



Community Reinvestment Advocates Promote Local Solutions to Economic Crisis

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Over 500 activists, government representatives, and industry officials from across the country came to Washington, DC on April 13th through 16th to participate in the National Community Reinvestment Coalition's 21st annual Conference, held in Washington DC. Titled "National Challenges, Local Solutions: Rebuilding Homes, Lives and Communities," the conference focused on two primary areas: 1) building a national advocacy network, and 2) highlighting innovation in community economic development at the local level.

At the conference's luncheon plenary, John Taylor, Founder and CEO of the Coalition, highlighted the stark political and economic situation faced by community reinvestment advocates. "You can't talk about class warfare in America," Taylor noted, and yet "the disparity of income continues to build unbelievable, unprecedented wealth for a few, while not just the poor get poorer but the middle class is falling apart. They just don't know it. They are a paycheck away from foreclosure. I understand the tea party. There are a whole lot of pissed off people because things are falling apart. They don't know what to do ... we are doing a poor job of communicating with people what this crisis is about."

The following day at a congressional luncheon following visits of conference attendees, Rep. Keith Ellison (D-MN), Co-Chair of the Congressional Progressive Caucus and Senator Al Franken (D-MN) addressed attendees. Both underscored the point Taylor made the day before.

"We are in the middle of a debate of generational dimensions," Ellison said. "Civil rights, voting rights, fair housing, Medicare, EPA ... all of those measures are under threat." Senator Franken noted that, "The line couldn't be more clearly drawn ... The wealthiest 400 in this country now have more wealth than the bottom 150 million in this country, and they want to give them more."

At the following session, Jim Carr, Chief Operating Officer of the National Community Reinvestment Coalition, outlined the continuing foreclosure crisis. "We have had nearly 9 million foreclosures since 2007," Carr said. "There were nearly three million suffered foreclosures last year. This year, we expect 2.5-3 million more. Upside-down mortgages are nearly \$1 trillion." We all know we cannot cut our way to economic prosperity," Carr added. "We can't solve the national problems. We are going to fix problems at the local level. Bring local solutions to local problems that are national as well." In particular, the panel that Carr led highlighted solutions in two cities – Los Angeles, California and Cleveland, Ohio.

Speaking of Los Angeles, City Council member Ricardo Alarcón, noted that city bank deposits are an often under-utilized resource. "Why can't I as a City Council member use our taxpayer dollars to invest in banks that are investing in my community?" Alarcón said he asked himself when he first came up with the idea of leveraging bank deposits by having banks compete for

city business based on how much they reinvest in the City. “I’ve used that principle many times since,” Alarcón added. “There are so many strategies that could be used if cities used their economic power to change the behavior of banks that are ripping us off. Community wealth building strategies – community wealth building ... Our portfolio has grown to \$30 billion.”

Ted Howard, Executive Director of the Democracy Collaborative, spoke about the Evergreen Cooperative strategy being implemented in Cleveland, Ohio, in coordination with The Cleveland Foundation, the Ohio Employee Ownership Center, and area universities and hospitals in Cleveland, Ohio. The goal is to create a network of green worker cooperative businesses that create new jobs, promote asset accumulation, and stabilize and revitalize these efforts. In the next few years, the goal is to grow from three businesses to 10-12 new ones. In the longer run, organizers in Cleveland hope to create as many as 5,000 jobs by leveraging local purchasing power. Howard also added that it is hoped that the program of worker ownership can serve as a form of “leadership development for a new generation of leaders.”

Two speakers who followed Howard and Alarcón echoed the earlier themes regarding the importance of leveraging government and local procurement. Mark Ayers, President of the Building Trades Department at the AFL-CIO noted that project labor agreements “can promote and achieve goals that include workforce and economic development.” For example, for the construction of the Washington Nationals stadium construction project, 574 District residents were hired to work on the project, representing 77 percent of all apprentice hours. This easily exceeded the 50-percent goal. The local government,” Ayers noted, “was able to leverage its construction dollars to train the workforce of the future.” Robert Peck, Commissioner of the Public Buildings Service of the General Services Administration noted that GSA spent \$5.5 billion in stimulus funds on building improvements and are increasingly using project labor agreements to support the development of trades positions, must as Ayers had described.

On the last day of the conference, a panel of economists, bankers, and community activists discussed the current prospects for housing market reform. John Taylor, CEO of NCRC, led off the session by listing some of the key issues: 1) Fannie Mae and Freddie Mac restructuring; 2) defining the role of the Federal Housing Administration (FHA), 3) regulatory definitions of “safe and sound,” and 4) the ongoing foreclosure crisis.

Stella Adams, Executive Director of the National Fair Housing Training Academy in Raleigh-Durham, North Carolina, argued forcefully for continued federal support for homeownership, “I don’t see housing as an investment vehicle; I see it as stability. With a 30-year fixed mortgage, I know what the mortgage payment will be. With rental, I don’t know what rent will be next year. “It stabilizes communities and creates economic stability.”

Mark Moriel, former Mayor of New Orleans and President and CEO of the Urban League made a similar point, “I ran a City for eight years. I can ride through a neighborhood and know whether they are homeowners or renters.”

Mark Calabria of the Cato Institute, however, noted that current federal home ownership policy “disproportionately goes to the wealthy who would buy a home anyway.” Mark Zandi, Chief Economist of Moody.com noted, “We are debating three things: 1) how much should we

subsidize homeownership, 2) are we doing it right, 3) should we make the subsidy explicit?:

“We do it very badly,” Zandi added, “if the homeownership interest deduction is capitalized into price, you’re not helping affordability at all.”

Proposed downpayment standards (some of which would make require the minimum downpayments for a “qualified residential mortgage” as high as 20 percent) raised significant concerns. Mark Goldhaber, Senior VP of Genworth Financial noted, “Only 30 percent of 2009 homeowners would qualify under the proposed standard. That tells me we cranked it too tight.” Adams concurred and suggested that tighter rules might lead to larger, rather than a smaller, federal role. “The incredibly tight underwriting rules will steer everything to FHA, which will not allow FHA to step back,” Adams said.

Irv Henderson of the National Trust for Historic Preservation in Hendersonville, North Carolina on an optimistic note highlighted that within the current crisis, “There is an opportunity: Job creation, workforce development, and dealing with foreclosed and abandoned housing – we need the federal government to make tools. ... We need to get coordination among the sectors.”

At lunch, Thomas Perez, US Assistant Attorney General, highlighted the Civil Rights’ division stepped up enforcement under President Obama. “In 2010, the division saw 26 referrals based on racial and national origin. From 2001 to 2008, the division received 30 referrals based on race and national origin. 26 in one year versus 30 in 8 years,” Perez noted. Following Perez’s remarks, the Revered Jesse Jackson Jr. addressed conference attendees. Jackson highlighted some of the contradictions in U.S. society. “Fifty million are food insecure,” in the United States, “while we have an agricultural surplus.” Jackson called on conference goers to “fight back together.” It gets dark sometime, but the morning cometh,” he added.

In the conference’s closing session, NCRC recognized seven community leaders and organizations. Among the award recipients were [Hope Enterprise Corporation](#)—based in Jackson, MS—won the “James Leach” award for the best rural nonprofit of the year, while [Boston Community Capital](#)—based in Boston, MA—won the “James Rouse” award for the best urban nonprofit of the year. A third organization, the [Pennsylvania Housing Finance Agency](#), won the Henry B. Gonzalez award for its work on foreclosure mitigation in Pennsylvania. A number of awards recognized outstanding efforts by individuals. Inez Killingsworth, founder of the Cleveland-based [Empowering and Strengthening Oho’s People \(ESOP\)](#), won the National Community Reinvestment Award for best exemplifying the ideals and values of economic justice for her work over two decades on behalf of homeowners facing foreclosure (ESOP helped save 3,200 homes from foreclosure in 2010 alone). Manuel “Manny” T. Gauna (posthumously) won the William Proxmire award (contribution to economic mobility) for his work on behalf of [Tiempo, Inc.](#), part of [Chicanos Por La Causa](#), one of the nation’s leading community development corporations. Economists Simon Johnson & James Kwak won the “Color of Money” award (best writing on economic justice) for their book [13 Bankers](#) and filmmaker Jean-Stephane Bron won the Community Empowerment Film Award for his documentary [Cleveland v. Wall Street](#).

For more information on the National Community Reinvestment Coalition, see: www.ncrc.org