

# New England Updates

Second Quarter 2007

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## Across the Region

### Foreclosure Intervention

Connecticut Governor M. Jodi Rell announced in April that she will convene a task force of banking and mortgage experts to examine subprime lending in the state. The task force will be charged with analyzing the issue including the number of families holding subprime mortgages, the number of families in foreclosure, and the estimated number of foreclosures in the pipeline. The task force will also make recommendations about the opportunities for homeowners to refinance their loans and the types of assistance available to affected families.

In June, Governor John E. Baldacci signed into law legislation sponsored by Speaker of the House Glenn Cummings titled: "An Act to Protect Maine Homeowners from Predatory Lending." The law protects consumers from abusive mortgage lending practices by limiting fees lenders can collect on a loan, increasing enforcement and creating tougher penalties for predatory lenders, banning the practice of flipping loans to generate high fees, and requiring greater disclosure on loan documents.

On the same day as Maine's announcement, Massachusetts Governor Deval Patrick filed "An Act Implementing the Division of Banks Mortgage Summit Recommendations." The bill would criminalize mortgage fraud; prohibit abusive foreclosure rescue schemes; require the holder of a mortgage to inform the consumer of any Notice of Intent to Foreclose and Right to Cure; prohibit a lender from making an adjustable rate subprime loan unless the borrower has received counseling on these types of loans; and establish a central repository of foreclosure information at the Division of Banks. In April, Governor Patrick directed the Division of Banks to seek case-by-case foreclosure delays for homeowners who file complaints and the Commonwealth established a hotline to assist homeowners in crisis.

## State Highlights

### CT Connecticut

In June, Governor M. Jodi Rell announced that the Department of Economic and Community Development has joined with a non-profit housing search company, Socialserve.com, to create a housing registry that helps people find affordable and market-rate rental housing in Connecticut. The free on-line service allows property managers and owners to list properties, describe amenities, provide photos, list eligibility requirements, and identify units that are accessible for people with disabilities. Renters can search listings and get contact information. The housing registry can be viewed at [www.CTHousingSearch.org](http://www.CTHousingSearch.org). The site is currently recruiting landlords to list properties. Landlords can register directly at the website or call (877) 428-8844.

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## ME Maine

Governor John E. Baldacci announced in April that low-interest loans will be provided by the Maine State Housing Authority (MSHA) to families whose homes were damaged or destroyed by the Patriots' Day storm. The loans will be available to residents of any county declared a natural disaster by the federal government but there are income restrictions on the loans. Home repair loans of up to \$15,000 and home replacement loans of up to \$303,000 are available. For more information, individuals may contact their local banks or call MSHA at (800) 452-4603.

In June, Governor Baldacci announced the beginning of a long-term partnership between the University of Maine and the Red Shield Environmental facility aimed at helping redevelop the former Great Northern Paper Company mill in Old Town. The relationship will involve the transfer of new technology from the University to the former mill. The University of Maine will provide the facility with newly patented technology that will help the plant make pulp and manufacture biofuels from cellulose. The plans allow for additional workers at the Old Town mill, bringing the total workforce to approximately 175 employees. In addition, Red Shield announced that the company expects to make a \$100 million investment in the facility over the next twelve months to further develop the site.

## MA Massachusetts

In May, officials broke ground on the \$6 million South Hadley Supportive Housing project, which will provide 44 units of affordable housing and essential supportive services for the elderly. ElderCare Initiatives will own the building, and the Holyoke Agency for the Elderly will provide congregate housing and services. The development has been funded through a U.S. Department of Housing and Urban Development Section 202 award, the Massachusetts Department of Housing and Community Development, and the Community Economic Development Assistance Corporation.

## NH New Hampshire

In May, Governor John Lynch signed the Renewable Energy Act, a plan aimed at increasing New Hampshire's energy independence, building a stronger economy, and protecting the environment. The act sets a minimum requirement for new renewable power generation in the state: it requires electric utilities to draw on solar power for 0.3 percent of their electricity needs by 2014 and on other new renewable energy facilities for 6 percent of their electricity needs in 2015, increasing to 16 percent by 2025. The law also makes utilities responsible for using existing renewable facilities for 7.5 percent of their electrical supply. The state already generates 20 percent of its retail electricity supply from hydropower, landfill gas, and biomass power plants. A study by the University of New Hampshire estimates that by reducing natural gas consumption, this law could help reduce total electric costs in New Hampshire by \$5.6 million in 2025.

## RI Rhode Island

In April, Governor Donald L. Carcieri released a study concluding that Rhode Island has sufficient wind capacity to generate 15 percent of the state's electricity from wind power within the next five years. The study shows that Rhode Island contains almost 100 square miles suitable for harnessing wind power. Most of the areas identified are located along Rhode Island's coastline. In addition, the Governor announced plans to launch Energy Independence One, a community stakeholder group that would be charged with determining where wind power facilities can be located.

In April, Providence Mayor David N. Cicilline reported that affordable housing was increasing at a rate that surpasses city goals. The city's efforts to promote affordable housing have included streamlining the permitting process and waiving fees for developers of affordable housing, setting goals for more affordable units, allowing developers to build higher and denser developments in return for contributions to the city's Affordable Housing Trust, and challenging businesses to create housing-assistance programs for their employees. The city also launched two initiatives to help low- to moderate-income homebuyers. One extended the City Home Program to middle-income families, allowing residents to buy a house with an interest-free loan that does not have to be repaid until the house is sold. The other program created a revolving fund to help community development corporations buy land to build housing.

## VT Vermont

In April, Vermont State Treasurer Jeb Spaulding announced that investment proposals were being accepted for a new pension fund program intended to support economic and community development in the state. The request for proposals follows a decision by the Vermont Pension Investment Committee to adopt a policy on economically targeted investments. Investment opportunities that may be appropriate for the pension funds include affordable housing, energy efficiency, venture capital, or timber. The first request for proposal window closed June 15, 2007. In order to be considered, proposals were required to target risk-adjusted, market-rate returns equivalent to or higher than other available investments in a similar asset class, as well as provide a substantial, direct, and measurable benefit to economic or community development within the State of Vermont.

In May, Governor Jim Douglas signed into law \$12 million in funding for college scholarships and workforce training. The legislation marks the first time state funds have been used to capitalize a scholarship program. Under the program, approximately \$8 million will be distributed to the University of Vermont, state colleges, and the Vermont Student Assistance Corporation. These institutions will use the funds to award scholarships to students. The remainder of the funding will be allotted to workforce training programs administered by the state Labor Department.