



Greetings! **NACEDA Policy Update Vol. 1, No. 22: December 10, 2007**

a voice for community economic development

Member and Partner News

MACDC Efforts Help Produce Strong Foreclosure Prevention Bill in Massachusetts. The comprehensive legislation, which just became law (see story/bill summary under **State and Local Developments**), is based on language from the Massachusetts Association of CDCs and its Foreclosure Prevention Coalition partners including the Citizens' Housing and Planning Association, the Massachusetts Affordable Housing Alliance, the Massachusetts Nonprofit Housing Association and the National Consumer Law Center. MACDC says the Coalition will monitor the implementation of the law to ensure that it is making a difference for families and communities. Contact Joe Kriesberg, MACDC President, at (617) 426-0303.

Ten NACEDA Member States Now Have Seen Passage of Foreclosure Bills. They are MA, IN, RI, AK, CT, MN, NC, SC, TX, and IL. Bills are pending in NJ, MI, and NY.

Housing Action Illinois Pushing for Affordable Housing Capital Fund (see legislative news under **State and Local Developments**). Contact: [Bob Palmer](#).

CEDAM Testifies on Predatory Lending Before Michigan House Committee. For this November 27 hearing held by House Banking and Financial Services Committee on predatory lending from the consumer perspective, CEDAM brought in Jim Rokakis, Cuyahoga County (Ohio) Treasurer, to tell about the impacts foreclosures have had on many Ohio neighborhoods, and CEDAM's Angie Gaabo told about similar foreclosure consequences in Michigan communities. Rokakis urged the Michigan lawmakers to pass anti-predatory lending legislation like that passed in Ohio. After the hearing, CEDAM gathered a group to discuss Michigan's foreclosure crisis with Mr. Rokakis. For more info, contact [Ms. Gaabo](#). [Testimony](#) and [Ohio legislation](#) available.

Congratulations to Ms. Gaabo on Her Nomination to the Affordable Housing Advisory

Council of the Federal Home Loan Bank of Indianapolis.

Fannie Mae To Issue \$7B in Stock and Cut Quarterly Dividend by 30%, from 50 to 35 cents per share, the mortgage finance giant announced on December 4, as has been widely reported. The actions reportedly are an attempt to steady the government-sponsored enterprise in the wake of a third-quarter loss of \$1.4 billion and amid forecasts of housing market woes through next year due to mounting home loan delinquencies. The moves follow similar ones recently by Freddie Mac, its smaller GSE rival, which posted a \$2 billion loss in the third quarter. Fannie Mae shares, already down \$1.07--nearly 3 percent--fell another 81 cents to \$34.37 in extended trading after the announcement.

Duluth LISC Making a Difference; Leader Featured in *The Woman Today*. In the December/January issue, Pam Kramer, Executive Director of the Local Initiatives Support Corporation in Duluth, discusses her commitment to that community. "I love to connect the dots and help secure and grow new ideas, resources, and partnerships that have concrete, lasting impact--that is one reason I like the field of community development," she says. **Duluth LISC has been selected for the LISC Sustainable Communities Demonstration Project and is receiving a \$100,000 Seed Grant to further community development and revitalization activities.**

HOPE Homeowner's Hotline Capacity Expanding, the HOPE NOW Alliance announced on December 3. "HOPE NOW is thrilled to partner with NeighborWorks America and the Homeownership Preservation Foundation in this program that improves lives by counseling consumers on their financial situation and working with them to help them succeed as homeowners," said Faith Schwartz, HOPE NOW Executive Director. The hotline, (888) 995-HOPE, managed by the Homeownership Preservation Foundation, is the cornerstone of a foreclosure prevention effort supported by many of the country's largest mortgage companies. Free, independent, bilingual, HUD-approved counseling and advice are available 24 hours a day. For more info, visit www.HOPENOW.com. [Press release](#) available.

Enterprise To Conduct Live Online Panel Events: "Best Practices in Supportive Housing and Employment," on December 12; and "Regional Equity: How Data Maps Can Influence Policy and Provide Program Focus," on December 13. Both events will start at 2:00 p.m. EST and last 90 minutes. Registration takes place 20 minutes prior to the event. More information on how to participate can be found at <http://webinars.enterprisecommunity.org/>.

CRA Sign-On Letter To Go To Chairman Dodd of the Senate Committee on Banking, Housing and Urban Affairs, asking him to take up H.R. 1066, the House-passed bill that would restore the direct investment test for banks from the previous Community Reinvestment Act. For more info or to sign on, contact [Marion Morris](#) (on behalf) of the National Association of Affordable Housing Lenders.

Save the Date: 'Loss Mitigation and Foreclosure Prevention for Housing Counselors,' December 3 in Columbus, Ohio. The free full-day session, sponsored by the Ohio Housing Finance Agency, will provide an overview of resources and strategies for preventing foreclosure, as well as an overview of loss mitigation practices and technology used by

servicers for FHA, conventional and subprime loans. Info: www.ohiohome.org.

Save the Date: NACEDA Annual Summit: March 31-April 2, 2008. The premier capacity-building and policy conference for the CED industry will be held in Washington, DC at the [DoubleTree Hotel](#). NACEDA group rate of \$189 per night is available. Call (202) 232-7000 to reserve room--mention NACEDA Summit to receive discounted rate. (Book early to ensure a room and the rate.)

Capitol Hill

Track federal legislation at <http://thomas.loc.gov>.

White House Proposes to 'Freeze' Foreclosure Crisis. As reported widely, the Bush Administration's plan to solve the mortgage crisis includes a freeze on adjustable-rate mortgages resets for some borrowers. The focus has been narrowed to include only those borrowers who are current on subprime hybrid mortgages made between January 1, 2005 and July 31, 2007, and due to reset between January 2008 and July 2010. Another proposal is to use tax-exempt bonds to refinance troubled subprime mortgages. A plan to freeze subprime rates has not been fully fleshed out, but critics (outnumbering supporters by roughly 4 to 1 in a publication's online poll) already are speaking against it.

FY08 Appropriations Could *Continue* at '07 Levels. If President Bush vetoes the spending bills as threatened because of certain amounts increased over what he had requested, Congress may enact another short-term continuing resolution to provide level funding when the current CR expires on December 14, or it may adopt one for the entire fiscal year, as it did for FY07, as CRs do not require the President's signature. The Transportation-HUD appropriations bill (H.R. 3074) likely will be included in an omnibus bill containing most or all of 11 unfinished FY08 spending bills. (One has been completed.) The Senate and House approved their versions of the THUD bill on September 12 and November 14. However, Republicans reportedly are blocking the Senate's version on account of its various community development earmarks added by conference committee.

The New GSE Proposal introduced on November 16 by Sen. Jack Reed (D-RI) has been designated S. 2391. The Government-Sponsored Enterprise Mission Improvement Act would amend the Housing and Community Development Act of 1992 to strengthen the affordable housing mission of GSEs Fannie Mae and Freddie Mac. Sixty-five percent of Fannie and Freddie contributions would go to an Affordable Housing Block Grant Program managed by HUD. In the first year, all of these funds would be allocated to states to address the subprime mortgage crisis. These grants could be used to facilitate loan modification and refinance options for low- and moderate-income borrowers facing foreclosure. Up to 20 percent would be available to nonprofit developers for the rehabilitation and sale of foreclosed properties to low- and moderate- income homebuyers. Thereafter, the funds would go to states to focus on very low- and extremely low-income families. The remaining 35 percent would go to a Capital Magnet Fund (CMF) housed at Treasury's Community Development Financial Institutions (CDFI) Fund to provide loan loss reserves, capitalize revolving loan funds, affordable housing

funds and funds for economic development activities and for risk-sharing loans. S. 2391 would reserve the use of funds for a future national housing trust fund. The provisions are expected to be included in eventual comprehensive GSE reform legislation in the Senate. The bill has been referred to the Committee on Banking, Housing, and Urban Affairs.

Tough Mortgage Reform Bill Expected from Sen. Christopher Dodd (D-CT) this week. The legislation would reform the mortgage market, including some tougher provisions than a bill passed by the House.

State and Local Developments

Massachusetts Foreclosure Prevention Bill Signed Into Law by Governor Deval Patrick on November 29. Chapter 206 of the Acts of 2007, [An Act Protecting and Preserving Homeownership](#), is one of the strongest foreclosure prevention laws in the country. Provisions include the creation of the country's first Community Reinvestment Act for mortgage companies, \$3 million for the Division of Banks to monitor and oversee lenders, a requirement that loan originators be licensed, and a requirement of third-party in-person counseling for first-time home loan borrowers seeking subprime adjustable-rate loans.

MA Housing Bond Bill Released to Legislature. Governor Patrick announced at a November 16 press conference that he was filing the bill, which was then referred to the Joint Committee on Housing. H. 4375 provides for \$1.09 billion in capital investments to preserve and produce affordable housing. It is reportedly the largest housing bond bill ever proposed by a Massachusetts governor.

Illinois Affordable Housing Capital Fund Bill Approved by General Assembly in early November. H.B. 2353, which now awaits the governor's signature, would not provide for appropriations but would enable the Fund to receive funds from a variety of sources. Housing Action Illinois and other advocacy groups have been working to add a \$100 million line-item to the capital budget for affordable housing development.

North Carolina Economic Development Program Could Strengthen Federal Interagency Collaboration. Thirteen communities are participating in the Certified Entrepreneurial Community (CEC) program, founded earlier this year by the AdvantageWest Economic Development Group, which is active in 23 western North Carolina counties. The certification program requires communication with federal agencies to improve access to capital. Company officers recently asked Congress to consider using a pilot version of the CED program. The firm's President/CEO touted the program at a House Urban & Rural Entrepreneurship subcommittee hearing to consider various ways to more closely align USDA and Small Business Administration community development programs in rural areas. Info: AdvantageWest EDG, (828) 687-7234.

West Harlem Business Group Sues for Info on Columbia U. Planned Expansion. The 17-acre Columbia University expansion could bring eminent domain takings to the neighborhood. The four businesses filed the lawsuit on November 9 against the Empire State Development

Corp. WHBG seeks judicial review of the project, which it says will likely reshape the physical shape, demography and economy of West Harlem--not for the better. Info: WHBG, (212) 368-1717.

San Francisco Chinatown Residents File Lawsuit Against City College, saying it should be stopped from constructing a huge high-rise campus building in their neighborhood. The Montgomery-Washington Homeowners Assn. and the local group Neighbors for Preservation, Land Use & Community Education seek judicial review of the project, which they say fails to comply with environmental, city land use, and design rules. Its backers willfully ignored concerns of residents, according to the plaintiffs. Info: M-W Homeowners, [Frank Kappler](#), (415) 777-4019.

Federal Regulatory, Banking, Mortgage Updates, etc.

HUD Issuing CDBG Toolkits. Grantees will be able to use them to find information cross-cutting rules that apply to Community Development Block Grant funding. Three [completed modules](#) are Financial Management & Review, Environmental Review, and Federal Labor Standards. Expected soon are Acquisition & Relocation, and Fair Housing & Non-Discrimination. Approximately six on-site training sessions likely will be held at various sites nationwide, according to a HUD spokesperson.

Section 515 Housing: Less Mortgage Prepayments, More Use Restrictions. USDA approved prepayments on 1,977 rural rental units in the program in FY07 (compared to 2,189 the previous year), and imposed restrictions on 51.3% units (up from 44.6%) requiring the owners to keep them affordable for varying periods of time. Contact [Leslie Strauss](#) of the Housing Assistance Council, which analyzed USDA data, (202) 842-8600 ext. 141.

Community Reinvestment Fund, USA, Offers Plan to Create Secondary Markets for Loans. The Minneapolis-based nonprofit would buy (and leverage) economic development, affordable housing and community facility loans from nonprofit and governmental community development lenders, who could then originate more loans. CRF recently received a Social Capitalist Award from *Fast Company* magazine and the Monitor Group. Info: CRF, (800) 475-3050; (612) 338-3050.

Mark-to-Market: Final Rule Published by HUD on November 26, implementing revised mortgage restructuring regulations as proposed on March 14, 2006. It includes administrative changes as well as procedures for community-based nonprofits and public agencies seeking tenant endorsement toward becoming a priority purchaser. See Federal Register, 11/26/07, pp. 66033-40 or <http://www.hudclips.org>. Contact Theodore Toon, HUD, (202) 708-0001.

Tax Credits and Vouchers: Flexible Rent Policy Reinstated by HUD in its final rule issued on November 19. Low Income Housing Tax Credit rents will no longer serve as caps for Project-Based Voucher rents in projects receiving both. See Federal Register, 11/19/07, pp. 65205-07 or [HUD website](#). Contact David Vargas, HUD, (202) 708-2815.

'**A National Study of Community Land Trusts**', recently released by the Lincoln Institute of Land Policy, presents the results of a survey of the 186 community land trusts (CLTs) operating in 2006 as an increasingly popular means of providing affordable housing to low income households. The [working paper](#) also addresses the history, current activities, size, funding sources, target populations, governance and resale processes that characterize them.

Racial and Ethnic Disparities in Housing Cost Burden Remain, even within similar income brackets, according to [Housing Cost Burden as a Civil Rights Issue: Revisiting the 2005 American Community Survey Data](#), from the Poverty & Race Research Action Council. While 47% of black and Hispanic households experience unaffordable housing cost burden, only 28% of white households find themselves in this predicament.

Real Estate Assessment Center Scores Available. Responding to longstanding demand from advocates and the legal community, HUD on November 29 posted on its [website](#) the most recent REAC physical inspection scores for privately owned project-based Section 8 developments. This first release covers nearly 25,000 projects, and the data will be updated regularly--at first every 60 days. REAC scores indicate project condition and also their potential for contract termination by HUD.

National Homeless Persons' Memorial Day: December 21, commemorating those who died as a result of homelessness. Sponsored by the National Coalition for the Homeless and the National Health Care for the Homeless Council. Event organizing [manual](#) available.

More State Funding for Affordable Housing = Less Crime, according to *Housing and Public Safety*, a research brief by the Justice Policy Institute. Report is free at <http://www.justicepolicy.org>.

Overcrowding Down in Small Rural Places, accounting for almost all of the overall nationwide decline from 1985 to 2005, according to [Measuring Overcrowding in Housing](#), a HUD report available for free.

Funding Available

MacArthur Foundation Awards for Public Sector Housing Preservation Leaders. Pursuant to an expanded commitment to its Window of Opportunity initiative, the John D. and Catherine T. MacArthur Foundation intends to provide \$35 million in total new funding for up to 10 selected states and localities in 2008. Grants and/or program-related investments likely will range from \$250,000 to \$5 million. Visit the foundation's [Web site](#) for submission guidelines. A December 19 conference call is planned for applicants to ask questions; to participate, e-mail housing@macfound.org. The application deadline is **January 29**. Access complete [RFP](#).

Green Building Loans for predevelopment and interim development of affordable housing rehab projects: below-market loans, a portion of each forgivable, from the National Housing Trust Community Development Fund, supported by the Home Depot Foundation. Contact

[Keiva Dennis](mailto:Keiva.Dennis@nhtinc.org), NHT, (202) 333-8931 ext. 26, or visit <http://www.nhtinc.org> ("what's new" section).

Native American CDFI Financial and Technical Assistance Grants. Community Development Financial Institutions serving Native American, Alaska Native, and/or Native Hawaiian communities are eligible. Deadline: **December 19**. See Federal Register, 11/1/07, pp. 61948-58 or <http://www.cdfifund.gov>. Contact CDFI Fund staff, cdfihelp@cdfi.treas.gov, (202) 622-6355.

Capacity Building Program's Community Development and Affordable Housing Grants. HUD is extending the applications deadline to **January 11** to clear up confusion about eligibility for the \$29.5 million available in the program. The eligible companies are Enterprise Community Partners, Inc. (Columbia, MD); Local Initiatives Support Corp. (New York City); Habitat for Humanity Int'l. (Americus, GA); and YouthBuild USA (Somerville, MA). Affiliates may seek funding from these groups but cannot themselves compete for it. Info: Office of Community Planning & Development, (202) 708-1817.

Comments Sought on:

Pet Waiver Revisions in HUD-Financed Multifamily Properties, proposed by HUD to conform to provisions in public housing. Due date: **December 14**. See Federal Register, 10/16/07, pp. 58447-49, or <http://www.regulations.gov>. Contact Bryan Greene, HUD, (202) 619-8046.

NACEDA Policy Update seeks your state/local news. Please send to [Jane DeMarines](mailto:janedemarines@aol.com).

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