

# 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

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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.

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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](http://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.

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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.

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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.