spotlights the added stress of the foreclosure crisis in weak-market cities, and explores the role of housing nonprofits in implementing targeted stabilization strategies to help buttress neighborhoods against future economic stressors.
- “Scaling Social Enterprises: Flexible Responses for Neighborhood Stabilization” discusses the rationale and effectiveness of utilizing social enterprise models to advance neighborhood stabilization activities, and how expanding their scale offers a flexible, low-subsidy response to the shifting marketplace borne out of reduced government resources and the ongoing foreclosure crisis.
- “Rethinking Tenure: Building a Diverse Landscape of Affordable Housing Options” explores the potential of rental, lease-purchase, and ownership tenure strategies to preserve the existing stock of one- to four-unit housing that serves low- and moderate-income families and makes up the fabric of many neighborhoods.
- “Strengthening Neighborhood Stabilization: Refining Business Models for Housing Counseling” advocates for developing new business models that embed homeownership advising and education within the home mortgage process, both pre-purchase and post-purchase, to increase the stability of individual homeowners.

In April 2013, at the conclusion of the funding period, HPN and the Citi Foundation convened a meeting in Washington, DC, where the 12 organizations presented their findings to an audience that included government officials, funders, foundations, other practitioners, and policymakers.

Although the Innovations Initiative brought to light several blueprints for expanding interventions, the work continues to develop and replicate strategies that stabilize neighborhoods, and to shape new policy responses to the issue.

*Thomas Bledsoe is president and CEO of the Housing Partnership Network, a business collaborative of the nation’s leading housing and community development nonprofits.*

*Brandee McHale is chief operating officer of the Citi Foundation, which supports the economic empowerment and financial inclusion of low- to moderate-income people in communities where Citi operates.*