



Stabilizing neighborhoods by rebuilding communities

By Rep. Maxine Waters (D-Calif.)
September 18, 2013

Five years after the Great Recession's profound impact on millions of Americans, our nation is still struggling with the aftereffects. Undoubtedly, there has been a paradigm shift in our financial system, our housing market and our way of life as Americans. More than 4 million homes have gone through foreclosure in recent years, resulting in a loss of wealth that devastated many neighborhoods and American families. Abandoned and vacant properties — once unheard of in many areas — became commonplace across the country.

While policymakers may be aware of the national statistics on foreclosure, what's often overlooked are the devastating impacts that foreclosure, blight and abandonment have on surrounding communities, both in economic and human terms.

Many people know foreclosures significantly drag down property values. However, associated neglect also weighs on municipalities as a whole. They strain the resources of police and fire departments. They cause local governments to lose vital property tax revenue. And they serve as magnets for crime and other misdeeds — draining precious resources, while giving nothing back to the community.

As chairwoman of the House Financial Services subcommittee on Housing and Community Opportunity during the crisis, I had the heartbreaking opportunity to view the impact of the foreclosure epidemic firsthand. In Los Angeles, Detroit, Cleveland and Chicago, I saw once vibrant neighborhoods transformed into virtual ghost towns, with block after block of boarded-up, vacant and abandoned homes. Not surprisingly, a disproportionate number of those affected were African-American.

For African-Americans, the foreclosure rate on loans issued between 2005 and 2008 was higher than any other group. Among low-income individuals, African-Americans only received 14.8 percent of loans made but constituted 21 percent of those foreclosed on. In fact, African-Americans made up an unequal share of foreclosures at all income levels.

Though loan modification programs have provided some relief to struggling homeowners, they have not, unfortunately, solved the larger problem. Therefore, I worked with stakeholders and colleagues on the Financial Services Committee and in the Congressional Black Caucus to conceive a program that would empower local governments to partner with nonprofits and convert these properties into affordable housing for working families.

The result was the Neighborhood Stabilization Program (NSP), enacted in 2008 under the Housing and Economic Recovery Act. Unlike programs that directly aid homeowners facing foreclosure, the

NSP provides funding for municipalities to purchase and redevelop foreclosed or abandoned properties, so they don't further depress housing prices or lead to neighborhood blight.

I am proud to have authored the NSP law, and I'm even more proud of the program's remarkable record of success. Since 2008, the Department of Housing and Urban Development (HUD) has distributed nearly \$7 billion through the NSP, which it estimates will impact more than 100,000 properties in areas hardest hit by the foreclosure crisis. Already, nearly 55,000 properties have been treated after three rounds of funding.

By the time this funding is fully spent, the NSP is projected to complete more than 59,000 units of affordable housing, provide homeownership assistance to more than 17,000 low-income households and demolish 23,000 blighted properties in some of the hardest hit neighborhoods. In communities severely damaged by the foreclosure crisis, the NSP program will support an estimated 88,000 jobs in construction, realty and property maintenance.

In 2011, House Republicans turned a blind eye to this progress, voting to approve legislation that would end the successful NSP. Indeed, the NSP Termination Act was strongly opposed by the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties and approximately 50 organizations involved in housing.

These bipartisan groups saw the NSP's success in not just stabilizing neighborhoods, but raising property values, providing affordable housing to low- and moderate-income families, decreasing the financial burdens of municipal governments dealing with foreclosed properties and creating jobs.

Recently, I introduced legislation that would build upon the great progress of the NSP. The Project Rebuild Act represents the next phase of the NSP, investing \$15 billion to rehabilitate distressed properties. A key component of President Obama's American Jobs Act, Rebuild would address the needs of an estimated 150,000 properties in communities across the country, expanding the NSP to include abandoned and foreclosed commercial properties. And it will support an estimated 191,000 jobs. Most importantly, due to the success of the NSP, we already know that Project Rebuild will work.

We've come a long way from the blight that plagued vulnerable communities in 2008. Through the Neighborhood Stabilization Program, we have created jobs, stabilized communities and bolstered the housing market. Without question, there's more work to be done. Through Project Rebuild, we can get closer to our goal of revitalizing those communities most affected. I am hopeful Congress will continue the success of the NSP by supporting this vital legislation.

Waters has represented Southern California congressional districts, currently the 43rd, since 1991. She is the ranking member of the House Committee on Financial Services