



## BlueHub Capital/SUN

[bluehubcapital.org/programs-services/bluehub-sun](http://bluehubcapital.org/programs-services/bluehub-sun)



### ABOUT THIS PROJECT

SUN, or Stabilizing Urban Neighborhoods, works with community partners to identify homeowners facing foreclosure who have experienced financial hardships (such as the loss of a job or high medical costs), but who could afford to pay a mortgage with a lower interest rate. For borrowers underwater, this program can also permit a reduction in the principal balance to one more in line with current market value. Through SUN, these houses are purchased in bulk from foreclosing banks and are sold back to the residents at more favorable rates. A Kresge guarantee supported Aura Mortgage Advisors, a subsidiary of Blue Hub Capital and the organization that operates SUN, to apply for \$100 million of long-term fixed rate financing from the CDFI Bond Guarantee Program to scale this successful program that helps families (primarily in communities of color) stay in their homes.

### WHY WAS THIS NEEDED?

**Challenge:** The foreclosure crisis in low-income neighborhoods continues, and home values in low-income neighborhoods recovered more slowly than in more affluent areas. Residents in these neighborhoods often wind up with high-interest rate mortgages and balances that are out-of-line with market values. Once an emergency strikes, they often don't have available resources to meet their mortgage on top of the emergency, and they fall into foreclosure.

**Solution:** Keeping homes occupied benefits both the homeowner and the broader neighborhood. With \$100 million in available capital, SUN can target more cities, purchasing homes identified as being owned by viable clients in bulk from foreclosing banks and selling them back to the homeowner at modified terms.

### IMPACTED LOCATION



Massachusetts, Rhode Island, Chicago, Maryland and New Jersey

### YEAR APPROVED

2017

### TYPE OF TRANSACTION

Guarantee

### KRESGE PROGRAM

American Cities Program

### AMOUNT OF INVESTMENT

\$3 million

### TERM OF INVESTMENT

30 years



## ABOUT THE BORROWER

SUN is a program of Aura Mortgage Advisors, a subsidiary of BlueHub Capital. Since SUN's inception, Aura has financed more than 600 mortgages and has kept more than 750 families in their homes. BlueHub Capital is a nonprofit, certified Community Development Finance Institution (CDFI) with a mission to "build healthy communities where low-income people live and work." BlueHub Capital was founded in 1984 under the name Boston Community Capital by a small group of socially responsible investors to make loans to neighborhood-based nonprofit developers working in underserved communities around Boston. BlueHub has invested more than \$1 billion through its lending and other activities, supporting the production of homes, jobs and environmental benefits for people and families of low-wealth and low-incomes. BlueHub is Aeris rated, and in its 30-plus year history has always fully repaid investors.

## IMPACT MEASURE

At least 500 homes and families will be saved from foreclosure.

## KEY PARTNERS:

Community Reinvestment Fund and the CDFI Fund

## Key Considerations



### Joe Evans

Portfolio Manager  
Social Investment Practice

- » Kresge first supported the SUN program with a program-related investment loan of \$2.5 million in 2011. That investment attracted \$35 million in commercial financing, and Kresge was repaid fully and on time.
- » Kresge has long supported a widening of the permitted uses of proceeds from the Bond Guarantee Program. In 2015, Kresge provided Aura with a guarantee commitment for its first attempt at gaining approval for single-family mortgages as an allowable use for the CDFI Bond Guarantee Program. That attempt failed, but the CDFI Fund signaled an interest in continued discussions.
- » Backed by another Kresge guarantee commitment, Aura applied again and was successful. This success followed two years of problem solving with Treasury starting with the first application. Eventually Treasury and the CDFI Fund innovated the program in such a way that supported single-family mortgages as an allowable asset class.
- » This investment showcases the effectiveness of using guarantees to unlock large streams of capital for community development.
- » More than half of SUN's borrowers are black and one quarter identify as Hispanic or Latino.