

New England Community Developments

Emerging Issues in Community Development and Consumer Affairs

New Arguments for Employer-Assisted Housing

by Anna Afsbar

New England recruiters know that the area's high cost of housing is a key challenge to attracting and retaining workers. Median home-purchase prices for the region's major cities are higher than those for many competitor cities (see Figure 1). The story is similar for rental housing prices. The high cost of housing also affects the quality of life for existing employees as many contend with burdensome housing payments and/or long commutes to work.

In the 1980s, some U.S. companies began to offer grants and loans that could be

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applied toward the purchase of a home as a means of attracting and retaining top-level management in high-cost cities. Today, for-profit, nonprofit, and government organizations across the country have come to see the value of extending these types of programs, referred to as employer-assisted housing (EAH), to low- and moderate-income employees as well. Proponents of EAH have long touted its benefits, including a more stable workforce resulting in bottom line savings for employers. Despite these endorsements, there has been only a

Figure 1

Median Home Purchase Prices

(Thousands of dollars, preliminary data for 2005)

Location	Median Price
United States	207.3
New England MSAs	
Bridgeport-Stamford-Norwalk	482.4
Boston-Cambridge-Quincy	414.0
Providence-New Bedford-Fall River	293.5
Worcester	290.7
New Haven-Milford	278.9
Norwich-New London	256.0
Hartford-W. Hartford-E. Hartford	252.9
Portland-S. Portland-Biddeford	245.1
Springfield	201.8
Competitor Cities	
San Francisco-Oakland-Fremont	715.7
Raleigh-Cary	194.5
Austin-Round Rock	163.8
Durham	158.7

Source: National Association of Realtors

modest implementation of EAH in New England. Few of the region's employers offer formal programs and local and state governments have introduced only a handful of policy initiatives to promote workforce housing.

In some other parts of the country, innovation and experimentation have helped EAH gain momentum. Most of the progress centers on new models for partnerships between employers, governments, and nonprofit housing organizations. These models offer the potential for more efficient and expanded delivery of affordable hous-

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ing. Some of these partnerships have also helped build new constituencies for affordable housing, specifically within the business community, and have become catalysts for policy change. In certain cases, these achievements have helped bolster the role of the community-based housing partners in the region's economic development program.

The purpose of this article is to identify lessons from other parts of the country that offer New Englanders additional rationale for implementing EAH programs, partnerships, and policies. First we describe the potential benefits of EAH programs and how they work. Then we look at how these programs are being used in other parts of the country and in our region. We conclude with recommendations about how regional employers, state and local governments, and housing nonprofits can make better use of EAH as part of their strategies to increase competitiveness and promote affordable housing.

Nuts, Bolts, and Benefits of EAH Today

Affordable housing advocates maintain that a greater understanding on the part of employers of the link between housing and competitiveness will lead to a wider implementation of EAH programs. Advocates explain that these programs can be structured to cut recruiting costs and reduce employee turnover as well as improve employee morale and productivity. According to Fannie Mae, the combination of these benefits can save employers money.

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EAH programs can also benefit other stakeholders. Employees can receive financial assistance to buy a home, often closer to work. In certain cases, employers support the development of new housing, which can contribute to increased property-tax revenue and neighborhood improvement. Robin Snyderman, the director of the Metropolitan Planning Council (MPC), a nonprofit that promotes development strategies to foster economic competitiveness in Chicago, points to another beneficiary, the broader housing arena. She argues that the more community-based housing partners are contracted by

employers to implement EAH, the more they are recognized as essential to the economic development of the region.

Today there are many different ways that employers can promote workforce housing (see Figure 2). These options fall under two broad categories: helping employees purchase homes (demand programs) or furnishing developers with incentives to build or rehabilitate affordable housing (supply programs). The wide variety of options for employers allows them to choose a program or combination of programs that meet their needs, are cost-effective and risk-minimizing and offer numerous opportunities for partnerships.

For example, through closing cost assistance and forgivable loan programs an employer pays part or all of the closing costs of an employee's home purchase. These programs can be cost-effective for the employer if the organization caps the assistance at an amount equal to, or less than, recruitment and retention costs. A land-rich employer can provide a housing-site subsidy to a developer. By donating land, or selling or leasing it at a discount, an employer increases housing affordability or availability. The employer thus provides a housing benefit without having to incur a new expense.

There are also a myriad of ways that the private, nonprofit, and public sectors can partner to develop, promote, and deliver EAH programs. In New Jersey, the state housing finance agency structured an employer guaranteed loan program that has attracted the participation of the business community. A nonprofit community organization in Chicago operates a revolving loan fund for employee down payments capitalized by local employers. Fannie Mae actively promotes EAH and acts as an information clearinghouse for these programs. Coastal Enterprises, Inc., in Maine is partnering with the Local Initiatives Support Corporation and Fannie Mae to develop EAH for health-care workers. These are just a few examples. Below we examine in detail how two innovative partnerships, one in California and the other in Chicago, are helping develop workforce housing. First we take a closer look at EAH in our region.

Figure 2
Types of Employer-Assisted Housing Programs

Type of Benefit	Description	Additional Comments
Homebuyer education	Employer partners with an organization to provide education to employees	Cost of the program is covered by the employer
Group mortgage origination	Employer obtains volume discounts on mortgages	A mortgage lender provides reduced costs in return for a bulk mortgage lending commitment
Closing cost assistance	Employer pays part or all of closing costs	Can save an employee \$1,000 or more
Mortgage guarantee	Employer guarantees part or all of a mortgage	Lowers the lending risk. In return a lender can offer reduced costs or more flexible underwriting criteria
Group mortgage insurance	Employer transfers the mortgage liability to an insurer in return for a premium	Offers the same benefit to the employee as a mortgage guarantee program
Down payment loans –		
Forgivable loan	Employer provides a forgivable loan which helps the employee cover down payment costs	Can be cost effective if the rate of forgiveness is equal to, or less than, recruitment or retention costs
Reduced interest rates	Employer provides a soft second loan arranged at below market rates	Lender provides the discount in exchange for employer-administered roll deduction and linked deposit arrangements
Mortgage buy-down	Employer pays multiple points at the time of closing, essentially driving down the interest rates	Employers in banking and insurance firms can hold below market rate loans in the lender's own portfolio
Purchase of securities	Employer can request that local or state agencies or private real estate lenders issue taxable bonds paying below market rates, which the employer would purchase	Proceeds from the bonds are used to fund mortgages or a second mortgage down payment loan, and repayment of the mortgage would repay the bond. Thus an employer can make a modest profit on this benefit
Housing-site subsidy	Employer sells or leases land at discount or donates it to a developer	Attractive to land-rich employers
Construction financing or guarantee	Major corporations can borrow at prime or near prime interest rates	Enables developers to save on construction finance interest charges
Housing trust fund	Employer makes contribution to a fund to be used for various housing benefits	Particularly useful funding mechanism for unionized employees
Purchase guarantee	Employer eliminates risk for developers by agreeing to purchase housing units. In return the builder agrees to market the units at a discount	If the specified number of units are sold to employees, the employer is relieved of any responsibility and the benefit is, in effect, costless

Sources: Schwartz 2000, Hoffman 2000.

EAH in New England

New England has a few noteworthy EAH initiatives. On the policy front, Connecticut is one of only two states (the other is Illinois) to offer a tax credit for employers that provide housing assistance. The program matches dollar-for-dollar, up to \$100,000 per employer, firms' contributions to a revolving loan fund from which employees can borrow to meet their housing needs. The program had some success after its implementation in 1993. However, program participation has declined in

recent years after stricter eligibility requirements went into effect and the phasing out of business taxes for certain types of corporations has reduced the number of firms that are eligible for the tax credits. As a result, not all of the state's annual allocation of \$1 million has been used.

Massachusetts and Vermont currently have proposals on the table that would promote workforce housing programs. Massachusetts State Senator Jarrett Barrios has reintroduced legislation to have the Commonwealth contribute \$1 for every \$2 an

employer spends toward EAH. The state would match employer grants or loans to low- and moderate-income employees up to \$100,000 per employer and up to \$5 million for the program as a whole. The legislation has support from business and housing groups, but the senator could have difficulty convincing legislators to accept any new program costing money in the current fiscal environment. In Vermont, Governor Jim Douglas has proposed a program that would treat employer contributions to EAH programs as an expense, up to \$1,000 per employee. This proposed housing policy is currently undergoing revision.

A small number of the region's for-profit and nonprofit organizations offer EAH programs.¹ Citizens Bank of Rhode Island is one of the largest employers offering EAH. The company's initiative, launched in 2002, provides a forgivable loan of \$5,000 (\$8,000 if the home is purchased in an "emerging community"), as well as homebuyer education. The program is currently open to 13,415 employees nationwide and has been used by approximately 2,268 to date. York Hospital in Maine has

In Boston, the Neighborhood Assistance Corporation of America, a community advocacy and housing services organization, worked with HERE Local 26, Boston's hotel and restaurant employees union, to amend the Taft-Hartley Act to allow housing benefits to be included in union contract negotiations.

established a similar program for the purposes of helping retain nursing staff. The hospital offers a \$10,000 forgivable loan that an employee can use towards the purchase of their first home in the local area. Hospital employees can also apply for financial assistance from the Town of Portsmouth through its first-time homebuyers program.

There has been relatively little experimentation with developing partnerships between organizations to promote EAH, with a couple of notable exceptions. In Boston, the Neighborhood Assistance Corporation of America, a community advocacy and housing services organization, worked with HERE Local 26, Boston's hotel and restaurant employees union, to amend the Taft-Hartley Act to allow housing benefits to be included in union contract negoti-

ations. This change was necessitated by the partnerships' successful negotiation in 1989 to establish the nation's first union housing trust fund.

A new partnership leverages \$1 million from private, state, and local resources. In August 2005, UMass Memorial Medical Center, the City of Worcester, the state Department of Housing and Community Development, and the Massachusetts Housing Partnership announced the establishment of the UMass Memorial Bell Hill/ East Side Homeownership Initiative. Each partner is contributing \$250,000 toward a variety of homeownership services, including affordable home mortgages, down payment and rehabilitation assistance, and homebuyer counseling. The state is directing \$250,000 from its SoftSecond mortgage loan program to Bell Hill and its surrounding neighborhoods. The announcement of the initiative follows a decision by Worcester to designate the Bell Hill area as a Neighborhood Revitalization Strategy Area under the federal Community Development Block Grant Program. The Homeownership Initiative is expected to help up to 35 low- and moderate-income employees of UMass Memorial and local residents.

The UMass Memorial Bell Hill-East Side Homeownership Initiative is the most complex coordination of partners and programs focused on EAH that the region has seen to date. And yet it involves only one employer and does not address policy issues around workforce housing. Next we examine two partnerships outside our region that are attracting employer participation as well as helping to catalyze policy change on a regional scale.

Partnerships with Impact

One of the first major collaborations for workforce housing was initiated by the Silicon Valley Leadership Group (SVLG). The group, representing more than 190 companies employing over 250,000 workers regionally, has been in existence for more than 20 years. A few years ago SVLG began drawing attention to the threat that high home prices posed to business competitiveness in the Silicon Valley. The group's analysis revealed that their workforce places a high priority on affordable housing and that local NIMBY prejudice against affordable housing was helping to drive the area's high housing costs. Since then, SVLG has spearheaded the establishment of a \$25 million housing trust fund to help more than 1,250 first-time buyers

purchase homes. It also has funded homeless shelters that have assisted 1,900 people and has provided partial funding to build 1,184 below-market rental units. The scale of SVLG's programs is a testament to the value of having the local business community work together to promote workforce housing.

SVLG is also a good example of how the support of the business sector for EAH can help catalyze a broader constituency for affordable housing policies. In addition to the help that SVLG has provided directly to employees, SVLG has partnered with local governments, community leaders, and labor representatives to advocate for policy change. In particular, SVLG has worked with these groups to produce research that documents the shortage of land zoned for residential development and to draft recommendations for local land-use policies to increase the supply of affordable housing.

The Chicago-area Regional Employer Assisted Collaboration for Housing (REACH) is, by far, the partnership that has gained the most momentum. REACH was launched by the Metropolitan Planning Council with eight community-based housing partners in 1999. According to Robin Snyderman, MPC's success in promoting local and state policy change through REACH is as impressive as its success in recruiting employers to implement EAH programs.

REACH's business model is meant to be hassle-free for employers concerned about not having the expertise to implement these programs. The REACH partner, along with MPC, tailors a program for the employer and provides all the necessary documentation. Ultimately, it is the REACH partner that administers the program for the employer. MPC's main function is to find appropriate partners and leverage state and county funding sources, as well as lead evaluations and public education.

REACH currently partners with about 40 businesses. More than 700 employees have begun participating in the homeownership-education component since REACH began in 2000, and close to 300 people have successfully bought homes through an EAH initiative. The business partners might be large corporate employers who leverage public funds to provide loans and grants or institutions such as universities that can sell their tax credits to developers. REACH is also working with Chicago's Local Employment and Economic Development Council on a new small business consortium. The consortium is expected to be a model of how businesses

with fewer than five employees can easily implement an EAH program.

As REACH has formed partnerships with employers, the various partnerships have been leveraged to inform and engage policymakers, with significant impact. The advocacy work of MPC and REACH has helped garner the support of Illinois Governor Rod Blagojevich and Chicago Mayor Richard M. Daley for EAH programs. Lawmakers have become convinced of the merits of these programs and have created financial incentives to promote EAH, including state tax credits and state and local matching grants. Overall, every dollar

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of state matching funds used for the EAH program has leveraged more than five from employers. Finally, REACH efforts and the support of businesses have also helped catalyze Illinois' first-ever state housing policy.

Snyderman offers some observations gleaned from the REACH program. First, these collaborations develop incrementally; in part, because corporations go through several levels of buy-in. Word of mouth and the media help spread the concept. Second, these partnerships reveal the value of community-based housing experts to employers and municipalities. Third, employers can be influential in getting suburban and state policymakers to pay attention to housing policy.

Conclusion

There are compelling reasons for employers, public agencies, and housing groups in New England to consider promoting comprehensive, policy-oriented EAH collaborations. These collaborations can help build constituencies for affordable housing, effect policy change, raise the profile of community-based housing organizations, increase employees' access to affordable housing, and improve organizations' ability to attract and retain workers.

Talking about the benefits of these programs has

not been enough; stakeholders will have to step forward to advance EAH. Businesses can partner with housing organizations to implement programs and business councils can advocate for policies that support workforce and affordable housing. Government agencies can create lending programs and incentives that leverage employer funds. Nonprofits can bring partners together and leverage business support to promote policy change. All of these groups can refer to similar organizations that are already involved in promoting EAH. Some resource information is provided below (see Figure 3).

Recent initiatives at the federal level may sweeten the deal for employers. In June 2005, Freddie Mac began allowing employer-provided funds to be

There is plenty of opportunity for New England to make better use of EAH as a means of improving the region's supply of affordable housing and its overall competitiveness.

applied toward all of its mortgage products.² Around the same time, Senator Hillary Rodham Clinton (D) and Representative Nydia Velazquez (R), both of New York, introduced Housing America's Workforce Act, which proposes a federal tax credit for employers. Organizations would receive a \$0.50 federal tax credit for every dollar that they provide, up to \$10,000 per employee or 6 percent of the purchase price of a home, whichever is less. It is unclear whether these initiatives will provide a needed boost to EAH in our region. What is clear is that there

is plenty of opportunity for New England to make better use of EAH as a means of improving the region's supply of affordable housing and its overall competitiveness.

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¹Other New England organizations sponsoring EAH programs include Mass Envelope, Eastern Bank Corporation, D's Electric, Boston Private Bank and Trust Company, and Bentley College.

²Fannie Mae already allows employers to link financial assistance to any of the mortgage lender's financial products.

Figure 3 EAH Resources

- Fannie Mae: <http://www.fanniemae.com>
- Freddie Mac: <http://www.freddiemac.com>
- Metropolitan Planning Council: <http://www.metroplanning.org>
- Silicon Valley Leadership Group: <http://www.svmg.org>
- Connecticut Housing Finance Authority (administers Connecticut's EAH tax credits): <http://www.chfa.org>
- Illinois Housing Development Authority (administers Illinois' EAH tax credits): <http://www.ihda.org>

New England Updates

Fourth Quarter 2005 / First Quarter 2006

by Ricardo Borgos

Across the Region

Fourth Quarter 2005

Lawmakers Respond to High Energy Costs

The U.S. Department of Energy predicted that this winter consumers would face 30 percent to 50 percent hikes in heating costs over last year. Mark Wolf of the National Energy Assistance Directors Association forecasted that the number of applications for heating assistance could reach its highest level in 12 years. High fuel costs are expected to have hit low- and moderate-income consumers especially hard. In anticipation of unusually high heating costs this winter, New England legislators have supplemented existing heating assistance with the following programs:

Connecticut Governor M. Jodi Rell signed a law in October that increases benefits for low-income families through the Connecticut Energy Assistance Program (CEAP) and adds benefits for moderate-income families through the Contingency Heating Assistance Program, which is part of CEAP.

Maine Governor John Baldacci launched a charitable fuel fund in October to raise an additional \$5 million in individual, corporate, and foundation donations. These proceeds are being used to provide emergency fuel assistance to households ineligible for the Low-Income Home Energy Program (LIHEAP). In January 2006, Governor Baldacci signed an act to provide an additional \$5 million in funding for Mainers who rely on LIHEAP.

Massachusetts Governor Mitt Romney signed legislation in November that gives consumers and businesses tax incentives to use energy efficiently. Additionally, U.S. Representative William D. Delahunt, a local nonprofit energy corporation, and Venezuela's president, Hugo Chavez, arranged a deal for a subsidiary of the Venezuelan national oil company to ship 12 million gallons of discounted home-heating oil to local charities and 45,000 low-income families across the state.

New Hampshire Governor John Lynch signed legislation in November to provide up to \$10 million in additional assistance for LIHEAP. The legislation also provides funding for the state's Electric Assistance Program to serve up to 30,000 additional households.

Rhode Island In November, the city of Cranston in Rhode Island brought back its Emergency Fuel Program for another year. The program provides money to buy emergency home-heating oil for low- and moderate-income families.

Help for Local Flood Victims

The U.S. Small Business Administration approved multiple requests for a disaster declaration from Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont in response to damage done by severe storms and flooding in April and October. Homeowners, renters, property

owners, businesses, and nonprofit organizations located in select counties have applied for physical damage disaster loans. Small businesses have also applied for economic injury assistance. New Hampshire established a 24-hour hotline for flood victims to obtain assistance and information on aid programs. Governor Donald L. Carcieri authorized the Rhode Island Department of Labor and Training to expedite unemployment insurance benefits for employees whose jobs were affected by the rainstorms. In addition, he announced the establishment of a \$1 million loan fund for flooded Rhode Island businesses.

In February, NeighborWorks America and TD Banknorth Charitable Foundation announced a joint venture to create a public awareness and education program aimed at helping consumers avoid predatory lending practices. The training and awareness campaigns will be piloted in four New England states: Connecticut, Massachusetts, New Hampshire, and Vermont. According to NeighborWorks, demand for their financial literacy and predatory lending courses is at an all-time high. The organization indicates that prime targets for predatory lending include the elderly, low-income individuals and families, and new immigrants who are not familiar with the U.S. financial system.

First Quarter 2006

In January, First Lady Laura Bush honored the 2005 winners of the Coming Up Taller Awards in Washington, D.C. The awards recognize outstanding community arts and humanities programs in the U.S. and Mexico that promote creativity and educational achievement among youth. The Coming Up Taller Awards are an initiative of the U.S. National Endowment for the Arts, the U.S. National Endowment for the Humanities, and the Institute of Museum and Library Services. Each year, these groups present 17 finalists with awards of \$10,000 each and semifinalists with Certificates of Excellence. For more information about the awards and the 2005 winners, visit <http://www.cominguptaller.org/awards.html>. The following are the award recipients from New England:

The ArtsLiteracy Project, Brown Summer High School, Brown University, RI

Youth-Art-in-Action, Museum of Fine Arts, Boston, MA

Teen Media Program, The Community Art Center, Cambridge, MA

Cultural Alternatives Division, Music and Arts Center for Humanity, Bridgeport, CT

State Highlights

CT

Connecticut

Fourth Quarter 2005

In October, the state of Connecticut launched Don't Borrow Trouble, a public education campaign aimed at preventing predatory lending. Callers can utilize the state's 2-1-1 Infoline to be referred to trained professionals who offer free legal advice about purchasing a home, refinancing, consolidating debt, taking out a home-equity loan, and preventing mortgage foreclosure. The campaign targets those who are thought to be the most vulnerable to predatory lending--the elderly, minorities, and low- and moderate-income individuals. Don't Borrow Trouble was pioneered in Boston by Mayor Thomas M. Menino and the Massachusetts Community and Banking Council. Freddie Mac is the principal sponsor of campaign's expansion throughout the United States.

In November, the town of Redding received the National Award for Smart Growth Achievement from the Environmental Protection Agency (EPA). Redding was honored for its work with the Georgetown Land Development Company to develop the former Gilbert & Bennett Wire Mill into a pedestrian-friendly neighborhood based on the principles of sustainable development. The EPA created the National Award for Smart Growth Achievement in 2002 to recognize approaches to development that benefit the economy, public health, and the environment.

First Quarter 2006

In January, the state launched a new online application form for its Supplier Diversity Program. This process is supposed to make it easier for small and minority business owners to register and bid on a portion of the state's purchases. The online service handles initial certifications and allows businesses to view and edit previously submitted information as part of their recertification process. The system has also been designed to recognize paperwork filed with other state agencies, reducing redundancy for applicants. The online form is available at www.biznet.ct.gov/dasibi.

In January, a new program was introduced in Waterbury to help low- and moderate-income borrowers avoid predatory lending practices. The "Borrow Wise Initiative for Waterbury" will provide information and resources to help consumers make better borrowing decisions. The program was started in Bridgeport in 2004 by the office of the state treasurer with support from Bank of America Corp. and Fannie Mae and has now been introduced in eight Connecticut cities.

The U.S. Department of Agriculture announced in February that it had designated the entire state of Connecticut as a primary natural disaster area, which made farm operators eligible for low-interest federal emergency loans. From June through mid-October 2005, unusually dry conditions reduced production yields for pumpkin, hay, sweet corn, field corn, and feed crops for the state's 2005 growing year. Pumpkin production was hit especially hard, with production yields below 50 percent of normal levels.

ME

Maine

Fourth Quarter 2005

USDA Rural Development designated additional areas of Lewiston/Auburn “eligible lending areas” in October, giving residents of these locations access to the agency’s programs. USDA Rural Development’s mission is to improve the quality of life for rural residents by promoting economic opportunity and increasing access to affordable housing. A map of eligible areas can be found on the Maine Rural Development web site, <http://www.rurdev.usda.gov/me/>.

In December, the Maine State Housing Authority approved Affordable Housing Tax Increment Financing (AHTIF) districts in Lewiston and Augusta that will help finance rental housing developments in the two communities. In Augusta, the AHTIF will help finance the conversion of a downtown warehouse into 24 apartment units affordable to working families. In Lewiston, the AHTIF will help fund conversion of the former St. Dom’s School on Bates Street into 30 units of affordable senior housing.

First Quarter 2006

In February, Coastal Enterprises Inc. published the first comprehensive study of predatory lending in Maine. The report says that approximately 1,000 families are affected each year by predatory lending practices and that these practices cost Mainers at least \$23 million a year. Additionally, the report suggests that key trends in the state’s subprime market suggest vulnerability to abuse, including the high proportion of subprime cash-out refinances and a large proportion of hybrid adjustable rate mortgages. Drawing on the experiences of other states, the study recommends strengthening a 2003 state law -- which essentially codified the federal Home Ownership and Protection Act (HOEPA) of 1994 into the Maine Consumer Credit Code -- with a few additional protections for “high-cost” loans.

In March, the state of Maine was selected as one of the sites for an international study examining the links between economic and workforce development by the Organization for Economic Opportunity. The state was selected because of innovations introduced by Governor Baldacci such as the establishment of a Workforce Cabinet. In general, the study examines the integration of local and regional labor market policies and economic development strategies.

MA

Massachusetts

Fourth Quarter 2005

Governor Mitt Romney signed legislation called “40S” in November that will reimburse communities for increased education costs incurred when families move into new moderately priced housing built within designated smart growth districts. This measure complements zoning reform called “40R” signed into law in 2005 that provides financial incentives to communities to build housing in smart growth districts near transit stations, town centers, and other infrastructure-rich locations.

Governor Romney signed legislation in November to lower the property tax burden for Massachusetts senior citizens. Under the previous state law, homeowners 65 or older who met certain income eligibility requirements could receive an annual state income tax credit of up to \$840 if their house was valued at \$400,000 or less. As house values have risen, however, fewer seniors have become eligible for

credits. The new law raises the property value threshold to \$600,000, making more seniors eligible for tax relief. The law also allows cities and towns the option of charging seniors a lower rate of interest on property tax bills they have deferred, or dropping the interest rate to zero percent.

First Quarter 2006

In February, Governor Mitt Romney and Revenue Commissioner Alan LeBoivide brought attention to the fact that the state's home heating fuel tax deduction has been underutilized by tax payers. The tax break signed into law by the Governor last fall allows income-eligible filers to subtract up to \$800 of home heating fuel expenses from their taxable income. The fact that less than 40 percent of qualifying filers are claiming the tax deduction means that about 200,000 taxpayers have left \$5 million in potential refunds undaimed.

In February, 47 communities and nine regional organizations across Massachusetts were awarded \$2.5 million to help first-time homebuyers qualify for a mortgage. The awards were made from the state's Soft Second Loan Program, which is administered by the Department of Housing and Community Development along with the Massachusetts Housing Partnership Fund. Soft Second loans blend private and public funds to lower homeowner borrowing costs by combining a conventional first mortgage from a bank with a state subsidized second bank mortgage.

The state announced in February that 73 Massachusetts companies will receive Workforce Training Fund grants totaling \$6.5 million to help train nearly 7,800 workers across Massachusetts. The Workforce Training Fund, administered by the Department of Workforce Development, provides businesses and labor organizations with matching grants of up to \$250,000 to finance current and newly hired employee training.

NH

New Hampshire

Fourth Quarter 2005

In December, the New Hampshire University System launched an initiative called the Affordable College Effort, which will help make college more affordable for low-income students. The program ensures that federal and state aid covers the direct costs of the first year of college for eligible students attending the University of New Hampshire, Plymouth State University, Keene State College, and Granite State College.

In November, the U.S. Department of Housing and Urban Development (HUD) provided the city of Nashua with a \$1.3 million grant to provide housing assistance to people living with HIV/AIDS. Nashua is one of only 16 cities nationwide, and the only one in New England, to be awarded a HUD Housing Opportunities for Persons with AIDS grant. The grant will be applied toward an initiative between the city of Nashua, the Southern New Hampshire HIV/AIDS Task Force, and Harbor Homes Inc. to lease 31 apartments over the next three years to low-income county residents with HIV/AIDS.

First Quarter 2006

In February, the state senate approved unanimously a bill that would allow consumers to obtain a freeze on their credit accounts. The law specifies that an individual can freeze their accounts for a fee of \$10 or for free if they have been a victim of identity theft. Identity theft has become the state's most common consumer complaint. In 2004, 700 New Hampshire residents reported being a victim of identity theft to the Federal Trade Commission.

In February, George Bald was confirmed by New Hampshire's Executive Council as the state's resources and economic development commissioner. Bald was commissioner from 1998 to 2004, when he left the position to become director of the Pease Development Authority. He will return to the state job in early April.

RI Rhode Island

Fourth Quarter 2005

In late September, the Rhode Island Office of Higher Education was awarded a \$16.3 million grant from the U.S. Department of Education to continue the state's GEAR-UP program for the next six years. More than 4,000 minority students from low-income families in Central Falls, East Providence, Newport, Providence, and Woonsocket participate in the state program. GEAR-UP provides academic enrichment, social and personal development, career awareness, and post-secondary preparation programs, as well as post-secondary education scholarships to students from grades 3 through 12.

In October, the Boston Society of Architects selected two affordable-housing developments in Providence among eight of the nation's most socially responsible projects. The architectural group gave the John M. Clancy Award for Socially Responsible Housing to the Adelaide Avenue Neighborhood Revitalization project, in lower South Providence, and the Friendship-Pine/ Providence-Tanner Block Revitalization project, in upper South Providence. The Adelaide Avenue project yielded 42 affordable apartments, all meeting applicable standards for rehabilitation. The Friendship-Pine/ Providence-Tanner project created 61 affordable housing units, plus a public park.

First Quarter 2006

The state announced plans in February to establish a \$100 million trust fund to help small businesses purchase affordable health insurance for employees and a \$20 million bond to create a health information network. Governor Donald L. Carcieri cited that the average commercial premiums in Rhode Island doubled from 1997 to 2003, with higher increases for small businesses. Many small business employers have been forced to drop their health insurance and only 65 percent of businesses with fewer than 10 employees currently offer health insurance coverage to their employees. This has helped contribute to a 65 percent increase from 2000 to 2003 in the number of Rhode Islanders without health insurance.

Governor Carcieri filed a bill in January designed to help prevent homeowners from unknowingly losing their properties to tax lien sales. Cities, towns, and other taxing authorities will be required to notify the new Consumer Finance Protection Board of delinquent liens well in advance of planned public auctions of real estate liable for taxes. Based on this information, the Board staff will begin a process to determine what factors have led to the inability of the homeowner to pay their liens. The Board will

then leverage Rhode Island Housing's full array of low interest loan products, financial services, and counseling to make every effort to help the homeowner to stay in the home.

In January, the Rhode Island Foundation awarded \$3.5 million to some 87 programs within the state, including grants totaling \$372,000 for 13 projects in the Blackstone Valley area. The grants will support a range of activities throughout the region, from healthier food for students in Pawtucket schools, to youth leadership training, to affordable housing.

In January, Smith Hill Community Development Corporation and Stop Wasting Abandoned Property Inc. received affirmative action awards for having outstanding participation of women and minorities in construction projects last year. The awards were presented by the Rhode Island Housing and Mortgage Finance Corporation.



Vermont

Fourth Quarter 2005

In October, the Vermont Community Development Program awarded more than \$1.9 million in community development grants and loans to seven municipalities. The funds are expected to leverage \$5 million more in resources for the various programs and projects. In the town of Bradford, a \$550,000 grant will be used by the Central Vermont Community Land Trust, in partnership with Housing Vermont, to purchase seven multifamily rental properties that include affordable housing units. In the town of Northfield, a \$375,000 grant will be used by the Central Vermont Community Land Trust to create a revolving loan fund for low- and moderate-income homeowners to maintain affordable and safe housing in Lamoille, Orange, and Washington counties. In the town of Shelburne, a \$368,000 grant will be used by Opportunities Credit Union to create a Manufactured Home Loan Fund serving low- and moderate-income owners of manufactured homes in Chittenden, Franklin, and Grand Isle counties.

First Quarter 2006

In February, the Brattleboro Area Community Land Trust was awarded a \$470,000 grant from the Vermont Community Development Program and the towns of Rockingham and Weathersfield to fund the Southeastern Vermont Rehabilitation Loan Fund. The new fund will finance low interest home repair loans to low- and moderate-income homeowners in Windham and Southern Windsor Counties.

During his State of the State address in January, Governor Jim Douglas spoke about his Affordability Agenda designed to make Vermont more affordable for residents. Governor Douglas highlighted the cornerstone of his efforts to make college more affordable, the Vermont Promise Scholarship Program. The 15-year, \$175 million college scholarship program would provide about \$5,000 each year to 1,000 students who chose to attend Vermont public or private colleges. In return, students would be asked to remain in state for three years after graduation.

what's new

in Community Development & Consumer Affairs at the
Federal Reserve Bank of Boston

Communities & Banking Magazine

In the spring 2006 issue:

- Beate Becker on “The Arts and the Economy”
- The Afterlife of a Military Base
- Interview with the Connecticut State Treasurer
- Helping the Elderly with Daily Money Management

Home Mortgage and Disclosure Act (HMDA) Data

Home Mortgage and Disclosure Act: New Pricing Data

(in *Communities & Banking*, Spring 2006)

Tabulations of HMDA Home Purchase Data for New England, 2004

HMDA Purchase Data Discussion Paper: Summary For New England, 2003

Conference Proceedings

**Promising Practices in the Development and Distribution of
Asset-Building Products & Programs**

From the December 8, 2005 conference co-sponsored by CFED, the Federal Reserve Bank of New York, and the Federal Reserve Bank of Boston.

Articles Appearing in the Consumer Spotlight

Phishing and Pharming: Helping Consumers Avoid Internet Fraud

Alternative Mortgages: Managed Risk or Gamble?

please visit

<http://www.bos.frb.org/commdev>

and <http://www.bos.frb.org/consumer>



We'd like to alert you to some recent work and upcoming events on housing policy by our colleagues at the New England Public Policy Center.

An Overview of Chapters 40R and 40S: Massachusetts' Newest Housing Policies

by Darcy Rollins

This policy brief discusses Massachusetts' two newest housing production policies, Chapters 40R and 40S. The requirements and financial incentives offered under the two policies are described. The brief also discusses the extent to which the new laws are likely to address local objections to new housing, a primary barrier to new housing development that exacerbates the state's affordability problems.

<http://www.bos.frb.org/economic/neppc/briefs/2006/briefs061.pdf>

Conference: Housing and the Economy—Trends, Impacts, and Potential Responses

8:30 am to 12 pm, May 22, 2006

Federal Reserve Bank of Boston

A half-day conference covering current problems in the Massachusetts housing market, possible causes, and potential solutions.

Lynn Browne, Executive Vice President at the Federal Reserve Bank of Boston, will moderate a discussion of the impact of housing on the region's economy.

Speakers will include:

Barry Bluestone, Center for Urban and Regional Policy

Ed Glaeser, Rappaport Institute

Alicia Sasser, New England Public Policy Center

David Ellwood, Dean of the Kennedy School of Government, will then moderate a discussion on potential policy responses. Panelists will include:

Jack Clarke, Director of Advocacy, Massachusetts Audubon Society

Robert Culver, President and CEO, MassDevelopment

Larry Curtis, Managing Partner, Winn Development and President, Greater Boston Real Estate Board

Mayor Mary Claire Higgins, Mayor of Northampton and President, Massachusetts Municipal Association

State Representative Rachel Kaprielian, Co-chair, Joint Committee on Municipalities and Regional Government

Charlotte Golar Richie, Chief and Director, Department of Neighborhood Development, City of Boston (invited)

RSVP to neppc@bos.frb.org or call Teresa Ricoy at 617-973-4257.

Cosponsored by the New England Public Policy Center at the Federal Reserve Bank of Boston and the Rappaport Institute of the Kennedy School of Government.

2006 Issue 1

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The authors would like to thank Caroline Ellis
for her editorial assistance.

This publication is available without charge.
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