

New England Updates

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Across the Region

Foreclosure Prevention and Intervention

In July, Connecticut Banking Commissioner Howard F. Pitkin announced the adoption of new regulatory guidance for mortgage originators selling certain adjustable-rate mortgage products to subprime borrowers. The Connecticut guidance mirrors newly released federal guidance but has been modified to address issues particular to nondepository providers, which are generally licensed and regulated by the state. In August, Governor M. Jodi Rell and Commissioner Pitkin announced the establishment of a Mortgage Foreclosure Assistance Hotline (877-472-8313) to connect residents having problems with their mortgages to resources that may be able to help them. In September, Attorney General Richard Blumenthal announced a state lawsuit against several defendants alleged to have participated in a predatory lending scheme. The defendants are accused of luring home buyers to purchase homes they could not afford by concealing certain costs and then falsifying borrowers' incomes with fake bank and employer records.

In July, New Hampshire Governor John Lynch signed a law aimed at protecting homeowners from foreclosure rescue schemes. The law imposes new standards on pre-foreclosure sales, requires greater disclosure from foreclosure consulting services companies, and creates stiff penalties for those who take advantage of homeowners. In August, New Hampshire's Banking Department began conducting information sessions across the state to help consumers avoid risky mortgages. At the sessions, the department's examiners review loan documents with borrowers and potential borrowers to check for improper activities by mortgage originators and provide consumers with referrals for further assistance. For more information, residents can call the New Hampshire Banking Department at 800-437-5991.

Also in July, Massachusetts Attorney General Martha Coakley reached an agreement with Fremont General Corp. to halt foreclosures on over 2,200 loans owned by state residents for a 90-day period. This moratorium is intended to allow state officials time to review the transactions to determine whether the lender gave subprime mortgages to borrowers who could not afford the loan payments. On the same day as Coakley's announcement, Governor Deval Patrick announced a \$250 million refinancing fund to help some victims of predatory lending refinance their home loans. In August, Attorney General Coakley, in partnership with several bar associations, legal services organizations, and advocacy groups, announced the establishment of a Pro Bono Foreclosure Assistance Hotline. Low-income Massachusetts residents facing foreclosure may call 800-342-5297 or 617-603-1700 for assistance.

State Highlights

CT Connecticut

Governor M. Jodi Rell signed legislation in August establishing a Responsible Growth Task Force charged with drawing up recommendations for how the state can promote smart growth through its land use, transportation, housing, and job growth policies. The law also requires the state to study smart growth concepts such as regional tax sharing and regional economic development districts. In addition, the law establishes a \$5 million grant program for towns that replace single-town services with regional programs and specifies that all projects receiving a \$200,000 or larger state grant for property acquisition or development be consistent with Connecticut's Plan of Conservation and Development.

In August, Governor Rell announced the availability of state funding for programs that work toward reducing urban youth violence. The state will provide grants to approximately 15 to 30 projects in sizes ranging from \$50,000 to \$100,000. Eligible participants include municipalities and nonprofit agencies that reach out to youth between the ages of 12 and 18. The grants will be allocated to programs that offer a range of activities including mentoring; tutoring; social and cultural activities; athletic and recreational opportunities; training in problem-solving; strategies to reduce street violence and improve relations between the police and communities; and outreach efforts to attract at-risk youth.

ME Maine

In August, Governor John E. Baldacci signed into law LD 1860, "An Act to Implement the Recommendations of the Task Force to Engage Maine's Youth Regarding Successful School Completion." The Governor had formed the task force in June 2006 to review the issue of students experiencing educational disruption. The new law establishes a process to recognize students experiencing disruptions in academic work, while creating procedures for school personnel and other officials to help these students. The disruptions referred to in the law include homelessness, unplanned hospitalization, foster care placement, and youth development center placement.

The Maine State Housing Authority (MaineHousing) announced in August a pilot project aimed at promoting energy efficiency. MaineHousing is helping create a wind turbine system for a 16-unit apartment property in Winter Harbor that will provide electricity to the common areas and electricity to heat hot water for all tenants. The installation of the wind turbine is expected to reduce rents for the low-income households in the property. The project, financed by a federal Residential Energy Assistance Challenge (REACH) grant, is a cooperative effort involving MaineHousing, Efficiency Maine, the Washington-Hancock Community Action Agency, and the town of Winter Harbor.

MA Massachusetts

In July, Governor Deval Patrick signed into law two key pieces of his proposed Municipal Partnership Act that will provide communities with tools to help relieve pressure on property taxes. The first piece will help municipalities to lower health care costs by giving them the option to join the state's Group Insurance Commission. The second piece identifies and requires the state's lowest-performing pension systems to invest with the state Pension Reserve Investment Trust (PRIT). The performance criteria are based on the funding level and the average rate of return, as compared with PRIT, over the last 10 years.

Massachusetts Undersecretary for Housing and Community Development, Tina Brooks, announced in August that state housing agencies will begin meeting together monthly to coordinate their activities and maximize their collective resources. The new effort is being called Mass-Home Team and includes the participation of the state Department of Housing and Community Development, MassHousing, the Massachusetts Housing Partnership, MassDevelopment, and the Community Economic Development Assistance Corporation. The goals of the Mass-Home Team are to simplify housing policy development and implementation, help the Governor's oversight of the housing system, and coordinate and leverage the financial and technical resources of all parties.

NH New Hampshire

Governor John Lynch signed legislation in July aimed at reducing the incidence of lead poisoning in children. This new law adopts the recommendations of the task force the governor established last fall on lead poisoning. Under the provisions of the bill, if a child is found with lead poisoning, the Department of Health and Human Services is allowed to inspect all units in the building where the child lives. The law also creates a commission to study childhood lead poisoning prevention laws and policies, secure funding to support efforts to reduce lead paint hazards, and disseminate information and education about this issue.

Also in July, Governor Lynch signed a home heating fuel consumer protection law. Many New Hampshire customers have entered pre-buy contracts in order to lock in lower oil prices, but in several cases oil companies have not been able to meet their promises, leaving the consumer without their fuel and money. The new law is intended to help ensure that the language of a pre-buy home heating fuel contract can be easily understood by the consumer, that oil companies will show proof they can acquire the fuel at the agreed upon price, and that companies will reimburse the consumer for any undelivered pre-purchased fuel.

RI Rhode Island

In July, Rhode Island Housing announced KeepSpace, an initiative to protect open space by coordinating development activities in certain communities. The initiative will make \$10 million in bonds, grants, and other subsidies available for projects that encourage efficient use of land and other natural resources by creating a mix of rental and owner-occupied homes. The expectation is that projects chosen will integrate the involvement of government, business, and civic representatives, and result in replicable models of sustainable communities. Rhode Island Housing has issued

a request for proposals to developers for the first 3 to 5 KeepSpace communities. The deadline for submission is November 15.

Also in July, the Housing Resources Commission awarded the first \$10 million from a \$50 million state housing bond approved by voter ballot in November 2006. The first award has been divided among 20 development projects that are expected to break ground on more than 250 affordable apartments, condominiums, and houses before the end of the year. Commission members said that in each case, the bond money will provide the last piece of funding needed for the project to go ahead. Rhode Island's housing bond will be available over four years and is expected to leverage \$450 million from public and private sources, helping to produce up to 2,000 affordable apartments and houses.

VT Vermont

In September, federal judge William Sessions dismissed the American automobile industry's suit against the state of Vermont for adopting a regulation imposing tough greenhouse-gas emissions limits on cars and light trucks. The automobile industry has also filed a suit against California for drawing up the initial regulation that Vermont then adopted and a suit against Rhode Island for also adopting the regulation. The Vermont case was the first to go to trial, and the verdict upholds the state's right to force a 30 percent reduction in carbon dioxide emissions by 2016. Under the federal Clean Air Act, individual states may not enforce stricter standards than those set by the federal government. However, California, in view of its size, has a special exemption: it was able to apply for a waiver from the Environmental Protection Agency that allows it to enforce stricter clean-air standards. Other states can now choose to follow either California's standards or the federal ones.