



**Follow-up Report
& Policy
Considerations**
From the Congressional Forum
Convened by Congressman
Michael Turner

THE IMPACT OF THE HOUSING CRISIS ON LOCAL COMMUNITIES AND THE FEDERAL RESPONSE



Congressman Michael Turner represents Ohio's 3rd Congressional District and co-chairs the Revitalizing Older Cities Congressional Task Force. The Forum and this report were done in coordination with the Northeast-Midwest Institute and the Northeast-Midwest Congressional Coalition. The event was held on August 26, 2009, in Dayton, OH.

Congressional Forum:
The impact of the housing crisis on local
communities and the federal response
August 26, 2009 Dayton, OH



Convened by
Congressman Michael R. Turner
Co-Chair of the Revitalizing Older Cities Congressional Task Force

IN COORDINATION WITH THE
Northeast-Midwest Institute
AND THE
Northeast-Midwest Congressional Coalition



**Follow-up Report:
Analysis with Policy Considerations**

Participant Biographies

Written Remarks of Participants

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Follow-up Report: Analysis with Policy Considerations

Overview

The current housing crisis has played a major role in destabilizing the foundation of our nation's economy. The influx of toxic mortgage loans, predatory lending practices, a lack of loan modification standards and concerns with certain federal housing policies have had a direct impact on millions of homeowners and communities across the country. Increasing home foreclosures and falling housing prices have led many property owners to walk away from their homes, leaving many communities with a large number of abandoned properties, rising crime rates, and deteriorating neighborhoods.

According to Alan Mallach, a Non-resident Senior Fellow at the Brookings Institution in Washington, DC, nearly one out of five housing units is vacant in Dayton, Ohio. In addition, cities like Dayton with economies based in manufacturing have seen a disproportionate loss in jobs and sharp declines in their populations, all of which has exacerbated the impact of the current housing crisis.

As Congress searches for solutions and legislative action to address the current crisis, a forum was convened in Dayton, in coordination with the Northeast-Midwest Institute on the impact of the housing crisis on local communities and the federal responses to this crisis. Nine panelists, consisting of both local Miami Valley housing leaders and federal policy experts, provided testimony and a comprehensive analysis of the impact of the current crisis. The panelists were Amy Radachí, Beth Deutscher, Jim McCarthy, Kiya Patrick, Dean Lovelace, Sarah McGraw Greenberg, Alan Mallach, David Hehman, and Jim Cunningham.

The forum highlighted areas where there has been improvement and areas that remain challenges for the future. The panelists also provided recommendations to Congress that address the current legal and regulatory framework governing the housing and mortgage lending markets; the prevalence of fraudulent industry practices; the effectiveness of certain housing tax credits, grants, and programs; as well as providing a complete reevaluation of federal housing policies and their impact on communities across the nation.

The purpose of this housing forum was to provide Congress, government officials, and the housing industry with a thorough understanding of the implications of federal housing policy on local communities like Dayton and provide creative solutions that address many of these challenges. This report brings together both local and federal policy perspectives on the current housing crisis and lays out clear and innovative strategies for how the federal government can assist these communities. In large part, the health of our nation's economy is largely tied to the stability of the housing markets and the strength of our local economies. Only through the employment of effective housing policies will the nation be able to recover from the current recession and begin restoring the strong and vibrant communities which are essential to our nation's economic strength.

Summary of Federal Housing Policy Considerations

The following report will summarize a number of policy considerations based on the individual testimonies and discussions held at the housing forum into broad based themes consisting of the following: preventing predatory lending by increasing financial product transparency and preventing the issuance of inappropriate loan products; streamlining the mortgage servicing industry; standardizing housing counseling and loan modification regulations; improving the Neighborhood Stabilization Program (NSP) and building local organizational capacity in distressed communities; and rethinking the impact of the low-income housing tax credit on older cities.

➤ **Preventing Predatory Lending by Increasing Financial Product Transparency and Preventing the Issuance of Inappropriate Loan Products:**

This panel found that preventing the issuance of inappropriate loan products for borrowers and increasing financial product transparency are needed to avert another foreclosure crisis. Unfortunately, many homeowners throughout the Miami Valley have found themselves with predatory loan products and are now facing foreclosure. While many organizations like the HomeOwnership Center and the Miami Valley Fair Housing Center continue to provide counseling, education, and legal intervention to victims of these predatory lending practices, additional resources are still needed to address the growing number of homeowners who need support. According to Jim McCarthy, President and CEO of the Miami Valley Fair Housing Center, Inc., “until 2008 there were literally no resources available from the federal government to do anything about predatory lending or its resulting foreclosures.” He said that in 2008 his organization provided assistance to 353 families in the region, despite the fact that there were 5,194 mortgage foreclosures filed during this same period.

While many lenders have responded to the current housing crisis by making it more difficult for home buyers to refinance or qualify for a loan, there are presently no federal regulations in place that would strengthen underwriting standards and limit riskier financial products from entering the marketplace. Even the TARP legislation that was intended to provide relief to the banking industry did nothing to preclude the issuance of these kinds of loans. Only through effective loan issuance regulations and financial product transparency will the housing sector fully recover from the current crisis. Congress needs to develop a comprehensive strategy for insuring that every American has the necessary information to make informed decisions about loan products so that borrowers receive loans that are most suited to their needs.

Policy Considerations:

- 1) Create mechanisms for limiting riskier financial products from entering the marketplace. This could be accomplished through the creation of an agency that prevents predatory lending and the selling of financial products that could be harmful to consumers (Source: Jim McCarthy).

- 2) Assist in identifying victims of predatory and fair housing/ fair lending issues and provide additional funding for intervention and rescue loans that would help borrowers prepare for a loan modification or refinance into a better loan product (Source: Beth Deutscher and David Hehman).
- 3) Enact legislation and continue to fund programs that protect consumers from exposure to “mortgage rescue” scams that are designed to take advantage of at-risk homeowners (Source: Beth Deutscher and Sarah Greenberg).
- 4) Institute a financial incentive or requirement for all first-time homebuyers to complete homeownership education before they receive a loan or refinance their existing loan. This education requirement should include information concerning mortgage financing, affordability, budgeting, credit, home selection, working with Realtors, purchase contracts, home inspections, closing, the responsibilities of homeownership, fair housing, foreclosure prevention, avoiding predatory lending, financial literacy training, down payment assistance, reverse mortgage counseling, and additional information on other local housing initiatives that are offered. This is necessary for ensuring that borrowers receive quality training and guidance as they navigate through the mortgage and home purchase process (Source: Beth Deutscher).
- 5) Recognize that currently there is no systematic way to challenge predatory lending cases nor has the issue of predatory lending been effectively addressed. While limited counseling services are offered to victims of predatory lending and those homeowners facing foreclosure, the federal government has only provided limited resources to address this issue (Source: Jim McCarthy).
- 6) Improve lender underwriting requirement standards so that only reasonable and responsible loans are issued. A return to irresponsible loan underwriting standards in the future will likely have a negative effect on the recovery of the housing market (Source: Kiya Patrick and Beth Deutscher).
- 7) Require loan officers to go through an educational program about predatory lending rules and regulation and be issued a federal license to issue loans (Source: Diane DeVaul).
- 8) Prohibit property owners from refinancing into new loans where the value of the loan exceeds the value of the property (Source: Dean Lovelace).
- 9) Simplify home mortgage closing documents and disclosure forms. These forms should be clearer and more concise so that the borrower understands the regulations and implications of purchasing or refinancing a home (Source: David Hehman).

- 10) Provide additional funding and resources for the historically underfunded and underutilized Fair Housing Initiatives Program (FHIP) at the Department of Housing and Urban Development to address the country's pressing housing segregation issues (Source: Jim McCarthy).

➤ **Streamlining Mortgage Servicing Industry and Procedures:**

The panel found that the Obama Administration has attempted to mitigate the foreclosure crisis through its Making Home Affordable Program, announced in spring 2009, which is run through the Department of Treasury. The program does not adequately address the crisis. Making Home Affordable seeks to prevent foreclosures by working with private industry to offer affordable loan refinances and affordable loan modifications. Unfortunately, this federal program is too small to address the growing foreclosure crisis. The Home Affordable Modification Program (HAMP), which offers incentives to loan servicers and investors to offer borrowers loan modification, will only benefit an estimated 3 to 4 million people, while the Center for Responsible Lending predicts 9 million foreclosures in the next three years.

Housing advocates report a lack of cooperation on the part of loan servicers who are misinforming consumers, and a lack of transparency by servicers and the government that makes it difficult to determine why servicers have refused to modify some borrowers' loans. Often housing counselors find little consistency with no clear justification for how these loan servicers make their decisions in loan modifications or mortgage refinancing. According to Beth Deutscher at the HomeOwnership Center of Greater Dayton, it can take anywhere from three to six months just to hear back from a servicer regarding a loan modification request. Meanwhile, the homeowner is becoming further and further behind on their payments, thus making it even more difficult to come to any agreement. It is clear that policies that work to increase mortgage servicer performance are needed to address the abundant number of homeowners facing foreclosure.

Treasury must increase HAMP's transparency by providing applicants with reasons for denial, and also must make public its measurements used to evaluate whether borrowers qualify for the program. Additionally, Treasury must continue to collect data about applications received by all participating servicers, including data on race, gender, national origin, and the outcome of applications. It must make these data available to the public in a useable way so that academics and advocacy organizations can determine whether or not HAMP is having a disparate impact on African Americans, Latinos, and others.

Policy Considerations:

- 1) Enact legislation that creates a reasonable and consistent standard of operations for mortgage servicers to improve their job performance and communication between them, borrowers, and housing counselors. These new regulations should have the goal

of increasing the volume of successful loan modifications and workouts (Source: Sarah Greenburg).

- 2) Draft legislation that reduces the time it takes to undergo a loan modification. Currently, it can take up to several months to get a response about the status of a loan modification agreement. Or, draft legislation that requires mortgage services to respond to loan modifications within a reasonable timeframe (Source: Beth Deutscher).
- 3) Force mortgage servicers to halt the foreclosure process if a reasonable loan modification plan has been submitted. It is the experience of many loan counselors in the field that there are on average three to six month delays on the responses from servicers regarding loan modification requests. These delays often result in the borrower falling even further behind on their payment schedule and incurring additional fees (Source: Beth Deutscher).
- 4) Provide regulatory and enforcement mechanisms to improve overall servicer performance within the mortgage servicing industry (Source: Beth Deutscher; Jim McCarthy; and Sarah Greenberg).
- 5) Make it easier for state and local governments and non-profits to work with the mortgage servicing industry to allow for easier acquisition of abandoned and foreclosed properties (Source: Kiya Patrick).
- 6) Expand HAMP to cast a broad net with respect to determining which borrowers are eligible for a modification, including giving a second chance to borrowers for whom changes in circumstances (such as unemployment) make their original HAMP loan modification unsustainable (Source: Jim McCarthy).
- 7) Reduce loan principles on HAMP loans to make them more affordable and make interest rates reductions permanent, not short-term (Source: Jim McCarthy).

➤ **Standardizing Housing Counseling and Loan Modification Procedures:**

The panel found that housing counseling and a standardized loan modification process is needed to provide a measure of last resort for homeowners who are in imminent danger of losing their homes, and to help stabilize the current foreclosure crisis. According to Sarah Greenberg, Manager of Community Stabilization Neighborhood Reinvestment Corporation, Congress's foresight in funding the National Foreclosure Mitigation and Counseling program (NFMC) has allowed NeighborWorks to fund and train approximately 1,600 counseling agencies across the country which work, to help homeowners find solutions to their individual problems. David Hehman, President and CEO of the Federal Home Loan Bank of Cincinnati reported that as of June 30, 2009, they had provided more than 800 homeowners

with successful loan modifications or counseling services. He claimed these numbers were modest compared to the need, noting that Congress should work to support and expand these practices.

It's important that new mandates require effective communication between the borrower, the servicer, and the investor so that payment plans are in the best interest of everyone involved, including the community as a whole. In most cases, instead of forcing families out of their homes through foreclosure, it is in the best interest of all parties to aggressively work out an effective loan modification. A standardized loan modification process usually mitigates the losses that investors take as a result of foreclosures. James Cunningham, Field Office Director for the Department of Housing and Urban Development (HUD), announced Secretary Donovan's support of the FHA's Home Affordable Modification Program that allows borrowers to seek a loan modification through their current mortgage company.

The benefits of encouraging these modifications extend well beyond the individual homeowner and can help save many of our communities from declining home values and further home abandonment. Simply allowing homes to fall into foreclosure negatively impacts all surrounding properties and can drive down the value of these nearby properties by as much as 9 percent. Establishing an effective standardized loan modification system is important in determining the best interests of all parties involved while at the same time helping to sustain our neighborhoods and keeping families in their homes.

Policy Considerations:

- 1) Increase and stabilize funding for housing counseling organizations and target rural and linguistically isolated areas. Additional dollars will be needed to fund the National Foreclosure Mitigation and Counseling program through NeighborWorks, as well as other programs (Source: Beth Deutscher; Jim McCarthy; and Sarah Greenberg).
- 2) Draft policy that effectively mandates that the borrower, servicer, and investor collaborate to work toward a reasonable and sustainable resolution. The panel reported that some servicers are inflexible regarding workable options and such a mandate might help bring everyone to the table, hopefully helping the homeowner save their home and preventing communities from further decay (Source: Beth Deutscher).
- 3) Establish a standardized loan modification process where troubled and defaulting homeowners can apply for a mortgage under the close scrutiny of all parties involved, a designated trustee, or judge who has expertise in this area, to be granted the authority to modify mortgages on a case-by-case basis (Source: Jim McCarthy).
- 4) Offer temporary relief grants for families who have a long history of making their payments on time, but have recently had some financial instability due to the current economic conditions. These funds could be used to help these individuals restructure their loans to keep their homes (Source: Jim McCarthy).

- 5) Consider creating a loan modification program that allows for using the negative equity debt and placing it into a subordinate mortgage where no payments or interest are due on the subordinate debt until the property is sold. This alternative would prevent the borrower from a windfall if home prices eventually rise and instead would aim to allow the homeowner to repay their original debt to the underwriting investors (Source: Sarah Greenburg).

➤ **Improving the Neighborhood Stabilization Program (NSP) and Building Local Organizational Capacity in Distressed Communities:**

In response to the current housing and foreclosure crisis, Congress passed H.R. 3221, the Housing and Economic Recovery Act of 2008 that created the new Neighborhood Stabilization Program (NSP). In the first round of NSP funding, HUD allocated \$3.92 billion on a formula basis to provide grants to all states and local governments. In the second round, HUD will allocate \$1.93 billion on a competitive basis to provide grants to states, local governments, and nonprofit organizations.

In the first round of funding the program allocated federal assistance to neighborhoods that have extremely high concentrations of foreclosed and vacated homes. The NSP reclaims the supply of vacated housing once the property has been foreclosed or abandoned and uses these funds to acquire, resell, or demolish abandoned and foreclosed properties.

According to Kiya Patrick, Community Development Specialist at the Montgomery County Community and Economic Development Office, Montgomery County received almost \$6 million in the first round of NSP funding which it used to target neighborhoods needing the infusion of capital to stabilize them and to demolish properties in distressed areas in Montgomery County.

While the panel was pleased about the allocation of NSP funds and supported its continued funding, they believed that there were some changes that needed to be made to make the program more effective. Amy Radachi, President and CEO of Rebuilding Together Dayton, stated that NSP funds should also be used for owner-occupied rehabilitation and performing repairs for low-income homeowners living in areas hardest hit by the housing crisis. By improving the effectiveness of the NSP, this program can continue to be a resource for investing and rebuilding our neighborhoods

Policy Considerations:

- 1) Support H.R. 3204, legislation that would expand the use of NSP funds for rehabilitating owner-occupied housing for low-income families (Source: Amy Radachi).
- 2) Maintain a competitive process rather than formula allocations as a major part of the allocation of NSP2 funding in the future. A competitive process provides local

organizations with incentives to build capacity and innovate on best practices to address the needs of the community (Source: Alan Mallach).

- 3) Continue to provide NSP funding to distressed communities. Allow local jurisdictions to reduce unproductive units through demolition and increase rehabilitation efforts in neighborhoods that have been heavily impacted by vacant properties (Source: Kiya Patrick and Beth Deutscher).
- 4) Loosen NSP funding restrictions so local governments can have greater flexibility in carrying out comprehensive strategies to deal with foreclosure prevention, market building, and quality of life issues. Currently NSP is too focused on specific property transactions (Source: Sarah Greenberg; Beth Deutscher; and Alan Mallach).
- 5) Make it easier for local jurisdictions and non-profits to acquire abandoned and foreclosed homes under the NSP (Source: Kiya Patrick).
- 6) Provide more effective code enforcement and nuisance abatement to minimize the harm abandoned properties do to the neighborhood's quality of life and property values (Source: Alan Mallach).
- 7) Allow NSP funds to be used to incentivize local communities to invest in capacity, train personnel, and encourage recruitment of larger and more effective community development corporations. While NSP2 provided \$50 million to local and national technical assistance providers, the funding is narrow in scope and focused to only meet the technical requirements of the program. Additional funding should be provided for working capital and operating support to nonprofit organizations that are struggling to build capacity in highly distressed areas (Source: Alan Mallach).
- 8) As NSP is funded through the CDBG process, all recipients of those funds have certain fair housing obligations. Congress should work with HUD to assure that all jurisdictions receiving NSP funds have a current Analysis of Impediments to Fair Housing Choice (AI), which assesses their communities' needs, describes strategies to improve fair housing compliance, implements the strategies, and continues to be updated at least every five years. All properties acquired through foreclosure should be marketed and managed by real estate firms and professionals who have received comprehensive fair housing training (Source: Jim McCarthy).

➤ **Rethinking the Low-Income Housing Tax Credit and its Impact on Older Cities:**

The panel found that for many older cities like Dayton and throughout the Northeast and Midwest regions of the country there is a surplus of older housing units. Amy Radachi, President and CEO of

Rebuilding Together Dayton testified that Dayton's housing stock is aging with over 86% of it more than 35 years old. In 2005, 6.35% of the housing stock in Dayton was defined by city housing inspectors as in need of major exterior repair. In addition, Alan Mallach, Non-resident Senior Fellow at the Brookings Institution, pointed out that nearly one out of five housing units is vacant in Dayton, Ohio. These statistics illustrate that the Dayton housing market is not strong, the supply for housing is more than the demand, and as a result many of these houses are at risk of becoming abandoned.

These statistics point out that in cities like Dayton, the Low-Income Housing Tax Credit, designed to increase affordable housing units, may actually create more problems than they solve. These cities tend to be shrinking in size and tax credits designed to build additional housing units may actually be further destabilizing these communities, according to Mallach. Mallach suggested that it's time to get away from thinking about affordable housing almost entirely in terms of producing new units and instead develop innovative strategies to address the challenges of making better use of the housing units currently available.

Policy Considerations:

- 1) Create a "preservation pool option" in the Low-Income Tax Credit that would allow states to make tax credits available to fund programs to improve and upgrade privately owned rental properties at affordable rates. For a fraction of the cost, the federal government could help landlords upgrade their rental properties and face tough sanctions if they do not comply. If these efforts were combined with effective, targeted, and proper code enforcement, implementation of this strategy in Dayton and other cities could improve housing conditions for far more low-income families at less cost (Source: Alan Mallach).
- 2) Provide tax credits or grants to renovate brownfields (Source: Alan Mallach).
- 3) Provide tax credits and other incentives to private owners of rental housing units to upgrade the quality and condition of the current housing stock (Source: Alan Mallach).

Biographies of Forum Hosts

Congressman Michael R. Turner- Representing Ohio's 3rd District, Co-Chair of Revitalizing Older Cities Congressional Task Force

Michael R. Turner, Ohio's Third District Representative to the United States Congress since 2003, has a background in community activism with service to not-for-profit groups focusing on urban renewal and historic preservation.

As the two-term Mayor of the City of Dayton, he was a strong proponent of neighborhood revitalization, crime reduction, increased funding for safety forces, economic development and job creation. He created Rehabarama, a private-public partnership to rehabilitate neglected housing in Dayton's historic neighborhoods, which had significant economic impact on the region, and received national awards from the National Trust for Historic Preservation and the U.S. Conference of Mayors.

As Mayor of Dayton, Congressman Turner established a development fund providing more than \$19 million in grants for housing and job-producing projects. The development fund sparked investment which resulted in a renaissance of Dayton's downtown, after two decades of decline, including a \$130 million arts center, a minor league baseball stadium, river front development, loft and upscale housing, additional corporate headquarters, and redevelopment of a brownfield area into a tool and die business industrial park. Under Mayor Turner's leadership, the City of Dayton had a balanced budget for all eight years of his tenure (having not been balanced for the previous five years), added 54 police officers on the street resulting in a nearly 40 percent reduction in police response time, and closed two adult movie theaters in residential neighborhoods, thus improving the quality of life for Dayton residents.

Congressman Turner has state-wide, national, and international experience. As mayor, he served on the Ohio Governor's Urban Revitalization Task Force, which provided input for urban planning which led to the Clean Ohio Fund, concentrating on brownfield redevelopment and greenspace preservation. On the national level, he co-chaired the Mayors and Bankers Brownfields Task Force for the U.S. Conference of Mayors, testifying before Congress to support grant funding and liability relief to third party brownfield property owners.

In December, 2003, Congressman Turner's urban experience was called upon by then House Speaker Dennis Hastert who appointed him Chairman of the new Saving America's Cities working group. The 24 Member working group was charged with developing goals and principles to help urban America by focusing on economic development issues and encouraging private sector investment in cities.

Congressman Turner is a senior member of the House Armed Services Committee and Ranking Member of the Subcommittee on Strategic Forces, from which he is able to assist Wright-Patterson Air Force Base

located in Ohio's Third District. Additionally, his position on the Government Reform Committee and Subcommittee on Domestic Policy allows him to contribute his experience as mayor to government reform.

In the 110th Congress, in addition to his work on these committees Congressman Turner founded and is co-chair of the House Historic Preservation Caucus, the Former Mayors Caucus, and the Real Estate Caucus, as well as serving as Vice Chair of the Urban Caucus.

Diane DeVaul- Director of Policy, Northeast-Midwest Institute

Diane DeVaul is the Northeast-Midwest Institute's Director of Policy and a specialist on energy issues, the regional effects of federal spending, and the importance of innovation as a driver of economic revitalization. Dr. DeVaul manages the Institute's Revitalizing Older Cities Initiative. She previously managed projects focused on accelerating the adoption of energy technologies and modernizing the electric grid with the U.S. Department of Energy, the Oak Ridge National Laboratory, the National Energy Technology Laboratory, and Science Applications International Corporation (SAIC). Her other projects have focused on revitalizing older industrial areas, engaging new partners in development efforts, and directing the Northeast Regional Resource Center for Innovation, one of five U.S. Department of Energy Regional Resource Centers. Her publications include articles that focus on successful models of local economic development. She has published articles in *Public Utilities Fortnightly* and *Issues in Science and Technology*, the magazine of the National Academy of Sciences.

DeVaul has organized Congressional field hearings to build an agenda for the House and Senate Manufacturing Task Forces, as well as directing a series of briefings that brought together industry, state and local officials, public utility commissions, and other private sector stakeholders to discuss the barriers and conflicting policies that prevent market penetration of more efficient-energy technologies.

DeVaul was selected to be a member of the North American Working Group that met at Harvard University's John F. Kennedy School of Government to define U.S. policy issues involved in expanding imports of Canadian electricity. She also gave a presentation on those policy issues at the Trinational Energy Policy Workshop at Stanford University and at the International Association of Energy Economists' Annual North American Meeting. Moreover, she delivered a paper, "Post-War Energy Economics: The Urban and Regional Implications," at a Johns Hopkins University symposium.

She previously served as a consultant to the Department of Housing and Urban Development's Office of Community Planning and Development, providing program recommendations for two urban initiatives to the Assistant Secretary.

DeVaul's doctoral dissertation received the Carl Boyd Award for distinguished dissertations from the University of Maryland. She has taught at the University of Maryland, George Mason University, and American University.

Biographies of Experts

Amy Radachi - Executive Director, Rebuilding Together Dayton

Amy has been the Executive Director of Rebuilding Together Dayton since July 1998. She founded the affiliate as a member of Preservation Dayton Inc. in 1996 and served as Board President for three years. She is a consultant with Rebuilding Together's national office's Organizational Development Institute. She served on Rebuilding Together's National Affiliate Council as affiliate liaison to affiliates in Indiana, Ohio, Michigan, Kentucky and West Virginia. She is a graduate of Rebuilding Together University I in 2002 and Rebuilding Together University II in 2004 from the University of Pennsylvania.

She served on the Public Arts Commission and Landmarks Commission for the City of Dayton. She was President of Dayton View Historic Association for four years. She is a 1995 graduate of Neighborhood Leadership Institute. She was named an Outstanding Young Woman in America in 1997. She is a 2002 graduate of Leadership Dayton. She was one of the Ten Top Women of Dayton in 2003. She was also named one of the Dayton Business Journal's Forty Under 40 for 2008.

Prior to being hired as the affiliate's first Executive Director, she worked as a litigation paralegal for ten years at Thompson Hine and the NCR Corporation. She received a degree in Legal Assistance from Ball State University in Muncie, Indiana.

She lives in Dayton View Historic District with her three boys. She is a member of the Rotary Club of Dayton, where she is a member of the Board of Directors for 2009-2011 and is active on the Education and Mentoring Committees. She is a committee chair for the Holy Angels School PTO.

Beth Deutscher- Executive Director, HomeOwnership Center of Greater Dayton

Beth Deutscher is the Executive Director of the HomeOwnership Center of Greater Dayton, a non-profit organization whose mission is to empower Dayton area residents to achieve and sustain homeownership and financial success. She has over 20 years of experience with non-profit work in the areas of homeownership services, financial education, credit counseling, and management of housing programs. Under Beth's leadership, the HomeOwnership Center has helped thousands of individuals and families achieve their housing and financial goals and established a wide range of partnerships with lenders, housing organizations, and government agencies. Beth serves on a number of local, state and national housing boards and committees, including Miami Valley Fair Housing Center, Dayton Fund for Home Rehabilitation, NeighborWorks Ohio Collaborative, and NeighborWorks America's Homeownership Center Advisory Committee. The HomeOwnership Center is a program of St. Mary Development Corporation, a HUD-approved housing counseling agency, and a member of the NeighborWorks network.

Jim McCarthy- President/CEO, Miami Valley Fair Housing Center, Inc.

Jim McCarthy is the President/CEO of the Miami Valley Fair Housing Center, Inc., a non-profit organization with a mission to eliminate housing discrimination and ensure equal housing opportunity

for all people in its region. Jim is also the Chair of the Board of Directors the National Fair Housing Alliance based in Washington, DC.

Mr. McCarthy is one of the architects the Predatory Lending Solutions (PLS) project, a pioneering project that addresses the epidemic problem of predatory mortgage lending in the Montgomery County, Ohio area. Mr. McCarthy has secured more than \$3.95 million dollars of local funding since 2001 to support the PLS project. The PLS project is a multi-component project developed by the Fair Housing Center and its collaborative partners and has been used by other communities as a model in creating a program to address the problem of predatory lending. Through the PLS project, the Fair Housing Center staff assist residents of Montgomery County by providing outreach and education on the dangers of predatory mortgage lending, and provide intervention and rescue services to those residents who have been victims of predatory mortgage lending.

Mr. McCarthy has worked closely with and presented at seminars and conference organized by Fannie Mae, Freddie Mac, AARP, the National Fair Housing Alliance, the Coalition on Homelessness & Housing in Ohio, the National Association of Counties, and the National Association for County Community & Economic Development. Mr. McCarthy has also testified before the U.S. House of Representatives Committee on Oversight and Government Reform - Subcommittee on Domestic Policy on "Foreclosure, Predatory Mortgage and Payday Lending in America's Cities". Mr. McCarthy is a board member of the Miami Valley In-Ovations, the Montgomery County Family & Children First, Stable Families Outcome Team, a member of the American Society of Public Administrators, and serves as an independent consultant and grant reviewer for the U.S. Department of Health and Human Services - Health Resources and Services Administration (HRSA).

Kiya Patrick- Community Economic Development Specialist, Montgomery County

Kiya Patrick is a Community Development Specialist with Montgomery County and currently manages the Neighborhood Stabilization Program. During her tenure with the Department, she has coordinated the planning and funding of community development projects utilizing a variety of federal funds. Prior to joining the Community Development Office, she has over 13 years of experience in managing Community Programs for the Montgomery County Solid Waste District and Public Health Dayton and Montgomery County. She obtained her Bachelor's degree from the College of Math and Science at Wright State University, and is midway through her certification as a Housing Development Finance Professional with the National Development Council. In her spare time, she enjoys spending time with her husband and two children.

Commissioner Dean Lovelace – City of Dayton

Dean Lovelace is a Commissioner for the City of Dayton serving in his fifth term which runs from 2008 to 2012. Previous terms include 1993-1996; 1996-2000; 2000-2004; and 2004-2008.

Dean is a native of Ford City, Pennsylvania, but has been a Dayton resident since childhood. He and his family lived in the Edgemont neighborhood for 30 years and recently moved to the Madden Hills neighborhood.

Dean is a graduate of Jefferson Township High School. He has an Associate's Degree in Business from Sinclair Community College, a Bachelor's in Business Administration from the University of Dayton, and a

Master's in Applied and Social Economics from Wright State University.

Dean and his wife, Phyllis, have been married for 35 years. They have three children: Leslie, Laeina and Dean Nyerere and two grandchildren, Alexis and Jaden.

In 1983, Dean joined the Strategies for Responsible Development (SRD) office at the University of Dayton as the Director of SRD-Neighborhood Development, now the Raymond L. Fitz Center for Leadership in Community. He is currently the Director of Dayton Civic Scholars Program at the University of Dayton. Dean's work as a Community Leadership Consultant with neighborhood concerns began in the early 70s with the Model Cities program, after which he continued his career as a member of the planning staff of the City of Dayton. Later, he served as the coordinator for the city's Northwest Office of Neighborhood Affairs. Dean was elected to the City Commission in a special election November 17, 1993 and re-elected to a four year term in November, 1995 and November, 1999.

Dean's community activities are an extensive testimony to his commitment to this city and its people. Below is a partial list of these activities:

- Chair: Dayton Poverty Reduction Forum, Workforce Development Task Force and Earned Income Tax Credit Initiative.
- Chair: Dayton Community Reinvestment Institute
- Member: National City Bank Community Development Advisory Board
- Member: Montgomery County Planning Commission
- Member: Montgomery County EDGE Program
- Member: Montgomery County Solid Waste Advisory Committee and Management Policy Committees (SWAC/SWAMPC)
- Member: Miami Valley Fair Housing Center
- Member: Housing Justice Fund
- Member: Montgomery County Workforce Development Policy Board
- Co-Founder: Ujamaa Nia Food Cooperative
- Co-Founder: Black Leadership Development Program
- Co-Founder: Dayton Dialogue for Race Relations (DDRR)
- Past Member: Goodwill Board
- Past Member: Christmas in April-Dayton
- Past Member: CityFolk
- Past Member: Montgomery County Historical Society
- Past Chair: West Montgomery County Food Program
- Past Chairman: Dayton-Montgomery County Rainbow Coalition and Co-Chair of the Ohio Rainbow Coalition
- Past President and Current Member: Edgemont Neighborhood Coalition, Inc. and Solar Garden Project

Dean has traveled to Augsburg, Germany, Oiso, Japan and Holon, Israel as part of the City of Dayton Sister City's Program. He has participated in Race Relations Conferences in Caux, Switzerland and Durban, South Africa e.g., Initiatives of Change and the World Conference Against Racism (University of Dayton NGO delegate). Dean's key legislative initiatives include:

- Poverty Reduction (1998)
- Living Wage and Earned Income Tax Credit (1998)
- Anti-Predatory Lending (2001)
- Race Relations Resolutions related to Dayton Dialogue for Race Relations
- Youth Violence Seminar

Sarah McGraw Greenberg- Community Stabilization Manager, NeighborWorks America

Sarah Greenberg works for NeighborWorks America as the manager of the Community Stabilization Program in the National Initiatives and Applied Research Division located in Washington, DC. She was hired to bring a renewed focus to housing rehabilitation programs in the NeighborWorks network and to promote green building techniques in housing rehabilitation. Sarah also leads the corporation's new community stabilization initiative, working to stabilize and revitalize communities struggling with the negative impacts of the foreclosure crisis. She works with both internal and external partners to prevent neighborhood decline through the efficient disposition of real estate recaptured by financial institutions through foreclosure. Sarah has ten years of experience in community development and came to NeighborWorks from the National Trust for Historic Preservation. She has a Master's degree in Community Planning with specializations in Environmental Planning and Historic Preservation from the University of Maryland. She is originally from Cleveland, Ohio.

Alan Mallach – Senior Fellow, Brookings Institution

Alan Mallach is a Nonresident Senior Fellow at the Metropolitan Policy Program of The Brookings Institution in Washington, DC, where he works on foreclosure issues, neighborhood stabilization and the revitalization of older industrial cities. He is also a visiting scholar in the community affairs department of the Federal Reserve Bank of Philadelphia and senior fellow at the National Housing Institute. He has been a consultant, advocate and public official, and served as Director of the Department of Housing & Development in Trenton, New Jersey from 1990 to 1999. His latest book, *A Decent Home: Planning, Building and Preserving Affordable Housing* has just been published by Planners Press and the University of Chicago Press. He is also the author of *Bringing Buildings Back: From Vacant Properties to Community Assets* and many other works on city planning, housing and Italian opera. He is a member of the College of Fellows of the American Institute of Certified Planners, and holds a B.A. degree from Yale University.

David H. Hehman- President/CEO, Federal Home Loan Bank of Cincinnati

David H. Hehman is President and Chief Executive Officer of the Federal Home Loan Bank of Cincinnati (FHLBank), a regional wholesale bank serving 740 member financial institutions in Ohio, Kentucky, and Tennessee. He oversees the operations of the \$80 billion FHLBank, whose principal business is to provide its stockholders with low-cost access to capital market funding. The FHLBank's public housing mission incorporates the congressionally-established Affordable Housing Program that has contributed \$301 million to help create over 42,000 units of affordable housing.

He was named President and CEO in 2003, following a 25-year career at the FHLBank during which he held positions including Chief Financial Officer and Executive Vice President.

In addition to his duties at the FHLBank, Mr. Hehman represents the FHLBank on the Board of the Council of Federal Home Loan Banks. He also serves as a Board member of the Pentegra Defined Benefit Plan for Financial Institutions.

Outside the FHLBank, Mr. Hehman serves on the Board of Directors of Brighton Properties, Inc., a nonprofit affordable housing and social services agency serving Greater Cincinnati, the Department of

Economics Executive Advisory Board at Xavier University, and the Economic Advisory Committee for the Greater Cincinnati Chamber of Commerce.

Prior to joining the FHLBank, Mr. Hehman was an assistant professor of finance and economics at Xavier University, where he received his bachelor's and master's degrees in economics. He completed his doctorate in economics at the University of Cincinnati.

James Cunningham, Field Office Director, Department of Housing and Urban Development

Jim manages the Cincinnati Field Office for the U.S. Department of Housing and Urban Development. Jim is responsible for coordinating the delivery of HUD programs in the 13 counties of Southwest Ohio. His office provides direct customer services, conducts intergovernmental and press relations and provides direction to HUD staff throughout the State of Ohio that provide services within the Cincinnati HUD Office jurisdiction. Jim has been the head of the Cincinnati Office for eight years.

Prior to becoming the Director, Jim held several positions within the Department of Housing and Urban Development. He was a Management Analyst in Headquarters responsible for assessing the Field Office management plan performance across the country, improving HUD's monitoring and compliance efforts and managed HUD's Best Practice program. He was the Director of Community Planning and Development in the St. Louis HUD Office for three years before becoming a Community Builder. As CPD Director Jim oversaw the implementation of HUD's Community Development Block Grant, HOME Investment Partnership, Emergency Shelter Grant, Housing Opportunities for Persons with AIDS, and McKinney Homeless programs in the Eastern half of Missouri. He had other experience managing these programs as a CPD Representative in the Columbus, Ohio Office. Jim started his HUD career as a Presidential Management Intern in HUD Headquarters in the Community Development Block Grant Program. He has been with HUD for a total of 17 years. Prior to coming to HUD, Jim worked for the International City/County Management Association and was a Management Trainee for Chrysler Motors' Belvidere Illinois Assembly plant.

He earned a Bachelor's Degree in Political Science from the University of Illinois (1987) and a Masters of Public Administration from the American University (1991). He also attended two executive leadership programs for housing and community development professionals at Harvard's Kennedy School of Government.

Written Remarks of Experts

Panel 1

Amy Radachi - Executive Director, Rebuilding Together Dayton

Beth Deutscher- Executive Director, Homeownership Center of Greater Dayton

Jim McCarthy- President/CEO, Miami Valley Fair Housing Center, Inc.

Kiya Patrick- Community Economic Development Specialist, Montgomery County

Commissioner Dean Lovelace – City of Dayton

Panel 2

Sarah McGraw Greenberg- Community Stabilization Manager, NeighborWorks America

Alan Mallach – Senior Fellow, Brookings Institution

David H. Hehman- President/CEO, Federal Home Loan Bank of Cincinnati

James Cunningham- Field Office Director, Department of Housing and Urban Development

Amy Radachi - Executive Director, Rebuilding Together Dayton

Amy Radachi
Executive Director
Rebuilding Together Dayton

Congressional Forum/Field Hearing
August 26, 2009
Congressman Michael R. Turner

In Dayton, 18% of the population lives in poverty, compared to 7.2% in the U.S. In Dayton, 34% of our children live in poverty, compared with 16% across the rest of the country. Dayton's population is shrinking (72,670 households in 1990; 67,409 in 2000) and growing older (median age 31 in 1990; 32.4 in 2000). In addition, our housing stock is aging with over 86% of it more than 35 years old. In 2005, 6.35% of the housing stock was defined by City housing inspectors as in need of major exterior repair.

Rebuilding Together Dayton is a non-profit corporation that assists low-income homeowners to live in warmth, safety and independence. There are over 200 affiliates nationwide. The Dayton affiliate has been active since 1996. We have several programs in place to offer our services at no cost to the homeowner, including, but not limited to, National Rebuilding Day, which culminates on the last Saturday in April. Over 1,300 volunteers descend on dozens of homes throughout the City of Dayton in a one day neighborhood revitalization project, performing major repairs for elderly and disabled low-income homeowners.

Rebuilding Together Dayton leverages \$4 for every \$1 raised to repair homes for low-income Dayton area homeowners through in-kind labor and donated materials. No other organization in Montgomery County can make this claim. We efficiently and effectively maximize the value of every dollar through donations and volunteer labor.

Neighbor•Care was established in 2001 to address the needs of homeowners on a year round basis. Neighbor•Care encompasses Montgomery County, performing modifications for those age 60 and over so they may age in place, safely and independently. In 2008, 208 repairs were completed for 119 homeowners. So far this year, 95 projects have been completed for 61 homeowners.

Our Lead Safe for Kids Sake targets homes with children under the age of six to remove the threat of lead in the home in Dayton and Kettering.

Heroes at Home, sponsored by Sears, performs repairs and modifications for our military veterans.

RT Dayton is one of seven affiliates nationwide selected to participate in a Lead Safe Work Practices grant, sponsored by HUD. Community outreach, education and remediation of the impact of lead in the home are the goals for this program.

Our two AmeriCorps members serve as Outreach Coordinators, working to build relationships with community groups, neighborhood activists, social organizations and local government to better address the needs of low-income homeowners.

Rebuilding Together Dayton receives Community Development Block Grant funding from HUD through the City of Dayton for administrative costs. This funding enables us to use corporate, foundation and individual donations for

project expenses. The University of Dayton provides donated office space and Montgomery County's Frail Elderly Fund supports staff and programs for Neighbor•Care.

Rebuilding Together Dayton has been very successful at mobilizing volunteers to perform repairs and modifications for hundreds of homeowners. Our challenge is finding the funding to help the many more homeowners in need. Our County funding is restricted to performing modifications (wheelchair ramps, grab bars, handrails) for homeowners age 60 and over. There is no designated funding source for the thousands of homeowners throughout Montgomery County, of all ages, in need for urgent home repairs, such as roof repairs or electrical upgrades.

The current Neighborhood Stabilization Program provides funding for two things – the demolition of vacant properties and the purchase/rehab/resale of foreclosed properties. There is no provision for owner-occupied rehab. Congressman Turner's proposed bill HR3204 offers much-needed support to homeowners living in areas hardest hit by the housing crisis by allowing organizations like Rebuilding Together Dayton access to funds to perform the repairs on their homes at no cost so that they can continue to live there. As low-income homeowners, they are unable to make the necessary repairs on their homes, and have nowhere else to turn.