

**Putting Our Communities on the Map: The Road to Recovery**

**Town Hall Highlights**

**Panelists**

Henry Cisneros, President and CEO, CityView, Inc.  
Shaun Donovan, U.S. Secretary of Housing and Urban Development  
Alan Jenkins, Executive Director, The Opportunity Agenda  
Marc Morial, President and CEO, National Urban League  
Janet Murguía, President and CEO, NCLR  
Juan Sanchez, Board Member, NCLR

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NCLR—the largest national Hispanic civil rights and advocacy organization in the United States—works to improve opportunities for Hispanic Americans. Through its network of nearly 300 affiliated community-based organizations (CBOs), NCLR reaches millions of Hispanics each year in 41 states, Puerto Rico, and the District of Columbia. To achieve its mission, NCLR conducts applied research, policy analysis, and advocacy, providing a Latino perspective in five key areas—assets/investments, civil rights/immigration, education, employment and economic status, and health. In addition, it provides capacity-building assistance to its Affiliates who work at the state and local level to advance opportunities for individuals and families.

Founded in 1968, NCLR is a private, nonprofit, nonpartisan, tax-exempt organization headquartered in Washington, DC. NCLR serves all Hispanic subgroups in all regions of the country and has operations in Atlanta, Chicago, Long Beach, Los Angeles, New York, Phoenix, Sacramento, San Antonio, and San Juan, Puerto Rico.

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These proceedings highlight prominent themes raised during the town hall, “Putting Our Communities on the Map: The Road to Recovery,” hosted by the National Council of La Raza (NCLR) at its 2009 Annual Conference in Chicago, Illinois. Participants expressed urgency in responding to the foreclosure crisis and discussed potential outlets for helping families survive the meltdown with their home investment intact.

## HIGHLIGHTS

Juan Sanchez introduced featured speaker Shaun Donovan, U.S. Secretary of Housing and Urban Development. In his remarks, Mr. Sanchez laid out the dismal economic landscape from the point of view of the Latino family and expressed his hope that the U.S. Department of Housing and Urban Development (HUD) would respond with vigor:

*As you all know, we're experiencing one of the most difficult economic situations since the Great Depression. And, unfortunately, our communities of color, African American and Latino communities, are being hit the hardest. The unemployment rate has skyrocketed for our communities, and as we look at foreclosures, it is expected and projected in 2009 [that] Hispanics will lose 400,000 homes to foreclosure. So we are in dire need of a call to action to begin to get some things done.*

Secretary Donovan opened his speech by covering points of action he would like HUD and others to take. Despite the tough times, he is moving forward with an optimistic outlook:

*I believe that a home is the foundation upon which we build our lives, raise our children, and plan for our futures. It is the source of a family's stability and the building block upon which we forge neighborhoods, put down roots, and build the communities that are the engines of our economic growth. With homes so central to our success as individuals and as communities, ensuring that every American family has access to decent, safe, affordable housing is not just part of HUD's mission—it is the core of our mission.*

The Secretary zeroed in on the Obama administration's Making Home Affordable plan as a means of accomplishing HUD's goals. On the other hand, he recognized the need to improve methodology:

*To date, nearly 1.3 million homeowners have received information about the plan. Thirty-one participating servicers, representing over 80% of all the loans in this country, have begun to participate and have already extended over 350,000 trial modifications so far. But we also understand that we need to keep the pressure on. Around the country, we're working with local officials, counselors, the lending industry, and community leaders to provide everyone with the resources and the information they need to help homeowners access our programs.*

Secretary Donovan presented The Resurrection Project (TRP), an NCLR Affiliate, as an outstanding example of success. Through counseling, TRP effectively helps families avoid foreclosure, plot out household budgets, and save for the future. Using TRP as an example, the Secretary highlighted the value of community programs:

*The truth is, you have unique relationships with so many of the communities that we need to lift up during this crisis. They know you. They trust you. They respect you. And so does HUD. We need you to be a part of the solution when it comes to helping people keep their homes, to reach out to those in need, particularly those for whom language is a barrier to help.*

The Secretary followed up by saying that community programs cannot do everything themselves. The Making Home Affordable program needs to prove that it can carry its weight:

*Starting next week, we will begin publicly reporting results under the program. We will start identifying how long it takes for borrowers to get a response, the accuracy of information they're being provided, and above all, how long it takes for applications to be completed. No family should ever lose a home because their servicer took too long to even tell them whether they're qualified for assistance.*

The Hispanic community was noted as especially vulnerable to hazards in the housing market:

*All of us recognize that the Hispanic community was one of the primary victims of the subprime mortgage crisis. The Wall Street Journal reported in December of 2007 that 61% of those in subprime mortgages could have qualified for prime mortgages but were pushed into riskier mortgages by lenders and brokers. As a result, subprimes have had widespread, devastating effects across the economic spectrum.*

*Last month, HUD released its annual fair housing report detailing the number of housing discrimination complaints throughout the country. We are reporting a record number of housing discrimination complaints in 2008, but less than 8% of these complaints are national origin cases on behalf of Latinos—just 8%. You and I both know that the scourge of discrimination among the Latino community is far greater than that.*

The Secretary concluded by focusing on future progress in security, inclusion, and innovation:

*Whether it's pushing back against foreclosures, making affordable rental housing a priority in this country once again, or planning our communities in a more integrated and inclusive way, how we develop our national housing policy in this moment of national crisis is poised to be one of the great civil rights debates of the 21<sup>st</sup> century.*

Alan Jenkins responded to the Secretary's comments by inquiring about tracking the success of fair housing enforcement:

*Secretary, what are you willing to do with respect to stimulus enforcement in ensuring that fair housing enforcement and equal opportunity, more broadly, are part of the benchmarks? As you know, on October 10, the recipients of stimulus funds have to report back on their progress. And we would love to see compliance with fair housing laws, affirmative investment, and fair housing as one of those benchmarks that they're required to report back on.*

The Secretary responded to the question by suggesting the importance of balance and data collection:

*The leadership around rental housing was an incredibly important part of the overall balance that we need to have. You also can't do any of this without data. If you don't have information about the disparate impact that policies have on communities of color,*

*you can't be effective at all in fighting against it because, frankly, you don't know it exists. Given the disproportionate impact that the loans themselves had in the first place, it would be only compounding the tragedy if we ended up not only not helping those communities, but having disparate impacts where we weren't helping them in the same way that we were [for] nonminority communities.*

Janet Murguía emphasized the importance of leveling the field for minority homeowners:

*We don't leave our communities of color behind. If we fail to level that playing field, it will have a devastating impact on our families and the overall economic health of our nation. Investing in how we can move forward collectively will not just move our communities forward; it's going to move our entire country forward. So, Mr. Secretary, thanks for being here. My question back to you is what is the administration going to do to encourage more modifications of home loans?*

The Secretary highlighted the value of counselors in this work. He also suggested that consumer protections and increased credit are numbered among those things most important to helping stabilize the economy:

*The work that counselors do is incredibly important. We have proposed in our budget a more than 50% increase in HUD's counseling budget, from \$65 million to \$100 million. I'm very happy the House has actually adopted in their budget for HUD that \$100 million number. So that's a significant step, but even that doesn't get us to the scale that we need. And so one of the things that's absolutely critical is trying to get the servicers to actually absorb the counseling costs as part of the modification efforts.*

*In addition, we can't just see this as the foreclosure efforts in isolation. That's why the stimulus is so important. That's why financial regulatory reform is so important, building consumer protection into our efforts, getting credit flowing; all of the different pieces are incredibly important in terms of getting folks back to work and rebuilding the economy more broadly.*

Henry Cisneros articulated the disturbing path that led to financial devastation:

*Unscrupulous brokers took over and hijacked big parts of the business. The world was flush with cash, and they were coming up with new rocket science kinds of strategies for selling that paper. And the rating agencies gave them AAA, and AA, and A ratings that they didn't deserve because it was based on subprime. And the Federal Reserve stood back not only keeping interest rates low, but watching deregulation as their mantra. We should not blame people who were trying to become homeowners, minority persons, for the long haul. Mr. Secretary, is your thinking about strategies for Latinos and minorities [for them] to become homeowners in the way that we must if we're going to build the American middle class? One of the fundamental vehicles by which we build a middle class is homeownership, and we cannot let the push for homeownership be a victim of the unscrupulous people who created the economic crisis we're working through now.*

Secretary Donovan brought to light the success of Community Reinvestment Act (CRA) loans, which maintained their integrity despite the shock of the meltdown:

*If you look at the portfolios of CRA lenders, the performance of those loans is actually significantly better than the performance of loans from lenders not covered by CRA. We've got to provide loans that folks can afford. And if you do that, then homeownership can once again be the ladder to economic opportunity that it has always been in this country.*

Mr. Cisneros expressed concern for the quality of low-income housing:

*People are overcrowded and living in terrible conditions because we're not producing enough rental housing, not using low-income housing, not using Section 8 for Latinos. This is a big, big issue.*

Marc Morial distinguished the difference between a focus on urban communities and rural ones:

*And I think we, as an organization that's focused on urban communities, even though we do have a presence in smaller urban communities like Muskegon, Michigan and Peoria, Illinois, and Wichita, Kansas, we've got to think longer and harder about how urban policy is not just about big metropolitan communities. It's also about smaller communities that are emerging, that have fast population growth.*

Mr. Cisneros supported the point and described dire living conditions for some Latino families:

*Marc is right, but for Latinos, there's another condition which can only be addressed by HUD by targeting it, because it doesn't fall within any other category. And that is Latinos who live, arguably, among the poorest people in the country in the poorest settings with the worst housing. I'm talking about the colonials along the border of Texas, down in the valley and along the border where people live without running water, in the shadow of pesticides from the fields that cover the tanks where the children have to—children's bottles have to be dipped in to get water for the children to drink.*

The Secretary pointed to nonprofits as an underused solution among smaller communities:

*We have a wonderful kind of network, an infrastructure, of nonprofit groups that we've traditionally worked with in urban areas. In many of the suburban and rural areas, there isn't the same strength of nonprofit partners that we have in those areas.*

Ms. Murguía volunteered assistance in the area:

*I think we can reposition to help you identify ways in which you can get into those areas.*

## **AUDIENCE QUESTION AND ANSWER SESSION**

Miguel Palacio, Associate Director, Association House of Chicago, initiated the question and answer session by asking how communities will be served under the Recovery Act:

*The short time in which Recovery dollars must be spent puts a lot of pressure on states and cities to spend very quickly, so quickly that sometimes we fear that certain communities, certain projects, might be overlooked. So my question to you is how do we ensure that those communities and community-based organizations are at the table when decisions are made as to how to direct the resources of the Recovery Act?*

The Secretary recommended exchanging the middle man for direct services:

*I think the single most important thing we can do is to make programs available directly to those partners rather than forcing you to go through other intermediaries, whether it's state, city, other government levels. And what we started to do on that front is to actually allow, for the first time, nonprofits to come in and compete for Recovery Act dollars and other programs as well so that you can do that directly.*

Kristen Komara, Policy Director, TRP, expressed concern that for-profit industry folks were using their marketing resources to attract customers who could otherwise receive complimentary services from nonprofit agencies:

*I've become increasingly concerned about for-profit mortgage foreclosure experts, loan modification experts, you name whatever they call themselves, who are literally charging our families thousands of dollars to do the work that we, as HUD-certified housing counseling agencies, do for free and do really well. And oftentimes our families go to these companies because we're at capacity and we also don't have the same resources for marketing that these for-profit companies have. So my question is for Secretary Donovan. What can HUD do to combat these companies who really are preying on our families?*

Secretary Donovan had several ideas on how to mitigate fraud and ensure that our communities are heard:

*I think there's a set of things that we can do. One is that there is a very strong Justice Department and Federal Trade Commission, FTC, function in going after these folks. I also think that there is a fair lending aspect to this and a fair housing aspect. I mentioned in my remarks that we have put a significant initiative into our budget to add funding, and staff, to be able to increase the actions that we can bring on fair housing and fair lending grounds, not just on the powers that FTC and justice have. I think a third piece, frankly, is the bully pulpit. There is no more powerful voice right now than the President. And literally every time we do an event with him, he will say, "These services are free. Call this phone number, come to our website. You've got a list of HUD-approved counselors. This is free. You should not pay for it."*