

BEREA COLLEGE

The Neighborhood Stabilization Program (HR 3204): Establishing Community Development Organizations in Economically Disadvantaged Urban Areas

Date: March 8, 2010

To: Congressman Spencer Bachus

From: Amber Stanton and Charles Badger

Student Leader for Letter: Amber Stanton

Dear Representative Bachus:

I am writing to urge you to vote no on HR 2587, the Neighborhood Stabilization Program Reform Act of 2009 and vote yes on HR 3204. HR 2587 proposes that any revenue generated by the rehabilitation of abandoned or foreclosed property be deposited into a U.S. Treasury account for public debt reduction. While debt reduction is a growing concern, I do not believe it is the primary concern for individuals who are trying to better their living conditions in poor urban areas affected by the foreclosure crisis, including my home city of Birmingham. Rather, than limiting funding for neighborhood revitalization, I urge you to support HR 3204, which authorizes states and localities receiving emergency assistance for the redevelopment of abandoned and foreclosed homes under the Neighborhood Stabilization Program to use those funds to renovate single-family housing in need of repair.

Effects of Foreclosures and Abandonment

The results of the economic downturn and mortgage crisis affect millions of U.S. citizens nationwide, and, as you know, sir, Birmingham's economy and housing market have suffered along with other urban areas, and our neighborhoods are showing the pains of such economic distress. In fact, Birmingham has once again been named one of the nation's top 10 dangerous cities because of urban violence and crime, exacerbated by crumbling communities and neighborhoods.¹ A 2008 report by the Alabama Department of Community Affairs shows that our neighborhoods need stabilization: "For the past four decades, vacancy rates in the city have consistently hovered at an average of 15% as properties were systematically abandoned over time. So when the foreclosure bubble burst, these already-vulnerable neighborhoods were significantly adversely hit."² On January 28, 2010, the *Birmingham News* reported that Birmingham has moved up 13 spots in a national ranking of foreclosure rates among U.S. metro cities, and we may continue to rise. The *News* states, "More foreclosures could be on the horizon, as recent data shows a rise in mortgage delinquencies."³

¹ <http://abcnews.go.com/Technology/AheadoftheCurve/top-10-dangerous-cities-pedestrians/story?id=9048748>

² www.informationbirmingham.com/pdf/.../adeca%20nsp%20pre-applicaton.pdf

³ http://blog.al.com/businessnews/2010/01/metro_birmingham_foreclosures.html

Neighborhood Stabilization Program

With more and more Americans losing their homes, and with our communities and neighborhoods shrinking, and, in some cases, disappearing altogether, we need to prioritize our investments and help people reclaim their livelihood. The Neighborhood Stabilization Program in its current, non-amended form is one step in the right direction. Established to aid in stabilizing communities suffering from foreclosures and abandonment, this program allows for the purchase and redevelopment of foreclosed and abandoned homes and residential properties. I believe this program is the first tier to our solution, but, if HR 2587 is passed, tier two of the solution will never be realized because critical funds will be diverted. Instead of forcing earnings from the rehabilitation of these properties to be given back to the U.S. Treasury, they should be used to fund critical neighborhood revitalization projects. Sir, while voting no on HR 2587, I urge you to vote yes on HR 3204, which allows those funds to be spent on renovating single-family homes in danger of being foreclosed and reclaiming the neighborhoods that are being destroyed, like so many in our city of Birmingham. Tier two of my proposal then becomes a reality.

Community Development Organizations

Tier two allows those individuals who live in dilapidated neighborhoods that are being threatened with foreclosures to form community development organizations, or residential management cooperatives as they have been called in some states, to apply for Community Development Block grants and receive entitlement community status. According to the Department of Housing and Urban Development, "HUD awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Entitlement communities develop their own programs and funding priorities. However, grantees must give maximum feasible priority to activities which benefit low- and moderate-income persons. A grantee may also carry out activities which aid in the prevention or elimination of slums or blight."⁴ However, if HR 2587 is passed, the funds generated from rehabilitating the properties outlined above must be given back to the Treasury and not used to fund neighborhood development projects or renovate single-family homes in danger of being foreclosed.

Congressman Bachus, you were named Guardian of Small Business by the National Federation of Independent Business and were awarded the Spirit of Free Enterprise Award from the U.S. Chamber of Commerce, so I know you appreciate the vision of neighborhoods and community developments being owned and managed by those who live there and not by federal or state agencies. These types of communities are already successful realities in some urban cities, and they can be in more, including Birmingham. Take for example, Bethel New Life, a community development organization working to "revitalize Chicago's primarily African-American West Garfield Park community through the creation of livable-wage jobs, the rehabilitation of low-income multi-family housing using energy-efficient designs, the development of community education and health care programs, and the cultivation of neighborhood improvement

⁴ <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>

projects.”⁵ With a little assistance upfront, Bethel has helped convert a community suffering from a 40% reduction in its housing into a healthy, sustainable place to live. They were so successful that they even established an employment services center to help residents find full-time employment. Some of their other successes include:

- Trained and placed in employment more than 4,000 people,
- Established a community recycling facility,
- Converted an abandoned block into a park,
- Created an Urban Engineering Program offering summer internships, but, more importantly, they also
- Rehabilitated and made available low-income housing to community residents.

Another success story comes out of Little Rock, Arkansas and its “Model Blocks” program, in which community development organizations build sidewalks, install security lighting, fill vacant lots with new single-family homes, and help homeowners renovate existing dilapidated houses in need of repair. Officials state, “Model Blocks mixes liberal ideals with conservative ideas. Private investment and personal responsibility are as vital to its success as government services.”⁶

No - HR 2587; Yes - HR 3204

Congressman Bachus, Birmingham and other cities across the nation can have these same success stories, if those who need help the most are allowed to keep the current programs designed to give them the assistance they need to regain control. Please, sir, vote no on HR 2587 and vote yes on HR 3204 and help encourage our at-risk neighborhoods to become vibrant, self-running, stable business ventures filled with people proud to call their community home.

I appreciate your time and would like to know how you decide to vote on this critical legislation.

Respectfully,

Amber Stanton
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⁵ http://www.smartcommunities.ncat.org/success/bethel_new.shtml

⁶ www.thefreelibrary.com/Reclaiming+our+cities,+block+by+block:+how+a+Little+Rock+program...-a018172959