The Home Ownership Preservation Initiative in Chicago:
Reducing Foreclosures through Strategic Partnerships
Who is NHS? The mission of NHS is to help neighborhoods stay strong by helping people buy, fix or stay in their homes. NHS is a not-for-profit community organization that has been working in Chicago neighborhoods for 30 years. NHS provides services throughout the City of Chicago, as well as having 8 local offices that serve 9 targeted neighborhoods with the following ZIP codes:

- Auburn Gresham/Englewood West Englewood – 60620 & 60636
- Back of the Yards/Garfield Boulevard – 60609 & 60621
- Chicago Lawn/Gage Park - 60629, 60632 & 60652
- North Lawndale – 60623 & 60612
- West Humboldt – 60624 & 60651
- Roseland – 60628
- South Chicago – 60617
- Central Office – Provides City-Wide programs

*NHS primarily serves homeowner occupants of 1- to 4-unit properties*
Fast Foreclosures in NHS Targeted Areas

Half of Loans Start Foreclosure within 3 Years of Origination
Dramatic Increase Since 1993

- 52% of all loans starting foreclosure in 2001 were originated after 1998
- 72% of loans which were priced 300 basis points over 30 year Treasury and starting foreclosure in 2001, were originated after 1998

Case Study of Foreclosure Impact: The 8300 Block of S. Morgan St. Auburn/Gresham, Chicago, Illinois
Chicago’s Home Ownership Preservation Initiative (HOPI) Model

• **Partnership** between:
  - Neighborhood Housing Services of Chicago (NHS)
  - City of Chicago, Department of Housing
  - Federal Reserve Bank of Chicago
  - Major Lenders/Servicers
1. Borrower Access/Entry to Counseling and Support System (through 311)
2. Appropriate and Escalating Forms of Counseling and Support (through CCRC)
3. Comprehensive Loss Mitigation Effort and Resources (through NHS)
4. REO Disposition (through NHSRC)
5. Community Partnerships and Neighborhood Engagement (through NHS & City)
6. “Laboratory Role” for national partners & initiatives
HOPII
Three-Year Goals

**Homeownership Preservation**
- Help 1,500 families avoid foreclosure

**Property Preservation**
- Reclaim 300 foreclosed properties as community assets

**Community Development**
- Cultivate community development best practices
311 – City of Chicago non-emergency # “Every Minute Counts”

- Early contact – within first 15 days of missing payment best
- Can provide education counseling in advance of delinquency
- In early stages borrowers are triaged:
  - Budgeting problem
  - Short-term income problem
  - Long-term disruption
  - Property problem
- But as many has half of borrowers are NOT in contact with lenders
  - “Head in the sand”
Mail Survey of NHS & 311 Callers

- Survey conducted September-October 2005
- 1,544 households contacted of those that called “311” between January, 2004 and June, 2005
- 289 responses
  - 19% of all mailings; 23% of valid addresses
- 273 returned mail (18%)
  - 50% were foreclosed, 40% sold and moved (Real Info)
- 3-wave mail survey; 50 questions
- 36% of callers who called 311 also worked with NHS for additional counseling and intervention.

Source: NHS Chicago-311 Survey, 2005 (289 respondents)
Direct Outreach & Referrals

How did you find out about NHS of Chicago’s services

- Friend or family told me, 38%
- Received flyer in mail, 34%
- Saw on TV, 8%
- Poster or billboard, 3%
- Referred by lender, 17%

Source: NHS Chicago-311 Survey, 2005 (289 respondents)
Why, If Behind, Did Not Contact Lender?

Why did you not contact your lender/servicer?

- Afraid the lender would charge a penalty or fee
- Assumed I/we could make the payment in a few days
- Afraid lender would foreclose on us faster
- Did not think the lender would care
- Did not know the lender might be helpful
- Embarrassed to talk about problems

Source: NHS Chicago-311 Survey, 2005 (289 respondents)
City of Chicago – 311 City Services

311 Operator role as a trusted advisor
– First access to help for homeowners

– Homeowners feel comfortable calling the City to obtain reliable information and referrals to a reputable source.

– Link to local resources
NHS can help you:

**BUY a home**
- Loans
  - Purchase loans
  - Purchase/Rehab loans
  - 2nd mortgages – no PMI
  - Forgivable loans
- Education
  - Individual consultations
  - Pre-approval
  - Free homeownership Education Classes
- Extra benefits
  - Tax Smart Mortgage
  - Risk Assessment
  - NHS Construction Specialists
  - Rehabbed and new homes for sale

**FIX a home**
- Loans
  - Home Improvement loans
  - Refinance/Rehab loans
  - Forgivable loans
  - TIF Grants
- Education
  - Consultation
  - Homeowner Insurance
- Extra benefits
  - Tax Smart Mortgage
  - NHS Construction Specialists
  - Home Safety Evaluation & Risk Assessment

**Keep a home**
- Loans
  - Refinance loans
  - Refinance/Rehab loans
  - Foreclosure Intervention & Forgivable loans
- Education
  - Free face-to-face consultation
  - Intervention with Lenders
- Extra benefits
  - Referral
  - Tax Smart Mortgage
  - HOPI