



Nonprofit seeks to stem foreclosures in Baltimore

By Elyse Cherry

December 27, 2018

If you enjoyed the Parade of Lights at Baltimore's [Inner Harbor](#) or celebrated the holidays in the suburbs, you might not notice signs of the foreclosure crisis. But despite a thriving national economy and rising home sales across Maryland, some Baltimore neighborhoods are still feeling the effects of the mortgage crisis. In certain areas, high rates of foreclosure-related evictions are leading to dislocations, job losses and community disruption — and making for a grim holiday season.

Analysis from Attom Data Solutions shows that Baltimore has the highest share of distressed home sales of any city in the country. More than 20 percent of homes sold in Baltimore during the second quarter of 2018 were distressed — that is foreclosed, bank-owned or involved in a short sale — the highest percentage among 51 metropolitan areas surveyed.

Foreclosure can be catastrophic for the homeowners who default — they are left without a place to live and often facing disruption in employment, schooling and family life when they have to move. The crisis also affects entire communities. Empty homes attract vandals, drug users and criminals. The costs of police, fire departments and social services go up when foreclosure is widespread. Formerly vibrant institutions — churches, schools, community organizations and shopping districts — wither as neighborhoods lose families.

The foreclosure crisis is a blight and a burden on cities across the country. People who don't live in distressed communities may not feel the damage first hand, but the hollowing out of urban communities affects everyone. A large volume of delinquencies and foreclosure sales depresses home prices and spurs

migration out of neighborhoods. Within the next three years, Baltimore is projected to lose an average of 1,125 households (0.5 percent) annually, while its suburban neighborhoods are expected to gain households — a trend that is exacerbated by foreclosure-related displacements.

We believe that businesses, nonprofits, governments and investors can make a difference.

BlueHub Capital, the nonprofit organization I am honored to lead, has developed a proven strategy to help families devastated by foreclosures. We brought our program to Maryland to help hardworking families and communities still recovering from the housing crisis. BlueHub SUN negotiates with mortgage issuers to acquire properties before evictions occur. We buy these houses at distressed market value and sell them back to the families living in them at a price that reduces mortgage payments to a level they can afford. On average, the program reduces monthly mortgage payments and principal balances by nearly a third. To date, BlueHub SUN has helped more than a thousand families in seven states stay in their homes.

What we offer is not a handout, but rather a way to help families meet their obligations, repair their credit and build stable lives and communities. We work with borrowers who run into trouble because a family member becomes ill, loses a job, or takes out a loan without fully understanding its terms. These are responsible people who deserve another chance. Nearly all of them pay their new renegotiated mortgages on time and in full. And, along the way, we have built a network of investors who put their money to work, earning market interest rates while also making a positive contribution to urban communities like Baltimore.

The foreclosure crisis may be over in Baltimore's prosperous suburbs, but it continues to fester in poorer communities. Programs like ours bring together borrowers, financial institutions and mortgage servicers, community organizations, government resources, and investors to shore up neighborhoods gutted by evictions. No one should spend the holidays wondering if they'll have a roof over their heads come January. Let's work together to keep Baltimoreans in their homes and make the city a safer, more vibrant place for everyone.

Elyse Cherry (echerry@bluehubcapital.org) is chief executive of BlueHub Capital.



Investing in people and communities
for an inclusive future