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National Collaboration Turns Foreclosures Into Opportunities

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Abandoned Properties Converted into New Housing in 100 Localities

WASHINGTON, Aug. 27 /PRNewswire-USNewswire/ -- In an unprecedented move, leaders from the nonprofit sector, philanthropic community, financial industry and government have joined forces in creating a highly innovative and effective approach to reclaim neighborhoods devastated by high concentrations of foreclosed and abandoned property.

The National Community Stabilization Trust ("Stabilization Trust"), a new nonprofit organization, will help re-knit the fabric of neighborhoods torn apart by the high levels of foreclosed and abandoned property, property disinvestment, plummeting housing prices, and low resident confidence. This is being accomplished by providing local government and local housing providers with two critical services that are currently missing to effectively stabilize neighborhoods: easy access to foreclosed properties and access to flexible financing to renovate these properties.

The Stabilization Trust will facilitate the transfer of foreclosed property from the many financial institutions that own or manage these properties to locally designated community housing providers who will renovate the housing for new homeowners and renters. This effort will help speed use of \$6 billion in new federal Neighborhood Stabilization Program resources that the U.S. Department of Housing and Urban Development (HUD) is making available to localities and public-private partnerships. Under the Stabilization Trust's popular First Look program, cities and counties can get access to foreclosed homes before they are made available to the general market, resulting in a more predictable and cost effective neighborhood revitalization strategy.

"Communities need a straight-forward and streamlined way to acquire foreclosed and abandoned homes," said Craig Nickerson, president of the National Community Stabilization Trust. "The Stabilization Trust's First Look program puts the local housing providers in the driver's seat, able to strategically decide which properties are most important to their neighborhood revitalization plans."

More than 100 hard hit communities in 35 states across the country have already signed up for this free service from the Stabilization Trust, which is now making its services available to localities nationwide and putting thousands of properties in the hands of local housing providers.

Six leading nonprofit organizations - Enterprise Community Partners, Housing Partnership Network, Local Initiative Support Corporation, the National Urban League, National Council of La Raza, and NeighborWorks America - serve as the founding sponsors of the Stabilization Trust. They came together last year to form the new organization in the wake of the current housing crisis. Funding from these organizations and from philanthropic leaders, including the MacArthur Foundation, Ford Foundation, Open Society Institute and Heron Foundation, have helped capitalize the nationwide operation.

Many of the nation's major financial institutions are working with the Stabilization Trust to convey foreclosed property, including Bank of America, Citi, Fannie Mae, Freddie Mac, GMAC, JP Morgan Chase, Nationstar, Saxon, Wells Fargo and others.

"Wells Fargo strongly believes in collaborative efforts to rebuild local housing markets", said Mary Coffin, executive vice president of Wells Fargo Home Mortgage Servicing. "We want to turn houses back into homes, and the streamlined Stabilization Trust approach is helping us increase the volume of property transfers to community housing leaders."

With more than 100,000 properties falling into foreclosure every month, federal resources will not suffice. As a result, the Stabilization Trust is also providing access to financing to tackle the large-scale foreclosure crisis by helping local communities link their HUD Neighborhood Stabilization Program funding to much-needed private capital. By using a \$50 million low-interest line of credit from the Ford Foundation, the Stabilization Trust will be able to increase access to private capital for property acquisition, renovation and short-term rental housing. Over the next year, the Stabilization Trust hopes to leverage over \$1 billion in additional lending capital to foster property renovation and community revitalization.

Last winter and spring, this efficient approach to access foreclosed property was piloted in a handful of test markets, including Minneapolis and St. Paul. The successful test run resulted in several hundred foreclosed properties in target markets being purchased by local housing providers at affordable prices.

"A core component of our fight against foreclosures in Minneapolis has been the involvement of the National Community Stabilization Trust," Minneapolis Mayor R.T. Rybak said. "With their help, we are revitalizing foreclosed homes, putting them into the hands of stable homeowners, and overcoming the challenges caused by the current housing crisis."

"Bringing together nonprofits, government and the private sector, we have built a powerful public-private partnership to revitalize communities and homes undermined by mortgage defaults and foreclosure," said Tom Bledsoe, board chair of the National Community Stabilization Trust and CEO of the Housing Partnership Network. "We're ready to serve communities across the nation - urban and rural, large and small - to provide them ready access to foreclosed property and flexible financing - the tools necessary to fuel a faster recovery."

National Community Stabilization Trust Collaboration

Sponsors

Enterprise Community Partners
Housing Partnership Network
Local Initiatives Support Corporation (LISC)
National Council of La Raza (NCLR)
National Urban League
NeighborWorks America

Financial Institutions

Bank of America
Chase
Citi
Fannie Mae
Freddie Mac
GMAC
Nationstar
Saxon
Wells Fargo

Foundations

Ford Foundation
Heron Foundation
Open Society Institute
MacArthur Foundation

National Community Stabilization Trust is a nonprofit organization that facilitates the transfer of foreclosed and abandoned properties from financial institutions nationwide to local housing organizations, and provides access to financing in order to promote productive property reuse and neighborhood stability. In collaboration with state and local governments, the Stabilization Trust builds local capacity to effectively acquire, manage, rehab and sell foreclosed property to ensure homeownership and rental housing are available to low- and moderate-income families. Visit www.stabilizationtrust.com to learn more about the National Community Stabilization Trust.

SOURCE National Community Stabilization Trust

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