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Story of the Week

Panel Debates Use of Eminent Domain to Restructure Mortgages

In an event this past week sponsored by the Washington, DC-based Center for American Progress, a panel of housing and finance experts weighed in on the merits of restructuring underwater mortgages through the use of eminent domain.

Moderated by the center's director for housing finance and policy, Julia Gordon, the panel included Rep. Brad Miller (D-NC); Jim Carr, senior policy fellow at Opportunity Agenda; Tom Deutsch, executive director of the America Securitization Forum; and Steven Gluckstern, Mortgage Resolution Partners chairman.

With nearly \$7 trillion in homeowner equity lost as a result of the housing crisis, the group convened to discuss possible solutions to help the more than 10 million homeowners who are still underwater on their mortgages.

A growing number of local jurisdictions -- from California to Massachusetts -- are currently eyeing the idea of using eminent domain to acquire underwater mortgages, and repackage them in a way that helps homeowners avoid foreclosure while also reducing their mortgage payments.

Underwater homeowners are more likely to foreclose, causing a ripple effect throughout communities, including an overall decline in property values and destabilization of neighborhoods.

San Bernardino County has recently hired Gluckstern's consultancy, Mortgage Resolution Partners, to study the use of eminent domain to as a way of resolving underwater mortgages

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and helping borrowers avoid bankruptcy.

Gluckstern contends the use of eminent domain for principal reduction is the only logical way of helping homeowners whose loans are (a) owned by private lenders, (b) aren't insured by Fannie Mae or Freddie Mac, and (c) who aren't eligible for assistance from federal programs. "Principal reduction allows them to stay in their homes." Gluckstern says.

While all of the panelists agreed that negative equity resulting from underwater mortgages may be bad for the economy, they were divided on how the issue of underwater mortgages should be resolved or whether eminent domain is the right approach.

Borrowers demonstrating an ability to pay their mortgages without showing signs of distress should continue paying their mortgages. Giving money to borrowers would be an "extreme disservice" to the \$5.5 trillion that the American taxpayers have lent, Deutsch said.

Deutsch also raised concerns about the possibility of eminent domain being used to acquire publicly backed Federal Housing Administration loans.

Nothing Like This Has Happened Before

Miller, who supports Gluckstern's proposal, says that local governments haven't previously used eminent domain to acquire underwater mortgages because the country has never before faced a foreclosure crisis of this magnitude. Nevertheless, governments have the ability to condemn property and they do so on a regular basis, he says. "Mortgages agreements are pretty much suicide pacts ... We're trying to preserve neighborhoods," says Miller.

Carr, of Opportunity Agenda, says the history of eminent domain is rife with examples of "devastating effects" on communities of color. "We are seeing improvements across all markets, but the downside is that the damage has been concentrated in specific communities ... If owners have principal reduction, it would be a positive turn of events ... but eminent domain is one of the most extreme things that a public entity can do," says Carr.

Communities of color have been disproportionately affected by the housing crisis and Gluckstern says the plan his company developed to preserve homeownership mostly targets areas with large minority populations.

Info: To access a webcast of the panel discussion, visit <http://bit.ly/WkYHXw>.

Posted 1/11/13 3:44 PM

Business Development & Retention

Detroit Releases Blueprint for Revitalization

The future of Detroit includes revitalized neighborhoods, a stable population, economic opportunities, and an integrated transportation system, according to a new long-term plan for the city.

The Detroit Strategic Framework is a collaborative product of more than 30,000 conversations with city residents, urban planning firms, and consultants and provides

strategies on a range of issues to help reboot the Motor City.

The city has faced serious financial problems and instability for years, and organizers say parts of the plan could take up to 50 years to implement.

Organizers of the plan studied a variety of different areas including public land disposition policies, the urban and regional economy, urban agriculture, community development and housing, land use, and transportation.

As a way to increase economic growth, for example, the plan offers suggestions for creating employment districts and locations throughout the city which would promote economic opportunities in certain areas like global trade, information technology, and healthcare. The plan also calls for encouraging local entrepreneurship and minority business participation.

Other "imperative actions" identified by the organizers include the ability to attract and retain new residents, improve the health of communities, and find ways to transform vacant land to increase its value. The plan also calls for an enhanced open space system, including networks of parks, recreation centers, lakes, and green landscapes.

Info: To review the city's plan, visit <http://detroitworksproject.com/>.

Posted 1/11/13 3:49 PM

Events Calendar

Smart Growth Conference Slated for February

The New Partners for Smart Growth Conference will be held from Feb. 7-9 in Kansas City, MO. The conference will feature more than 90 sessions and about 400 speakers. The 12th annual conference will focus on identifying strategies for more sustainable development in the Midwest and across the nation.

The deadline to register for the conference is Jan. 18.

With more than 2 million residents, the Kansas City region provides valuable case studies for economic and historic development, renovation of old spaces for new uses, design of walkable, mixed-use neighborhoods, and examples of transit-oriented development, according to organizers.

Thought leaders from across the country will share best practices of smart-growth solutions to create more resilient economies and more equitable housing and transportation development.

Breakout sessions will focus on topics such as how local governments can support mix-income transit-oriented development, how to develop vibrant communities for the new economy, and land use planning for coastal communities.

Organizers say the conference will draw a national audience of local elected officials; state and federal agency leaders; professionals in planning, transportation, public health, architecture, public works; realtors, developers, bankers; school leaders, and community activists, among others.

The program will include a mix of seminars, workshops, networking, and site visits around the Kansas City region.

Info: For more information and registration, please visit <http://www.newpartners.org/>.

Posted 1/7/13 2:20 PM

Finance

J.P. Morgan's Community Lending Grade Slips

Federal regulators have downgraded the community-lending practices of J.P. Morgan Chase & Co. from "outstanding" to "satisfactory," following their analysis of the bank's compliance with the Community Reinvestment Act.

The Treasury Department's Office of the Comptroller of Currency recently released its ratings covering the period from November 2008 through December 2011.

The agency found that the bank demonstrates an "adequate level" of community development lending, but the bank's rating was negatively influenced by "evidence of illegal credit practices inconsistent with helping to meet community credit needs."

J.P Morgan is the only one of the four largest commercial lenders to have a CRA rating of "satisfactory." Bank of America Corp., Citigroup Inc., and Wells Fargo & Co. all scored "outstanding," in their most recent evaluations, according to reports.

The OCC is the primary national-bank regulator and has recently signaled that it will begin to enforce rules more strictly to prevent unfair practices for consumers.

Info: To read the full evaluation, please visit, <http://1.usa.gov/SiAhIW>.

Posted 1/11/13 3:06 PM

Funding Opportunities

Design Workshop Grants Available for Rural Communities

Rural communities are invited to apply for the Citizens' Institute on Rural Design grants which provide funding, design experience, and technical assistance.

Winning communities will each receive a \$7,000 grant, as well as design and technical assistance valued at \$35,000 through facilitated design workshops.

Applications are due by March 5.

Citizens' Institute on Rural Design assists rural communities of under 50,000 people in improving economic health through design workshops. The organization helps bring together leaders, nonprofits, and community organizers with a team of design and place-making specialists to create efficient housing and improve the character of rural communities.

Previous results of the workshops include the development of plans for business improvement districts, and fundraising plans for the design of waterfront parks.

Applicants are invited to participate in one of three calls to help with preparing the applications.

The Citizens' Institute on Rural Design is an initiative of the National Endowment for the Arts in partnership with the Department of Agriculture and the Project for Public Spaces Inc.

Info: To learn about the program and apply, visit <http://bit.ly/13mso0T>.

Posted 1/11/13 5:32 PM

Historic Preservation Gets Boost from National Park Service

The National Park Service has awarded nearly \$30 million in historic preservation grants for states and tribes. Revenues collected on federal oil leases on the Outer Continental Shelf was the source of the funding.

The Historic Preservation Fund is administered by the National Park Service, which uses the majority of funding to distribute matching grants to state preservation offices.

The funds will be used for a wide range of preservation projects including National Register of Historic Places nominations, preservation education, architectural planning, community preservation planning, and building repair.

California was awarded the largest grant, receiving nearly \$465,000 from the fund.

The funding will provide a boost to local economics and will promote heritage tourism, says National Park Service Director Jon Jarvis.

Of the \$27 million in total funding, \$4.1 million will go to Native American tribes in support of Tribal Historic Preservation Offices as part of the National Historic Preservation Act.

Info: For more on the Historic Preservation Fund, please visit <http://www.nps.gov/history/hpg/>.

Posted 1/11/13 3:09 PM

Organizations Join Forces to Improve Low-Income Communities

Private Funders: Jessie Ball DuPont Fund and Opportunity Finance Network;

Opportunity: Partnerships for Community Impact: Higher Education & CDFIs (Community Development Financial Institutions) Working Together;

Funding Focus: Higher education, community development;

Geographic Focus: National;

Eligibility: Public and private colleges and universities;

Funding: N/A;

Deadlines: None.

Purpose: The new effort will engage higher education and CDFI leaders in working together

on community development opportunities. CDFIs (<http://www.cdfifund.gov>) provide funding to revive low-income areas. The organizations will make a series of presentations and have offered a new report that highlights funding partnerships between colleges and universities and CDFIs.

These types of partnerships have resulted in various types of community improvements, including childcare facilities, housing and grocery stores.

For example, La Salle U. and The Reinvestment Fund (TRF) improved access to healthy foods in northern Philadelphia by developing an 80,000-square foot retail center adjacent to university's campus. In addition to providing fresh, healthy food for the underdeveloped neighborhood, the project created 250 jobs and used green building methods to reduce energy consumption. Additional information can be accessed at: <http://tinyurl.com/b4mbgb8>.

Info: For more on the new program, please visit <http://tinyurl.com/ajrdz7l>.

Posted 1/7/13 12:05 PM

Sprint Foundation Offers Community Development Grants

The Sprint Foundation seeks grant applications from nonprofit, tax-exempt organizations focused on community development. Community development grants from the Sprint Foundation support regional initiatives that contribute to a strong civic infrastructure, health, and a vibrant community.

You have plenty of time to get your application put together. The deadline for applications is Nov. 3.

Other funding priorities include education, arts and culture, and youth development.

Based in a suburb of Kansas City, the majority of the Foundation's grants provide support for organizations within the Kansas City area. The Sprint Local Giving program also provides grants in the areas of Atlanta, Dallas/Fort Worth, Denver, and New York City.

For those organizations seeking support outside of these markets, Sprint directs applicants through the employee Matching Gift Program and other national programs.

Info: To learn more and apply, visit <http://bit.ly/WpUS2y>.

Posted 1/7/13 4:51 PM

Land Use

Land Development Will Harm Ecosystems, Study Finds

Developed land in the United States will increase by 41% by 2060, according to a new study from the Forest Service.

The study explores the ways in which increased urbanization, population growth, and land-use patterns might impact natural resources over the next 50 years.

According to the study, the country will see a decline in forests, particularly in the South,

where the U.S. population is expected to expand most dramatically, leading to increased development.

Scientists at the Forest Service as well as its partner agencies, nonprofits, and universities conducted the study.

Key conclusions in the report include:

- Land development will continue to threaten the integrity of natural ecosystems;
- Climate change will alter natural ecosystems and affect their ability to provide goods and services;
- Competition for goods and services from natural ecosystems will increase;
- Geographic variation in resource responses to drivers of change will require regional and local strategies to address resource management issues.

Info: To access the study, visit <http://1.usa.gov/UIZr8L>.

Posted 1/11/13 4:13 PM

States

Advanced Manufacturing Research Bill Proposed in Colorado

Colorado Gov. John Hickenlooper (D) proposes bipartisan economic development legislation that aims to improve the state's economy through advanced manufacturing, technology and research.

The proposed Advanced Industries Accelerator Act aims to "create new highly-skilled jobs, increase exports, drive innovation and capital investment, create stronger partnerships between educational institutions and industry, accelerate technology commercialization and promote Colorado's research and development activities."

Rejuvenating Manufacturing

In 2011, the Obama administration launched the Advanced Manufacturing Partnership to encourage industry, universities and the federal government to invest in technology and skills to support a rejuvenated manufacturing economy and encourage companies to invest in the United States.

Last year, Obama proposed a national network for manufacturing innovation to encourage such public-private partnerships as the bill in Colorado proposes.

The Colorado legislation would provide an incentive for industry, research institution, and private-sector collaboration, as well as a grant program that would provide funding for industries seeking early stage capital and infrastructure.

The Colorado Office of Economic Development and International Trade would manage the program.

The Hickenlooper administration contends the bill will help Colorado's economy by bringing additional advanced technology-related research funds to the state, resulting in more

products and jobs. These industries currently bring in nearly \$2 billion to that state, officials say.

The bill would also improve the commercialization process, allowing products to be sold faster. Additionally, the state could set aside minimum amounts of early-stage matching funds to help technology companies attract private investments.

The legislation would establish three different grant financing streams for projects in Colorado.

Proof-of-Concept grants of up to \$150,000 would be available for research performed at Colorado research institutions focused on technologies that cut across various advanced industries.

Early Stage Capital & Retention Grants of up to \$250,000 would be available for companies with at least 50% of employees based in Colorado that provide services across multiple advanced industries.

Infrastructure grants of up to \$500,000 would be available for projects focused on collaborative technology or product development.

While some sources have been identified, financing for the bill is currently being established, officials say.

Info: For more about the proposed Advanced Industries Accelerator Act in Colorado, please visit <http://1.usa.gov/XfzcJx>.

Posted 1/11/13 12:40 PM

Manufacturing, Workforce Development Pushed in Indiana

The Indiana General Assembly got underway Jan. 7, with several lawmakers making a renewed push for workforce development in the upcoming session.

Republican lawmakers in the state -- led by House Speaker Brian Bosma and Senate President Pro Tem David Long -- say that creating more training and opportunities for people in new, advanced manufacturing jobs will be a priority.

Info: <http://www.in.gov/legislative/>

Posted 1/11/13 3:17 PM

Bank Pledges \$250M to Community Development in Oregon

Over the next five years, Seattle's Washington Federal will commit \$250 million to community development efforts in Oregon.

The company recently purchased South Valley Bancorp Inc. in Klamath Falls for approximately \$44 million. The company operates 200 offices scattered across eight Western states.

The bank has pledged \$10 million for a senior housing project in La Pine, OR which will also

include homeless housing.

Additionally, the bank wants to make \$50 million in mortgage loans to low- and moderate-income individuals looking to purchase homes. The program will allow homebuyers to borrow up to 95% of the purchase price of the home in amounts up to \$200,000.

The company also made donations to nine charities in the Oregon area.

Info: For more on the funding, please visit <http://bit.ly/5bXMPS>.

Posted 1/11/13 4:19 PM

Vermont to Reestablish Economic Development Agency

Vermont Gov. Peter Shumlin (D) plans to re-establish the state's Department of Economic Development. In previous administrations, the office was located in the state's Department of Housing and Community Affairs.

The new department will focus exclusively on supporting businesses and attracting new employers to Vermont. The change won't require any additional state employees.

Economic development in the state is currently under the purview of the state's outgoing Deputy Secretary, but economic development requires a full-time focus, administration officials say.

The department will soon be searching for a new Commissioner of Economic Development. Recommendations for the position should be sent to the state's commerce and community development secretary, Lawrence Miller, at lawrence.miller@state.vt.us, and copying lori.camp@state.vt.us.

Former state Rep. Lucy Leriche will serve as the new deputy secretary of commerce and community development. Leriche has overseen a variety of programs, including single-family home programs, the Homeownership center, housing development, rental housing operations, and others. She also founded a nonprofit organization for individuals with mental illness.

Info: For more on the changes, please visit <http://bit.ly/10054Ht>.

Posted 1/7/13 2:42 PM

Transportation & Infrastructure

Virginia's Governor Proposes Elimination of Gas Tax

If a transportation-funding plan proposed by Virginia Governor Bob McDonnell (R) is passed by the General Assembly, the state would become the first in the nation to eliminate its gasoline tax.

Instead of a gas tax, McDonnell proposes an increase in the state's sales tax from 5% to 5.8%, and also increasing the amount of sales tax allocated for road maintenance.

Such a tax would pump \$300 million into the \$5.5 billion Silver Line rail project, which the

state thus far has only modestly funded.

McDonnell's plan also calls for higher vehicle registration fees and a charge for electric and natural gas vehicles. If passed, the plan would bring more than \$3 billion over five years to fund road construction, transit development, and passenger rail development.

McDonnell says the funding would help finance major infrastructure projects in the state.

Info: To read more about the plan, visit <http://1.usa.gov/VR4aFK>.

Posted 1/11/13 4:06 PM

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