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Good morning. Let's begin with a revitalization tour – one that is guaranteed not to increase your carbon footprint by one centimeter. If you'd like, close your eyes as I try to capture the undercurrent of hope and positive energy that is underway at this very moment, in a place that I hold close to my heart.

Our first stop is in a community called Hollygrove. Here, on a corner property in a residential neighborhood, work nears completion on an elevated periwinkle blue building. The residence will offer 30 seniors affordable living with onsite services and a charming courtyard.

On a construction site further west, a green affordable development will soon become home to 100 low-income families. The healthy, sustainable new complex will feature individual porches and plenty of open green space.

And to the east, in the Versailles neighborhood, a Vietnamese community is clearing land for an urban farming project that will provide 200 plots for individual gardens. The site will also feature a playground, so the community's elders can multi-task, and keep an eye on their grandchildren while tending to their crops.

Those are a sampling of scenes from New Orleans, where communities are working extremely hard to come back after the worst housing disaster the United States has ever experienced. No one can argue that the recovery has been slow and difficult. Or that much more progress must be made to help people come home.

But the Gulf Coast region's resilience offers a lesson whose timing is both poignant and powerful. Powerful lessons also emerge in the incredible wave of outreach and volunteerism that occurred in the wake of Hurricanes Katrina and Rita.

As the mayor of Pass Christian, Mississippi, told me: "Our town is six miles long and one mile wide. But after Katrina, we found out we're 50 states long and 50 states wide. So it's been a humbling experience."

I am grateful to Lisa Hasegawa and her staff for inviting me to be with you today, and to participate in your ninth annual convention. As the theme of this event conveys, "standing together" – and deepening our social and professional networks – is paramount.

Collaboration and cooperation will sustain and embolden us as we confront the most urgent issue facing our industry.

All of us here are familiar with the staggering data of the mortgage crisis: One in five subprime loans that originated in 2005 and 2006 will end in foreclosure. And the scope of the problem is worsening, according to the Mortgage Bankers Association's most recent reports. In the fourth quarter of 2007, foreclosures jumped to nearly 8 percent – the highest rate ever recorded.

The day's headlines understandably – and appropriately – focus on individual borrowers and families at risk of losing their homes. But as community development professionals, we also consider the devastating impact on whole neighborhoods. Almost 45 million homes next to subprime foreclosed properties will lose value. That gives remaining homeowners incentives to flee and paves the way for speculators to step in, typically for short-term gains. Absentee landlords and poorly maintained properties further bring down neighborhood values and invite blight, crime and environmental concerns.

In all, the nation stands to lose more than \$1 trillion in housing wealth this year alone.

For some people, the stark forecast is simply the day's news. For us, it represents a professional challenge but also something more personal: decades of work unraveling; hard-won progress dissolving into a devastating downward spiral. What we must keep in mind is that our work as community developers is nothing if not cyclical. And to every challenge we bring new insights and more experience; new tools, knowledge and partnerships. That is the message that I want to share with you today.

Enterprise is working with partners to address the foreclosure crisis in a three-part fashion. First, we are developing policy solutions to help stabilize neighborhoods and draw reinvestment.

Second, we are creating new strategies for acquiring and redeveloping foreclosed Real Estate Owned properties, or REOs.

Third, we are demonstrating how to stabilize neighborhoods by implementing pilot programs in communities with a high concentrations of foreclosed properties.

On the policy front, I testified this past January before the Senate Banking Committee, recommending that we address the foreclosure crisis with our strongest public, private and nonprofit resources. As you know, we have seen several important legislative gains of late. In April, the Senate passed a bill providing, among other important proposals, nearly \$4 billion in emergency funds that will help states and cities work with local nonprofits to purchase and rehab discounted foreclosed properties.

Last week, the House of Representatives passed HR 5818, the Neighborhood

Stabilization Act of 2008, providing \$15 billion in loans and grants to help cities, counties and states acquire and rehab foreclosed properties.

In addition, during last week's flurry of activity on the House side, lawmakers also passed a bill, HR 3221, the American Housing Rescue and Foreclosure Prevention Act, which would provide \$300 billion to help the FHA refinance at-risk borrowers into safe, viable mortgages.

The legislation is poised for a presidential veto because critics say it misses the mark and is perceived as a bailout for "lenders and irresponsible buyers," according to the Administration's Statement of Policy on the legislation. To the contrary, argues Rep. Barney Frank, chair of the House's Financial Services Committee: "What it does is go to the aid of cities that have been victimized."

As new public policy comes to the aid of homeowners, neighborhoods and cities, Enterprise is seeking ways to turn these good intentions into effective solutions that target areas where they can achieve the greatest impact.

Enterprise has joined with three other national organizations to propose the National Community Stabilization Trust. The idea emerged from discussions with organizations from around the country that are gravely concerned about the devastating impact that foreclosed properties are having in some communities. In at least a dozen cities, organizations are banding together to develop coordinated responses to this crisis. Many of these local organizations have expressed frustration about their inability to efficiently get access to properties either before they become vacant or quickly after foreclosure has occurred.

Enterprise – along with the Housing Partnership Network, LISC and NeighborWorks America – all have day-to-day working relationships with hundreds of these local nonprofits. The Trust would leverage these relationships to coordinate the purchase and disposition of REO properties from lenders, loan servicers, investors and GSEs nationwide. The disposition of properties will occur through organized local efforts and in partnership with local nonprofit partner organizations like many of you here in the room..

Meanwhile, the Trust and its sponsoring organizations would have the capacity and expertise to acquire REO properties at a significant scale and at market-appropriate, risk-adjusted prices. The Trust also would assemble public, private and foundation resources to fund these acquisitions. It would work through local organizations, which would handle the disposition of properties and return them to the stock of rental and ownership housing available for low- and moderate-income families.

Many of the details on the proposed Trust must be carefully worked out and finalized. But at its core, the program proposes to use all available resources and techniques to improve perceptions of market conditions and restore market confidence in hard-hit communities. And, most importantly, it maximizes local capacity.

We are also looking to tested programs, urging Congress to provide additional CRA credit for REO donations and discounts to nonprofits, public agencies and others who are equipped to rehab and manage foreclosed properties.

Another familiar tool holds promise in addressing the foreclosure challenge: the Asset Control Area program, or ACA as it's commonly called. Enterprise currently administers or supports ACA programs in Los Angeles, Dallas, Baltimore, Cleveland, Columbus, New York City and Rochester, N.Y. New programs are taking shape with Enterprise's support in San Antonio and St. Louis.

Under this program, the FHA parcels all of the foreclosed single-family homes it owns in a designated revitalization area with high foreclosure rates or low rates of homeownership. And it sells these parcels at a discount to local governments and experienced nonprofits.

Purchasers must agree to buy all foreclosed homes within the designated area and to develop a business plan for revitalizing them that includes setting goals for increasing homeownership and assuring housing quality. Enterprise has seen the potential of this strategy on the ground, where it has successfully strengthened neighborhoods and increased homeownership.

In Dallas, for example, the city provides soft-second loans to families who earn up to 120 percent of the area median income. Enterprise established a \$4.5 million line of credit. In two years, nearly 200 homes have been acquired, rehabbed and sold to working families.

Although the ACA model centers on FHA-owned rather than bank-owned properties, we believe it has a role to play in alleviating the current foreclosure crisis. In short: it takes foreclosed homes off lenders' hands. It limits losses from future foreclosures. And it prevents real estate speculation from exacerbating neighborhood blight.

Cleveland – truly a bedrock of community development legacy – has weathered some of the most devastating blight as a result of the current foreclosure crisis. Enterprise piloted the seeds of the present-day low-income housing tax credit program in Cleveland some 25 years ago. And today, we are seeking to implement a pilot foreclosure program here.

The three-year, \$21 million initiative seeks to impact 750 homes in six Cleveland neighborhoods. It aims to protect 300 families at risk of foreclosure from losing their homes. It calls for demolishing 300 obsolete, blighted structures. And it promises to redevelop 150 vacant homes for homeownership, lease/purchase, or affordable rental homes.

As always, effective partnership will both strengthen and sustain the pilot. And that is why Enterprise is collaborating with Neighborhood Progress, the Cleveland Housing Network, the city of Cleveland and six CDCs.

In another Ohio city – Columbus – Enterprise is taking a different tack. Here, we are investing \$9.5 million in New Markets Tax Credits to help the Columbus Housing Partnership purchase, rehab and sell more than 700 foreclosed homes in targeted communities.

The investment will leverage \$84 million in total development costs, including city and county CDBG resources, trust fund dollars, and private-sector investment.

The last example I want to share with you comes from Mississippi, where foreclosures are soaring in the wake of Hurricane Katrina. Compounding the problem, Mississippi has the nation's highest subprime lending rate. In 2005, close to half of all conventional loans were subprime.

In partnership with The Resource Foundation and the local nonprofit, ECD/HOPE, Enterprise aims to address the foreclosure crisis and its impact on family and neighborhood well-being with a new program funded by the state of Mississippi. The community stabilization program will provide foreclosure prevention counseling, while creating a model for purchasing, rehabilitating and selling foreclosed properties.

Dan Womack of The Resource Foundation is based in Mississippi. He's confident that the effort will put several hundred houses back on the market at a price that's truly affordable for families still struggling to come home after the historic hurricanes.

We began with some hopeful scenes from the Gulf Coast, and I'd like end with another image from the region, where I arrived on the ground less than a month after the hurricanes struck. Never will I forget the scenes of devastation and nothingness that stretched for miles and miles along Highway 90 during many trips from New Orleans to Biloxi, Mississippi.

Yet in the middle of this barren landscape, I noticed a group of native live oak trees.

And I recalled what a colleague once told me about the region's live oaks – native trees that can live for 800 years and more.

Many of these sturdy, canopy-like trees had withstood the hurricanes. You see, these live oak trees live in colonies, or communities, with wide canopies and even wider and deeper root systems.

And because the trees' roots are intertwined, the ones whose trunks have toppled will be held and supported by the roots of the neighboring oaks in their community. They will be sustained until they have a chance to grow new shoots – and in time, regain their strength and majestic splendor.

These live oaks are symbols of hope – rooted in strength and supported by community.

Just like the communities that each of you is working so hard to strengthen and sustain in the face of the current foreclosure crisis.

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