

PATHS TO POWER: RESIDENT EMPOWERMENT THROUGH CED
FINAL PROJECT PRESENTATION

EDDIE SANABRIA
MASTERS CED PROGRAM
NEW HAMPSHIRE COLLEGE
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PATHS TO POWER: RESIDENT EMPOWERMENT THROUGH CED

At the start of my CED project in September of 1989 I was apprehensive regarding the outcome of my endeavor at the Lawrence Neighborhood Housing Services. My position involved the coordination and resource building of the expansion from two service neighborhoods into three additional ones for a total of five. The completion of this project would include one of the most comprehensive organizing efforts and unique mortgage pools possibly in the United States.

The history of the Lawrence Neighborhood Housing Services (LNHS) has been one of facilitating the process for working class families to obtain mortgages for properties within the LNHS designated service areas. Since 1980, when the LNHS was incorporated, and up to 1989 over 160 families have been assisted in this manner. This averaged to just about sixteen conversions from absentee owned to owner occupied every year.

The expansion which the LNHS was undertaking at the time involved different components: developing a mortgage pool which is sensitive to the credit needs of the community of north central Lawrence, a ten year focus, the reorganization of the LNHS, community organizing in the five areas, and the re-enforcement of the existing partnership. The outcome would be the stabilization of five neighborhoods through homeownership. The strategy is to find, develop, prospect and assist 100 new homeowners each year for the next ten years.

The expansion process began in March of 1989 when

Neighborhood Reinvestment conducted an assessment of the LNHS to explore the feasibility of expanding into three additional areas. Normally Neighborhood Housing Services (there are over 150 located throughout the United States and Puerto Rico) are challenged every five years to expand into other areas where their services are needed. This is based upon the assumption that the NHS' areas should achieve a degree of self-sufficiency within a five year period and the established base of capital investments can be expanded into other areas. Self-sufficiency is achieved when enough capital investment is channeled into a neighborhood through homeownership with an element of self-perpetuation.

The LNHS assessment revealed that an expansion was necessary to offset the decline that Lawrence was experiencing as a result of many external (the economy - local and regional, the ramifications of the 1980's Reaganomics, and the decline of the "Massachusetts Miracle") and internal (long term disinvestment on the part of lending institutions, high unemployment, white flight, teen-age pregnancy, among others) factors. Also revealed was the fact that the owner occupancy rate for the north central area of Lawrence was 18% as opposed to 36% in South Lawrence. This in itself was seen as a major contributor to the high incidence of crime and drug trafficking in these neighborhoods.

In order to reverse the owner occupancy rate in north central Lawrence and stabilize the neighborhoods five things had to take place. One, a mortgage pool had to be developed which was sensitive to the credit needs of the community in these neighborhoods. Two, the community had to participate in

developing the mortgage pool. Three, the Working Partnership that the LNHS has operated with over the last ten years had to expand and reflect the composition of the community. Four, the LNHS had to find a way to continually capitalize its revolving loan fund to achieve the ten year goal. Five, a comprehensive approach had to be undertaken whereby the residents would be able to participate in the redefinition of the own neighborhoods resulting in a more stabilized environment.

THE MORTGAGE POOL

We obtained information from Banker and Tradesman detailing all mortgage activity in Lawrence dating back to 1982 (see appendix #1). This information was broken down to show the number of mortgages given by banks and mortgage companies in the target neighborhoods and outside the target areas limited to Lawrence. Our concern was what the activity was for Lawrence. All total over 20 sources were used. Banks, both local and regional, mortgage companies and property sold by owners revealed a wide disparity in mortgages given in the target areas and the rest of Lawrence.

This information was compiled onto charts and bar graphs which illustrated simply our findings. Anyone looking at the charts could readily see that for every mortgage given in one of the areas, as many as nine were given to outside the target areas.

Our next move was to conduct a survey detailing the number of structures, units and conditions of the housing stock in the areas. By using the city's water bills, tax records, city

census, voting records and Polk's directory we were able to ascertain that 18% of the housing stock in North Lawrence was owner occupied. This percentage also included the more affluent areas of Prospect Hill and Upper Tower Hill, located on the west and east sides of North Lawrence. So in actuality we were looking at some areas with a owner occupancy rate of as low as 4% on some streets (see appendix #2).

Once we saw all our information was factual and verifiable we calculated that to generate the type of investment needed to reverse the decline a mortgage pool was needed to facilitate the process for 100 working families per year buy property in the target areas for the next ten years. The mortgage pool had to be at least 140 million dollars, this amount included the amount needed to capitalize the LNHS revolving loan fund for the second mortgage and rehabilitation.

The report was given to each of the banks and a copy was leaked to the press. Two weeks later we met with the banks individually and asked them to work with us in developing a mortgage pool to accomplish the ten year goal to stabilize the neighborhoods. One of the first things that the banks asked us was who else had access to this report. The strategy was working.

COMMUNITY PARTICIPATION IN DEVELOPING THE MORTGAGE POOL

Our meetings with the banks continuously. We met with over fourteen bankers to convince them to participate. The success of this mortgage would depend on generating enough resident

involvement.

In September of 1989 I developed a plan to include residents in the development of the expansion of the LNHS and the mortgage pool. One of the first things to do was to hold a press conference announcing the beginning of the development of a community sensitive mortgage pool. We had captured the interests of ten banks: Bay Bank, Shawmut, Community Savings Bank, Andover Savings Bank, First Essex Savings Bank, Lawrence Savings Bank, Warren Five Cents Savings, Eastern Bank, Heritage Bank and Bank of New England. We invited all the banks, Congressman Chester Atkins and the local pols to the news conference. The result was an article in the Boston Globe and an editorial by the Lawrence Eagle-Tribune. The ball was rolling. (Appendix #'s 3 & 4)

The next step was to conduct outreach into the community to get them involved in the beginning to shape and influence this mortgage pool. Through my own contacts I compiled a list of residents I knew and spoke to them about getting involved in this endeavor. The selling point was that in Lawrence, we have rarely gotten involved in planning any programs which were being offered to the community. We have had a long history of complaining about the ineffectiveness of the existing programs and how they have fallen short of helping us move ahead. Here was the opportunity to interact with businesses, politicians, and other residents in developing a mortgage pool which would be unique to Lawrence and help many people purchase their own homes.

I conducted home meetings, seminars in auditoriums, went house to house recruiting people, spoke at churches, agencies, community groups and anyone else who would listen. We had

planned an event called the Partnership Workshop for the end of March of 1990. Our plans were to invite the CEO's of all the banks, politicians, and programs from Washington, D.C. and Ohio, and 45 residents.

From October, 1989 to March of 1990 we held training sessions on how to develop a mortgage pool for Lawrence. Most of these sessions dealt with the basics of mortgage underwriting and what type of underwriting was needed to meet the needs of the people living in the target areas. All of this was done to prepare the residents for the Partnership Workshop where they will have the opportunity to talk with the "Powerbrokers" of Lawrence.

The Partnership Workshop was a success. There were 93 people in attendance, with over 45 residents. The sessions were conducted in English and Spanish and the effects were remarkable. Many of the bankers were impressed by the quality of the residents involvement.

After the Workshop five committees were established to implement the expansion. These were:

RESOURCE DEVELOPMENT - Which worked on the Mortgage Pool, the design and local commitments.

NEIGHBORHOOD ISSUES/MARKETING - How the mortgage pool will be marketed to ensure the goals are reached.

HOMEOWNERSHIP CURRICULUM - Establishment of the curriculum for the Homebuyers Courses and subsequent Homeowners Associations.

ORGANIZATIONAL - Which dealt with revising the by-laws and

organizational structure of the LNHS.

Residents were involved in each of the committees to ensure that the interests of the community were not undermined. The result of all this work is the Lawrence Mortgage Pool which was announced on January 4, 1991 (see appendixes 5 - 10).

CONCLUSIONS

This project has taught me many things about dealing with banks and activating a community to respond to an issue which is the root of many of the ills facing urban cities - disinvestment.

Banks are extremely apprehensive of two things - community people and bad press. By using the Community Reinvestment Act and the teeth that it contains we were able to accomplish something that will have effects which will benefit the community over the next ten years.

Saul Alinsky said that power is not necessarily what you actually possess but what others think you possess. This became a reality as the project progressed over the months and many people representing all sectors of the community got involved in determining a process to expand the availability of mortgages to working class families in north central Lawrence.

What follows next is using this base of residents to feed into other established community based organizations. I have invited some to join the CDC which will be giving training in the area of using CRA to accomplish more. As president of the local CDC we are looking to persuade banks to fill positions on the board of directors with local residents. This base has also been instrumental to persuade me to seek political office this

November. I will be running for City Council this coming November. The incumbent has been in office for the last 4 years, while his voting block is the elderly, many of us in the community feel that I can defeat him due largely to the community work I have done through my project. (see appendix #11)

Another result from this project is the creation of a community partnership consisting of about 15 agencies applying for a grant from the Office of Substance Abuse Prevention (OSAP). This grant is for \$2.5 million spread over five years.. The focus is to do a wide array of activities to offset substance abuse through prevention as opposed to intervention. The LNHS will get three community organizers and the areas that the grant will cover is just about the same as our target areas.

These are just a few of the spin-off effects resulting from the success of this project.

The only thing that I would have done differently would be to get more community people involved.

PROBLEM STATEMENT

STEP ONE

The city of Lawrence, Massachusetts is naturally divided by the Merrimack River creating two cities, each with its own distinctive personality. North and south Lawrence are worlds apart yet they share the 6.7 square miles that make up this mill town known as the Immigrant City located in the Merrimack Valley.

While North Lawrence is predominately bordered by Methuen, a working class town, South Lawrence has the affluence of Andover and North Andover as its neighbors. The influences of the surrounding towns have impacted the mindset and perspectives of each half of Lawrence.

The community project that I endeavor to undertake has as its boundary five neighborhoods located in North Lawrence.

STEP TWO

With an estimated population of 65,000 Lawrence has a large minority concentration, which is considered to be over 30,000. This makes Lawrence the city with the highest proportion of Latinos to the general population north of Miami and east of Chicago.

Along with this distinction Lawrence has a plethora of problems such as drugs, crime, education, teen pregnancy, unemployment, high welfare caseload, law enforcement, fiscal, and housing.

The housing stock in North Lawrence is only 17% owner occupied compared to 64% nationwide and 33% for the city as a whole. This 17% also includes both Prospect Hill and Upper Tower Hill which are considered to be more residential "middle class" areas. Owner occupancy for the five neighborhoods covered in this project, i.e. Arlington, West Street, Plains, Lower Tower Hill, and the Newbury Street neighborhoods, has been estimated by city planners to be from three to eight percent.

It is imperative and a matter of survival to increase the rate of owner occupancy from 17% to at least 34% in order to facilitate the amelioration of some of the problems plaguing Lawrence. This is not a panacea for the drug crisis or other social problems but an attempt to bring long term stability to a poor and deteriorated area of Lawrence.

STEP THREE

The official state unemployment rate for Lawrence is 10.5%. Those who are currently collecting unemployment benefits or are receiving public assistance are not included in the computations. Realistically, taking into account those two categories, the unemployment rate would be closer to twenty percent.

The caseload at the Department of Public Welfare is 13,000 with 62% or 8060 of those cases being Latino. The 11,000 students in the school system are 71% minority (67% Latino, 2% Black and 2% Asian). Lawrence has the second highest teen pregnancy and dropout rates in the state.

These figures point to the fact that there is a growing underclass which is in need of being developed in three areas: economically, organizationally, and politically.

The root causes of the owner occupancy rate can be attributed to to the lack of economic development, lack of neighborhood associations which have a minority representation in substantial numbers, and being disenfranchised from the political system.

PROJECT GOALS

The goals of this project will be to:

- METHUEN*
1. Facilitate the process of converting 100 investor owned property to owner occupied in the five target neighborhoods by December 31, 1990. *relationship*
 2. Establish Homeownership Unions where potential homebuyers for the target areas can be familiarized and walked through the process of buying and rehabing (if needed) their own homes.
 3. Create or strengthen neighborhood associations in the target areas.
 4. *MORTGAGE POOL*

MINIMUM OBJECTIVES - * 50 CONVERSIONS.

MAXIMUM OBJECTIVES - * THOSE OUTLINED UNDER PROJECT GOALS.