

FEBRUARY 2016

SOCOMAGAZINE.COM

COMPLIMENTARY

SOCO™

MAGAZINE

THE SOUTHCOAST
MAGAZINE OF
MASSACHUSETTS
& RHODE ISLAND

**Heirloom Varieties
& Heritage Stock**
You've Heard of Them,
You've Eaten Them,
But What Exactly Are They?

**More Than a
Box of Chocolates**
*Organic Choices
Mixed with
Conscience*

**HOW MASSHOUSING & PRIVATE BANKS
Join Together to Create a New Blueprint
for First-Time Homebuyers**

First in a Three-Part Series: A Housing Comeback on the SouthCoast



COMMUNITY UNITES AMID CRISIS

Neighborhoods Come First as Government and Local Lenders Team Up in Wake of Housing Crash

By Natalie Miller | Photography by Lucki Schotz

“American people are getting screwed by the big banks, and I’m getting madder and madder,” exclaims Steve Carell’s character in the film adaptation of Michael Lewis’s book, *The Big Short*. The movie, which was one of the most widely anticipated films of the holiday season and was released to favorable reviews, highlights the 2008 housing market bubble and subsequent crash that brought the country to its knees.

But before the subject was a box office success, the subprime mortgage and financial crisis was very real for millions of Americans who lost their homes and their jobs, and countless communities that saw corporations shut down and neighborhood blocks abandoned. Across the country, nearly nine million jobs were lost during 2008 and 2009—roughly 6 percent of the workforce—in what is now considered one of the longest and deepest recessions since the end of World War II. US housing prices fell nearly 30 percent on average, and the US stock market fell approximately 50 percent by early 2009.

On a more local scale, New England fared no better than the rest of the country. In Massachusetts, the unemployment rate in 2008 rose to 6.9 percent and con-

tinued to rise in 2009 to 8.8 percent, and among the areas hit the hardest were the Commonwealth’s designated “Gateway Cities.” These 26 communities are identified by the state as areas where the median household income and rate of education are both below the state average.

For the “Gateway City” of Fall River, unemployment problems began even before the recession took a full swing at the country. The untimely closing of Quaker Fabrics in August 2007 yielded the loss of thousands of jobs throughout southeastern Massachusetts and hundreds within the city. The fabric mill had been a staple in the SouthCoast community since 1945, employing entire families in some cases.

“Quaker Fabrics was the last large mill to shut down,” says Fadra Northrup, a loan officer at Mechanics Cooperative Bank in Fall River, “and it impacted the city tremendously because you are talking about generations of families who had worked and earned their livings from these mills.”

With the unemployment rate on the rise and the subsequent housing market crash, many families were caught with bad loan programs they couldn’t afford and foreclosures were inescapable. Many cities were left with vacant properties in their neighborhoods, left abandoned and subject



“Quaker Fabrics was the last large mill to shut down,” says Fadra Northrup, a loan officer at Mechanics Cooperative Bank in Fall River, “and it impacted the city tremendously because you are talking about generations of families who had worked and earned their livings from these mills.”

to arson and theft—not to mention the devastating impacts that a foreclosure can have on a family, on children in those families, and on the school system, explains Lori Moring, deputy director of the Department of Planning, Housing, and Community Development for the city of New Bedford.

For cities and towns like New Bedford and its SouthCoast neighbor, Fall River, the culmination of the subprime mortgage business and the end of an era for manufacturing was a heavy weight they could not bear alone.

A PARTNERSHIP IS BORN

The folks at the local Fannie Mae branch reached out to the Massachusetts Housing Finance Agency (MassHousing), the state’s affordable loan agency, to form a group dedicated to helping these families get back on their feet by retaining home ownership and spreading awareness about foreclosure prevention. This was in 2007, just after Quaker Fabrics closed down and just ahead of the height of the housing and foreclosure crisis, says Goretti Joaquim, business development officer of Home Ownership and Mortgage

Insurance Development for MassHousing.

The next step was gathering stakeholders from around the cities to invite to the table. “They wanted to specifically target community banks because community banks did not really participate in any of the high-risk loan programs that so many people were in in 2007,” says Northrup, “so their focus was to work with local community banks that could help people within their community, versus the large lenders who you have no access to during these difficult times.”

Local community banks and credit unions

commonly service their loans locally rather than throughout the country like larger investors, adds Joaquim. Preventing foreclosure was almost impossible in 2007 because homeowners couldn’t speak directly to a person, but with a community bank and credit union, they could. The goal was to bring local lenders in who could rewrite loans locally and put people into safe programs.

In addition to lenders, the early organizers wanted to bring to the table counseling sources who could reach out, specifically, to the unemployed Quaker manufacturing employees to get some of these families back in the community. Money Management International and Catholic Social Services were brought in, as well as some local non-profits, such as South Coastal Counties Legal Services, Inc., as well as entities from the two cities.

“Obviously we have an investment in the

community and saw firsthand the devastating impacts the foreclosure crisis had on the neighborhoods,” says Moring of the city department’s involvement.

The first meeting of the Fall River/New Bedford Housing Partnership commenced with Moring as the co-chair and Joaquim at the table as well with a vital goal: foreclosure prevention and counseling for families in need. “We really were helping people retain home ownership and then obtain safe and affordable home ownership,” says Joaquim, “and for those who were looking to purchase, that they could be put into a product that was not subprime.”

“It was about trying to educate the community as to where they could go for help, because they had nowhere to turn with these big lenders,” adds Northrup.

The partnership’s early focus was on helping homeowners refinance their loans so they could keep their homes and find outlets for borrowers who were in trouble. And for those who were looking to purchase, the partnership worked to ensure they chose the best down payment and closing cost programs.

Many residents of Fall River and New Bedford, particularly non-English-speaking people, didn’t understand the loan program they were in, adds Joaquim, or that they even had a first and second mortgage and why. The partnership began hosting foreclosure prevention workshops to educate the community, in addition to the participating local lenders working with individual families to modify their loans and secure sustainable loan programs. One of the first loans that the partnership was involved in back in late 2007, she recalls, was a two-family Fall River home purchased by two sisters.

“They had been paying on the loan for a couple of years, but the balance was higher than their payoff, so they were trying to rewrite the loan,” she says. “Those types of scenarios were very common back then, and we were just trying to avoid more people getting themselves into these types of situations. These weren’t people that had had credit that we would have thought needed to go into those types of programs. They just went into those types of programs because at the time, they were working with larger lenders

or loan officers who just knew those types of programs, and that’s what they were really pushing at the time.”

WORKING TOGETHER FOR THE GOOD OF THE COMMUNITY

Because Fall River and New Bedford are entitlement cities, they are eligible for federal funding through the US Department of Housing and Urban Development. These funds were instrumental in getting the partnership started and continue to fund many of its programs today.

The partnership is funded by these federal grants as well as various state and local agencies who have either stepped up jointly or individually to cover the cost of the various programs.

“It really is a community partnership,” says Joaquim.

There are other similar partnerships in existence; however, the Fall River/New Bedford Housing Partnership stands out in several respects. The first and most unique is its web presence. When the partnership began, funds were allocated from the city of Fall River to create a website for the organization, frnbhp.com.

The Fall River/New Bedford Housing Partnership is also unique in its initial and continued success, and Northrup credits this success to the assembly of the likeminded local lenders who came to the table to help the community at large.

“It’s important to keep in mind that the people sitting around the table for our partnership meetings are often competitors,” says Joaquim. “These are local competitors, banks, and credit unions that all have decided to work together as a group for a common goal and common purpose and a common focus, and I think that that’s important.”

“For me as a lender, who has also lived in Fall River...the joy of working with families, knowing that I have the best, most affordable products to offer them is a good feeling as a community bank,” she says. “We’re trying to revitalize the city.”

Joaquim, who grew up in southeastern Massachusetts as well, also has a personal connection to helping the community.



Many cities were left with vacant properties in their neighborhoods, left abandoned and subject to arson and theft—not to mention the devastating impacts that a foreclosure can have on a family, on children in those families, and on the school system, explains Lori Moring.

“A lot of these people that we’re looking to help are folks like my grandparents, my parents, who probably didn’t know everything there is to know about buying a house. The difference was when they bought a house the programs that were out there were safe

and affordable programs. Unfortunately, that wasn’t the case in 2007. And for a lot of different reasons, a lot of good people were put into bad programs and were set up to fail,” she says. “It’s a really good feeling to work together with a bunch of individuals who

are looking to do good for the community, to educate and help folks get on their feet. Because when you help one family, you’re helping a lot of other people, and by seeing one family succeed, other people see the opportunity that they can succeed as well.”

Throughout the years the group has met monthly to refocus their goals as the needs have evolved, changing education platforms and education forums to meet needs, and adding credit counseling and homebuyer education forums to the mix. To learn more about how the early programs of the Fall River/New Bedford Partnership helped bring the community out of foreclosure despair and how the needs have shifted as the economy began to repair and rebuild, be sure you don’t miss next month’s issue.

Watch for Part 2 of this article in the March issue as we dive deep into the various programs and workshops that are available, and discover how the partnership is fulfilling its current focus on finding and securing safe and affordable home ownership for the community. In the meantime, for more information, please visit frnbhp.com. ★

Above: An abandoned home on Dwelly Street in Fall River. Left, a new home under construction.

