

CUPR researchers investigate MORTGAGE LENDING IN UNDERSERVED MARKETS: STRATEGIES FOR SUCCESS

Compared to citizens in other industrialized countries, Americans enjoy a high rate of homeownership. In late 1998, an unprecedented 69.1 million Americans, or 66.8 percent of the population, were living the "American Dream."

But inequities persist across socioeconomic and racial lines, creating barriers to homeownership for many. CUPR researchers **David Listokin** and **Elvin Wyly**, in a report published by the U.S. Department of Housing and Urban Development in November 1998, explored the dynamics underlying this phenomenon. Their research investigated the strategies that banks and other institutions have employed successfully in making mortgages available to ethnic and racial minorities—the underserved mortgage market. Working with **Larry Keating** of the Georgia Institute of Technology and **Susan Wachter** of the University of Pennsylvania, the Rutgers-led research team conducted case studies of lenders in Arizona, California, Connecticut, Georgia, Illinois, New Mexico, and Pennsylvania.

"Strategies to foster minority lending consist of activities to attract, qualify, and retain minority low- and moderate-income borrowers," explains Professor Listokin, principal investigator of the study. "The case studies provided insight to the rationale for, and evolution of, these strategies in lending successfully to traditionally underserved markets." Success, for the purpose of this analysis, was defined by the absolute number of loans made to minority applicants, a high percentage of mortgages approved, the share of the institution's lending portfolio that comprised minority low- and moderate-income (LMI) applicants, the program's length of operation, and the willingness of the institution to work with applicants in resolving issues regarding no credit history or a flawed credit history.

The study identified "exemplary lenders" and sought to establish a set of best practices that would be replicable across a range of populations, markets, and geographic areas.

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CUPR's COMMUNITY OUTREACH PARTNERSHIP CENTER (COPC) has completed the first six months of its three-year effort to help revitalize Newark's West Side Park neighborhood. Funded by a \$400,000 award from the U.S. Department of Housing and Urban Development and bolstered by additional Rutgers University support, the COPC partners CUPR and other University units with six West Side Park community-based organizations (CBOs). The West Side Park neighborhood, an area of approximately 120 blocks with 20,000 residents, is the city's target area for New Jersey's Urban Coordinating Council initiative, which aims to coordinate state services through community-based planning.

According to CUPR Associate Director **Robert Lake**, the COPC's goals are to provide planning assistance, capacity-building skills, leadership training, job development, and direct services in housing, health care, and education to further the revitalization of the community.

"Newark has embarked on an ambitious program for downtown redevelopment and neighborhood renewal," said Lake. "The COPC will link directly with the city's vibrant network of CBOs through a comprehensive strategy to support the West Side Park community's revitalization."

Since the COPC was established, CUPR has begun compiling a GIS-based Community Assets Map to aid in project planning and monitoring change over time. Students in the Department of Urban Planning's Community Development Studio, led by **Robert Zdenek**, conducted an inventory and assessment of social service organizations serving the community. The COPC is working to establish networked computer labs in four CBOs, with the aim of providing computer access and training within three blocks of every home in West Side Park. Current COPC projects include surveying housing and property conditions, identifying national best practices in homeownership counseling, and researching funding sources for a merchant organizer.

Other Rutgers University participants include the Center for Families and Communities, the Technical Training Program, and the Graduate School of Management.



Amandla Crossing, New Jersey's Middlesex County THDP site, was designed to include meeting and common rooms in addition to its 27 residence units.

(NEW JERSEY NEWSPHOTOS)

STATE'S TRANSITIONAL HOUSING PROGRAM SUPPLEMENTS SHELTER WITH SUPPORT AND SERVICES

New Jersey's Transitional Housing Demonstration Program (THDP) provides clients at its housing facilities with more than just a place to live, reports a multiyear CUPR study.

Prepared for the New Jersey Department of Human Services (DHS), the program evaluation was conducted by a team led by CUPR's **Carole C. Walker** and **Norman J. Glickman**. Researchers from Rutgers University's School of Social Work, Center for Public Interest Polling, American Affordable Housing Institute, and Department of Economics contributed to the study, which was delivered to DHS last spring.

The state's THDP began in early 1991 with funding from the U.S. Department of Health and Human Services (DHHS). A plan submitted by the New Jersey Department of Human Services (DHS) for setting up four transitional housing projects for homeless families was one of four successful proposals accepted nationwide for the demonstration program. THDP facilities would expand housing and social services already operational in New Jersey and, ideally, would be models for replication elsewhere. A further desired outcome would be less reliance on emergency shelters historically used to house homeless AFDC families, commonly known as welfare hotels/motels.

The four New Jersey sites that were evaluated by the research team—*Amandla Crossing* in Middlesex County, *Doorway to Hope* in Mercer County, *Linkages* in Monmouth County, and *Catherine A. Rowe Commons* in Passaic County—were sponsored by agencies with

different organizational structures, a factor that influenced program philosophy and focus. *Amandla Crossing* was sponsored by Middlesex Interfaith Partners with the Homeless; the Commons was administered by the Paterson Coalition for Housing; *Doorway to Hope* was run by Martin House (affiliated with the Roman Catholic Diocese of Trenton) and Better Community Housing of Trenton; and *Linkages*, sponsored by Monmouth County, was operated by Easter Seals.

Neighborhood settings of the facilities ranged from a small, inner-city lot in an urban area characterized by deteriorating housing and drug activity (*Doorway to Hope*) to a ten-acre rural setting (*Linkages*). The physical structures varied as well, from a specially constructed, award-winning facility (*Amandla Crossing*) to the adaptive reuse of a former motel (*Linkages*). Two of the THDP facilities were situated on federal government surplus property.

Each THDP facility offered, in addition to basic shelter, an array

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SPEAKING OUT

ENVIRONMENTAL EQUITY: ENSURING HEALTH AND SAFETY FOR ALL PEOPLE

by Rick Engler and Valorie Caffee

It is a widely held myth that environmental protection is of greater concern to the wealthy and privileged than to the poor and disenfranchised. Yet in New Jersey and elsewhere across the country, it is low-income communities, populated primarily by people of color, that face the greatest environmental risks. And it is within these neighborhoods that a grassroots "environmental justice" movement is emerging to preserve the health of poor and sometimes impoverished residents.

The environmental justice movement argues that social, political, economic, and environmental issues are inextricably linked—and that the people getting shortchanged or discriminated against economically are also likely to get dumped on with toxic pollutants.

The bitter truth is that New Jersey's poor, urban neighborhoods incur a disproportionate share of toxic exposures in a state that ranks thirteenth in the nation in the production of cancer hazards—more than New York, California, and Florida combined. Not only have our poor communities become the state's dumping grounds, they are often the site of dangerous—frequently chemical—production that spews putrid gases and irritating particulates into the air and hazardous waste into the soil and water.

Newark's Ironbound neighborhood is a prime example. Bounded by highways, polluted waterways, and Newark Airport, it is home to 45,000 predominantly African American, Portuguese, and low-income residents. It is also home to the Diamond Shamrock Superfund site, the nation's largest dioxin site still awaiting cleanup; the Essex County recovery plant, New Jersey's largest garbage incinerator; Ironbound Stadium, closed since 1987 because of PCB contamination; scores of abandoned and contaminated industrial sites, or "brownfields"; more than 100 sites on the New Jersey Department of Environmental Protection's (DEP) list of known contaminated sites; and some 200 industrial operations storing or using hazardous substances.

Residents complain about a variety of ailments, from burning eyes and respiratory problems to headaches. Alarmed by these adverse health effects, they have organized against environmental plundering, forming groups like the Ironbound Committee Against Toxic Waste. In 1996, the com-

mittee held rallies, press conferences, and community meetings to thwart the siting by the Passaic Valley Sewerage Commission of a sludge-processing facility in the neighborhood.

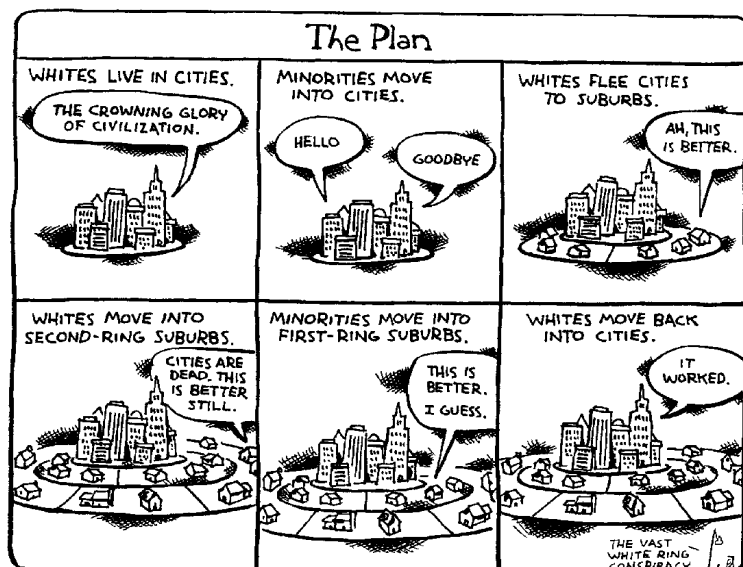
But they haven't been able to win every fight. When the massive Essex County trash incinerator was proposed, activists fought it tooth and nail and succeeded in limiting its size. But it was built nonetheless and today burns a staggering 70,000 tons of trash a month.

Although it is difficult legally to prove intentional discrimination by government or corporations against communities like the Ironbound, how many incinerators or hazardous waste sites are there in Princeton, Rumson, or Ridgewood? A 1996 study by **Michael Greenberg** and **Michael Cidon** of Rutgers University examined environmental inequities in New Jersey and found that towns with the highest number of nonwhite residents were more than three times as likely to host a sewage treatment plant as towns with the fewest nonwhite residents. It also showed that the poorest towns were twice as likely to have a hazardous waste Superfund site as the most affluent towns.

What can be done? One solution, proposed by a developing statewide campaign called Justice for Our Jobs, Health & Environment, is for Gov. Christie Whitman and the DEP to implement a proposed environmental justice policy and permit process, and designate staff to enforce them. The campaign is being led by the New Jersey Work Environment Council (WEC) and other labor, environmental, and community groups. These modest first steps could help provide some monitoring and protection for communities already overburdened with environmental hazards.

Paddling down a creek or tagging a bear may help the Governor's environmental image, but creating an environmental justice program might help do something meaningful for the state's environmentally burdened communities as they face daily exposure to burning garbage, industrial chemicals, and hazardous waste.

Rick Engler and Valorie Caffee are, respectively, executive director and organizing director of the Trenton-based New Jersey Work Environment Council (WEC). WEC is an independent, nonprofit organization that works with environmental and community organizations, citizens, and unions for a healthy, sustainable environment. ■



TOM TOLES in *The Buffalo News*. © 1998. Used with permission.

LAND USE, BRITISH STYLE: LESSONS FOR NEW JERSEY

by David F. Moore

I have just returned from a brief visit to England and Scotland, which afforded me an opportunity to compare our land-use law with that of the United Kingdom.

Visitors from our side of the ocean are always impressed with the dramatic difference in the appearance of English towns and countryside and that of our state. In Britain town is town and country is country; the demarcation is clear. Sprawl is nonexistent. The contrast is a matter of law.

In both places the right to develop land has been ceded by the state to private individuals. The difference is in how it is done.

In Britain, the Town and Country Planning Act provides for a set of plans, beginning with a national policy outline. Regional structure plans provide further detail. They are roughly equivalent to our county land-use plans. Local plans must agree with and implement the county and national plans.

In New Jersey, we have a land-use plan, too—the State Development and Redevelopment Plan. However, we have no requirement that county and local plans be consistent.

That's not the biggest difference. In the United Kingdom, urban development boundaries are firmly established by planners, and boundary changes are made only when there is determination of a public need. Here, the burden of proof lies with local governments to demonstrate that zoning boundaries meet public health, safety, or welfare requirements.

The New Jersey courts are often nipping at local government heels, with legal cases fueled by well-heeled development interests. The fear of litigation and its expense drives many local planning board decisions.

In England and Scotland, developer appeals of local planning decisions go first to the regional planning executive. The appeal can then be carried to the Secretary of State. There is no appeal to the courts; the Secretary's decision is final.

Despite generally favorable treatment of the development community in New Jersey, there is always a push to make things easier. A few years ago developers proposed an omnibus bill that would dramatically improve the climate for their business. That effort did not succeed, so since then separate pieces have been advanced, including the establishment of a special developers' court. The latest version is an Assembly bill (A-3024) to establish a land-use court.

It sounds innocent enough. The findings for the proposed legislation declare that judicial land-use decision making needs to be improved for the welfare of the public, local government, and developers. Further, they assert that the quality and predictability of such decision making needs to be better.

The bill adds that gubernatorial appointments of judges to this special court should take special account of expertise in land-use law and development experience. And there's the rub.

England is a crowded little country, just as New Jersey is a crowded little state. We both have big problems with too much traffic, poor air quality, dirty water, brownfields, and the like. But Britain has countryside and livable urban places.

All across this nation, "smart growth" initiatives are coming to the fore, including our New Jersey State Plan. Folks here and elsewhere are sick of sterile, unlivable places.

We can no longer hope to match the beauty of Great Britain's countryside; it's too late for us. But with our million-acre land-preservation goal, determined implementation of the State Plan, and effective use of land-use management tools like transfer of development rights, we can protect what little countryside remains and make our towns and cities livable and attractive places.

David F. Moore is executive director of the New Jersey Conservation Foundation, based in Far Hills. ■

IAF LEADERSHIP TRAINING SESSIONS



Community organizers from across the country came together at CUPR in December for a three-day leadership training and strategy-setting conference. Funded by The Ford Foundation, the leadership training sessions were led by **Ernesto Cortés, Jr.**, and **Michael Gecan**, regional directors of the Texas-based Industrial Areas Foundation (IAF).

Community leaders visited rebuilding projects developed by local IAF sponsoring chapters, toured East Brooklyn's Nehemiah affordable housing development, and met with community leaders at a new public high school developed by the South Bronx/Harlem IAF affiliate.

A Letter from London

In the fall of 1998 CUPR welcomed back its director, Norman Glickman, who spent six months of a year's working sabbatical in London. This letter, which observes the political climate in Great Britain as of that time, was received by his colleagues at CUPR shortly before his return.

I spent part of my sabbatical in London doing some research at the Bartlett School of University College London. It was an interesting time to be in England. Politics there are, as ever, fun to watch, and the cities are in flux. Let me start with a quick look at politics, then move on to urban issues.

"THE GREATEST TORY EVER SOLD" . . .

was the headline of *The Economist's* cover story on Tony Blair. The Labour Party came to power under Blair's dynamic leadership in May 1997 for the first time since the 1970s. Taking a page from his soul brother and friend, Bill Clinton, the new Prime Minister relabeled his party "New Labour" (like Clinton's "New Democrats") and moved it to the right. However, "right" is not the word Blair would use here, although that is what I think he did. He calls Labour's orientation the "Third Way": neither Old Labour-left nor Thatcherite-right. The current political climate, Blair argued, "is an historic opportunity. We are taking the historic values of the Left—our long commitment to fairness, democracy and freedom—and we are applying them to our new world of dynamic markets."

What this has meant in governance is yet unclear. No one, the Prime Minister included, has clearly defined what this term really means—except with vague references to dealing with social and economic injustice in some "new" way.

The new government accepted Tory strict spending curbs and tight monetary policies and pledged to keep them in place for at least two years. In addition, the conservative Bank of England was given independent authority over interest rates. It used that power to raise rates six times between the summer of 1997 and mid-1998—to the dismay of Labour's traditional supporters, who are mostly borrowers. Adopting the Conservatives' spending limits meant that there is not much remaining money for building new housing, repairing infrastructure, reducing school class size, cutting the National Health Service waiting list (which, in fact, has increased by 100,000 people), and other improvements in social services promised prior to the election. Poverty and unemployment remain high in most of the big cities where high-tech and service employment growth have not dented long-term problems.

One of New Labour's biggest election promises was to reform welfare: to get people off the dole and into the workforce. Although the Government's proposal on welfare was supposed to be the biggest change in the welfare system since the days of Lord Beveridge, there was nothing revolutionary about it. It called for many of the same things that the U.S. Congress passed in 1996: workfare, job training, comprehensive enterprise zones, and the like—only considerably less Draconian than what Newt and Company wrought in the United States. Actually, the Labour government first cut benefits paid to poor single parents. Then, after a great outcry, it backpedaled by raising benefits for housing and job training. The net effect was a mild redistribution toward lower-income Britons—not what traditional Labour supporters had hoped for and what Tories had feared. This mix seems popular with most voters, however.

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Center highlights: the year in words and photos AROUND THE CENTER



Samuel Freedman, formerly of *The New York Times* and author of the book *Upon This Rock*, instructed community organizers in techniques for writing effective op-ed pieces.

R/ECON™



CUPR hosted R/ECON™ (Rutgers Economic Advisory Service) subscribers at semiannual users conferences in July and December 1998. R/ECON™ director **Nancy Mantell** (left) presented quarterly forecasts of the state's economy at each meeting.

In July, **Steve Finn**, director of CUPR's *Project Community*, spoke about urban revitalization efforts in Newark's Central Ward. **Marilyn Rubin** (right), director of the Master of Public Administration program at John Jay College and author of a study on New Jersey's Urban Enterprise Zones, discussed the economic benefits generated by the UEZs' tax incentives.

Catherine Lanier, Director of Research—Alliance for the Arts, and **Ruth Ann Stewart** (right), professor at CUPR, discussed the economic impacts of the arts at December's R/ECON™ conference. Lanier likened the arts to an economic engine that pulls jobs and dollars into the community. Stewart, who is editing *Public Life of the Arts*, a new Rutgers University Press series exploring the arts and cultural policy field, stressed that the arts succeed in generating economic benefits when they are part of a larger strategic plan for developing an area.



NEW FACULTY AND RESEARCH STAFF

Robin Leichenko (Ph.D., Geography, Penn State University), has joined CUPR as Assistant Professor with a joint appointment to the Department of Geography. A specialist in regional economic development, Leichenko has studied globalization and rural labor markets.

Julie Phillips (Ph.D., Sociology and Regional Science, University of Pennsylvania), has joined CUPR as Assistant Professor with a joint appointment to the Department of Sociology. Dr. Phillips is a demographer with specializations in criminology and immigration.

Luis E. Santiago (Ph.D., City and Regional Planning, Cornell University), will join CUPR on July 1 as a post-doctoral researcher. Luis has considerable experience in economic development, including work as a consultant and engineer in Puerto Rico.

RESEARCH BRIEFS

Robert W. Burchell testified before the U.S. Senate on his research quantifying job creation from EDA's Public Works and Defense Adjustment programs.

Steve Finn, who with **Norman Glickman** developed CUPR's award-winning *Project Community* initiative, brings Rutgers students into the urban laboratory of the state's cities to work with community groups on neighborhood revitalization.

Norman Glickman and **Lisa Servon** (Urban Planning/Policy Development) continue their national evaluation of community development collaboratives for The Ford Foundation.

Robert W. Lake testified before the New Jersey State Planning Commission on the final report of the Urban Policy Analysis Project, the findings of which are guiding revision of the New Jersey State Development and Redevelopment Plan.

David Listokin led a joint CUPR/Harvard/Brookings national conference at Brookings on the economic impacts of historic preservation. His national work on mortgage lending to racial and ethnic minorities, including Haitians and Navajo Indians, is ongoing.

Michael Lahr and **Robin Leichenko** worked with **Listokin** in evaluating the economic impacts of historic preservation in Texas. **Lahr**, a regional scientist, analyzed the impacts of port activities for the New York City Economic Development Corporation.

Nancy Mantell completed a study for the New Jersey State Treasury on property tax relief.

Julie Phillips, who recently joined CUPR, will publish her coauthored article, "Engines of Immigration: Stocks of Human and Social Capital," in *Social Science Quarterly*.

Carole Walker's research on HUD's housing voucher program continues in Alameda County (CA), an outgrowth of earlier HUD-funded research. She and **Michael Camasso** (Sociology) are evaluating social service programs in New Brunswick.

Elvin Wyly coauthored "The Color of Money Revisited: Racial Lending Patterns in Atlanta's Neighborhoods," to be published in *Housing Policy Debate*. His work on community change and gentrification is ongoing.

URBAN NOTES

IS IMPEACHMENT ENOUGH?

by Marty Goldensohn

The following is a true story. The names have not been changed in order to embarrass the guilty.

A couple of weeks ago, my red Honda Civic stuttered and stopped. We had it towed to Gary's Import Emporium. Gary informed me that the distributor assembly had lost its bearings. He installed a new one. \$690.

A hundred miles later, our Honda dies again. Another tow to Gary's. When I drop by to pick it up, Gary's assistant is tightening the recently replaced distributor assembly.

"Fuel pump," says Gary.

"Really? Then why are you tightening the distributor again?" I wonder.

"We check everything," says Gary.

"Where's the old fuel pump?" I ask out of curiosity.

"Dumpster," Gary says. "Can't have gasoline fumes in the shop."

I search the Dumpster. No fuel pump.

"How exactly did you replace the fuel pump?" I ask.

"It was necessary to remove the gas tank," he says.

I write a check for \$338 and drive off. Suspicious, I have the gas tank checked at Al's Exxon.

"This tank has never been removed," says Al.

"This tank has never been removed," I tell Gary.

"You don't listen," he scolds.

"I said removing the tank is necessary in the old model. But it was not necessary in your model."

"Then how exactly did you replace my fuel pump?" I ask.

"Trap door," says Gary.

"Where's that?" I ask.

"In the trunk," Gary says.

He scrounges around the trunk but can't find it.

I call Honda on my cell phone.

"It's under the rear seat," I inform Gary.

"I knew that," says Gary, "but the trunk is where we do the work from."

Gary has an answer for everything.

My answer is to stop the check.

Gary invokes Mechanic's Privilege. "I'll call my lawyer and put a lien on your car," he threatens.

I am faced with a dilemma here. I'm dealing with a guy who clearly isn't telling the truth. What to do? I know! Same thing everybody else does these days. I initiate hearings. My committee consists of my wife Ruth, Uncle Nate, brother-in-law Steve, Aunt Ellen, and the kids.

We convene on a Sunday after bagels. In a shocking development, Uncle Nate recuses himself on the grounds that he himself has strayed by billing for work he hasn't done.

"You'll see it smeared all over the next issue of *Dry Cleaner's World*," Nate says, fighting back tears.

In a fiery presentation, Ellen declares that Gary deserves nothing less than removal from the auto repair business.

Ruth says we should censure Gary by picketing his garage with signs that say "Gary's Gotta Go."

Steve, a trucker, counters that a fuel pump does not rise to the level of impeachment.

In a bipartisan display, Aunt Ellen switches her vote to acquittal on the grounds that Gary could burn down our house.

The children take Gary's side, which makes sense since I blame them for a lot of stuff they don't do.

I use my final two minutes in the debate to insist that Gary be held to his automotive oath.

"Ladies and Gentlemen of the Family Senate. The kind of lying and hairsplitting that Gary is guilty of may be fine for lawyers and politicians, but it cannot be allowed in the real world. I say to you that a fuel pump is not just two words bolted together. A fuel pump is ball bearings and rubber. Installing one requires not words but skill, a wrench, and sweat from the brow of an honest man. Sadly, Gary the grease monkey is not such a man."

DING. The oven timer tells me to yield the floor.

Despite my eloquence, the two-thirds required for conviction just isn't there. Gary is acquitted. I call for censure. A plan to get the local Honda parts distributor to withhold parts from Gary is rejected on the basis that this will encourage more phantom installations. We agree to write an irate letter to Gary with a copy to *Honda Buddies* magazine.

Gary remains in business. And I have to admire his strength. Despite all this, he goes right on repairing the people's cars, or at least billing them, as if this terrible scandal weren't happening.

Apparently, Gary has no fear of digging himself into a deeper hole. After my payment was stopped, he called and claimed he had found the old fuel pump. I dropped by the shop. The pump looked good as new except for two fresh scratches. Gary was storing it indoors for me, in a bucket of gasoline.

"I thought you didn't keep gas inside," I said.

"I didn't inhale," he says.

I made up that last line. Couldn't resist.

Marty Goldensohn is a freelance satirist and a reporter for public radio. He lives in Ridgewood, New Jersey. ■



Robert Lake (left) of CUPR with NSF conference participants Michael Leaf and Terry McGee of the University of British Columbia discuss urban sustainability in developed and developing areas.

URBAN SUSTAINABILITY IS TOPIC OF INTERNATIONAL MEETING AT CUPR

About two billion of the nearly six billion people alive today dwell in urban areas. By 2050, about six billion of the world's then nine billion people will live in cities, with the greatest concentrations in the so-called developing world. This projected tripling of the world's urban population over just two generations poses daunting challenges—and has stimulated intense international debate over the idea of urban sustainability.

Just what that term means and how to think about it in constructive ways were the subjects of a four-day international research workshop held at CUPR last June. Co-hosted by CUPR Associate Director Robert W. Lake and Professor Susan Hanson of Clark University in Massachusetts, with funding from the National Science Foundation (NSF), the workshop brought together eighteen geographers and urban planners from the United States, Canada, and Great Britain for an intensive series of working group meetings and plenary sessions aimed at developing a conceptual framework and an agenda for research on urban sustainability.

NSF research workshops seek to stimulate new ideas and approaches by facilitating the interaction of scholars with multiple specializations. Participants in the CUPR workshop included specialists in urban-

ization and environmental processes as well as scholars with expertise in Africa, Asia, Europe, Latin America, and the United States. Reflecting this range of backgrounds and experience, discussion over the four days was often intense, sometimes heated, and always stimulating.

Participants divided into working groups to address the primary substantive and conceptual elements of urban sustainability. Working group themes included the following:

- The relationship between the economy and the environment
- The relationship between the local and the global
- The role of "the urban" and urbanization
- Political processes, institutions, and possibilities for action

The four working groups developed concept papers on their respective themes during the workshop, reporting progress and receiving comments in daily plenary sessions.

An overall workshop report based on the concept papers will be prepared by Hanson and Lake for distribution this year. The report, which will summarize the state of knowledge on urban sustainability and outline a research agenda to further knowledge in this critical field, will be a tool for NSF to use as the basis for future requests for proposals on urban sustainability.

— Robert W. Lake ■

LENDING (from page 1)

CASE STUDY INSTITUTIONS

After discussions with fifty lending institutions across the country, the researchers selected eleven for case study based on their "success," as defined above; the uniqueness of their approach to qualifying applicants; strategic range (attracting, qualifying, and retaining LMI mortgagors); and diversity of institution (type, size, geographic location). (See box on page 5 for the case study lenders.)

As a group, the case study lenders represented 10 percent of all home-purchase loan originations in 1995. Econometric analysis revealed that African American and Hispanic mortgage applicants

were 13 percent more likely to be approved at this sample of institutions than by other lenders nationally.

PROBLEMS AND SOLUTIONS

The exemplary case study institutions applied traditional industry underwriting standards sensitively and flexibly en route to qualifying LMI applicants. LMI borrowers may lack a formal credit history, for instance, because loans are often obtained from family members. In such a case the lending institution might consider consistent rent and utility payments as a proxy. Successful lenders will look beneath the surface of an applicant's "blemished" credit rating for extenuating circumstances that a reporting agency did not explore in

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LENDING (from page 4)

depth. They will consider alternative sources of income: LMI applicants, often on the economic periphery, tend to change jobs frequently, have more than one job, or rely on unreported income from the informal economy. Appraisers will avoid subtle discrimination in using such descriptors as "homogeneous neighborhood," and underwriters will avoid arbitrary disqualifiers regarding a home's age, location, value, or amenities.

The exemplary lenders studied employ a range of available mortgage products to qualify LMI applicants. Mortgages available from the government-sponsored enterprises, or GSEs—Fannie Mae and Freddie Mac—are becoming the industry norm. GSE Affordable Mortgages, such as Fannie Mae's Community Home Buyer's Program and Freddie Mac's Affordable Gold, offer flexible provisions that foster minority homeownership. Further, some of the lenders have developed their own "Portfolio Affordable Mortgages," which extend options beyond secondary mortgage market thresholds and thus expand financing possibilities for the underserved market. "By developing creative financial mortgage mechanisms, the mortgage industry can help bring the dream of homeownership within the reach of all Americans," writes HUD Secretary **Andrew Cuomo** in the Foreword to the CUPR study. He points out that lenders can expand their business and reach new markets as well.

Having qualified LMI applicants, successful lending institutions work to ensure that they retain these borrowers. Post-closing counseling is an important aspect of this endeavor. Careful monitoring of payments, with immediate follow-up in the case of delinquency, is essential, as is flexibility in dealing with missed payment.

Across the range of programs and techniques employed successfully by the exemplary lenders studied, certain elements, or best

THDP (from page 1)

of supportive services aimed at making clients self-sufficient upon leaving the facilities. Program length averaged twelve months before discharge or graduation. Services included the following:

- Case management
- Health assessment and education
- REACH participation (Realizing Economic Achievement—New Jersey's JOBS program)
- Life skills (budget planning; domestic conflict resolution)
- Parenting classes
- Child care
- Tutoring and other after-school programs for clients' children
- Transportation for program participants and their children
- Housing relocation services

Other services linked clients with Medicaid service providers, community mental health centers, and substance abuse programs.

The Amandla Crossing program emphasized self-empowerment:

CASE STUDY INSTITUTIONS

Exemplary Lenders Studied

Arizona

- NAVAJO PARTNERSHIP FOR HOUSING

California

- COUNTRYWIDE HOME LOANS
- FOUNDERS NATIONAL BANK
- TRENT FINANCIAL, INC.

Connecticut

- PEOPLE'S BANK

Georgia

- ATLANTA MORTGAGE CONSORTIUM
- NAACP-NATIONS BANK COMMUNITY DEVELOPMENT RESOURCE CENTERS

New Mexico

- FIRST NATIONAL BANK OF FARMINGTON

Illinois

- NEIGHBORHOOD HOUSING SERVICES OF CHICAGO

Pennsylvania

- BEREAN FEDERAL SAVINGS BANK
- PNC BANK

practices, were found to be universally applicable:

- Cultural sensitivity, with community trust built from alliance with respected local institutions
- A comprehensive program of home-buyer education
- An emphasis on credit awareness and household budgeting
- Loan products suitable for the needs and financial capacity of LMI borrowers
- Flexibility in credit evaluation and underwriting criteria
- Payment monitoring, with prompt follow-up on delinquency, and provision for loan restructuring if appropriate
- Flexibility in the secondary mortgage market
- Competent and dedicated program management personnel

"Even today, three decades after passage of fair housing legislation, wide disparities in lending patterns exist," says Listokin. "This study focuses on proven industry solutions helping to narrow the historically underserved homeownership gap." ■

reducing clients' dependence on welfare through education and job training. Doorway to Hope stressed responsibility—personal as well as communal—and sought to enable program participants to obtain market housing within the community. At Linkages, a highly structured program offered an array of social services to clients, who were rewarded under an incentive-type system for program compliance. Catherine A. Rowe Commons, like Amandla, aimed for its clients' autonomy, paving the way with education and job-skills training.

A survey of participants conducted about six months after successfully completing the THDP revealed that most believed the quality of their lives had improved, that their incomes had increased, and that they were living in better neighborhoods. None had returned to emergency shelters.

"In allowing its THDP sites to plan and execute programs flexibly, the NJDHS achieved its goal: results that can serve as models for other programs nationally," said principal investigator Walker. ■

LETTER (from page 3)



In March 1998, demonstrators rallied in Hyde Park in support of a proposal before Parliament that would ban fox hunting. Countryside Alliance members protested the proposed fox-hunting ban, saying it would ruin the "country way of life."

A MAYOR FOR LONDON

Another of Labour's essential election planks was devolution: to give more power to localities long ruled by unaccountable and sometimes unelected "quangos." Blair vowed to change this by proposing to give Scotland, Wales, and Northern Ireland their own elected assemblies. [Editor's note: These elections were held in April 1999.] Carrying this notion further, London will soon get to elect a mayor. Other cities may elect mayors later. This could mark big changes in governing in a country, like the rest of Europe, where nearly all power emanates from the national government.

Curiously, London is one of the few world cities without an elected mayor. Thirty-two local boroughs, without any unity or overall vision, have governed it since the Tories abolished the Greater London Council twelve years ago. Not only will there be a mayor, but there will be an elected assembly, a £3.1 billion (about \$5.5 billion) budget, and considerable political prestige. The powers of the mayor and assembly, however, will be limited—mostly to economic development, transportation, and public safety—but the new mayor will have a very large bully pulpit just across the Thames from Whitehall. There is a dizzying array of candidates: former Oscar-winning actress Glenda Jackson (I was one of her constituents), Jeffrey Archer (writer of execrable novels), Ken Livingstone (old Left former leader of the GLC and a Blair nemesis), Trevor Phillips (the only black in the race), and others. Tony Blair, as well as many of the Labour Party establishment, has adopted an "Anyone but Livingstone" stance, and a keen fight continues. How it will come out is anyone's guess, but it will remain interesting.

"EAT ENGLISH LAMB; 50,000 FOXES CAN'T BE WRONG" . . .

was a picket sign, part of the government's unwelcome surprise at the "Countryside Alliance" march on March 1, 1998. A quarter of a million constituents from the shires—mostly dressed in earthtone-colored raincoats—marched to London's Hyde Park to protest a Labour Party backbencher's proposal in Parliament to ban fox hunting. Their leaders claimed that the ban would ruin the "rural way of life." Or, at least some of them came to London for that reason. Many more agendas were on display. There was the gun lobby, NRA sound-alikes (with more than £1 million of American swag), who funded the march or "hijacked" it, as *The Guardian* said. Many farmers, outraged by their inability to sell their products in Europe because of the overvalued pound, were there too. Farm incomes had fallen by nearly half in the last year. Thus, the alliance was a coalition of contradictory interests. No wonder there were no speeches at the finishing point in Hyde Park. The conflicting interests quickly emerged: landowners versus tenants, agribusinesses versus small farmers, second home owners versus village workers, and more.

And, finally, there were the counter protesters—a more colorful group—dressed in wild costumes (Day-Glo Devils to represent hunters and the like). They were there to back the fox-hunting ban and the perceived tilt of government policies away from cities; in all, a muddle of city interests against a variety of rural ones. With this vast mixture of messages in front of it, the Government reacted with considerable fright. It refused to back the fox-hunting bill, allowing it to die by the equivalent of a filibuster weeks later. It proclaimed the week before the demonstration that it would not close any rural schools, no matter how underutilized they might be. It pledged more money for rural roads in the next budget. Labour made U-turns on several other measures as well. It had heard from the rural voters, and it wanted to hear no more.

All of this aside, the political signs have been positive for the government. Blair's approval ratings—bolstered by a buoyant economy and the magnificent Good Friday [1998] agreement on Northern Ireland—have been in the high 60 percent range. He is smooth, personable, and very impressive in public debates. The media have largely embraced him: Reporters see him as one of their own—an Oxbridge-educated good chappie. What will happen when the next recession hits, or after Labour's newness grows old, remains to be seen.

But it has been a very good time for Tony Blair.

Norman J. Glickman
London, Summer 1998

URBAN INNOVATIONS

Suburban Job-Link Corporation makes THE URBAN-SUBURBAN CONNECTION: THE ROAD TO EMPLOYMENT IN THE SUBURBS

Connecting inner-city residents of Chicago's West Side with employment opportunities in the job-rich suburbs surrounding O'Hare Airport is the mission of **Suburban Job-Link Corporation**, a nonprofit employment/transportation organization founded in 1970.

A national model for the essential role of mobility services in countering urban poverty, Suburban Job-Link takes a two-pronged approach to ensuring success: (1) linking residents of low-income neighborhoods with good employment opportunities, and (2) providing the support required for long-term success.

SPATIAL MISMATCH: A CATCH-22
 Suburban Job-Link has mounted a frontal attack on the forces that stymie TANF recipients in their efforts to move from welfare to work: the spatial mismatch of urban residence and available entry-level suburban jobs. Indeed, in six of the eight largest metropolitan areas in the United States, more than two-thirds of the jobs created during the 1980s were located in the suburbs. Not surprisingly, in 1990, inner-city poverty rates in the nation's eight largest metropolitan areas were two to five times higher than in suburbs. Job-Link notes that blue-collar jobs in the suburbs pay approximately 30 percent more than similar jobs in Chicago neighborhoods.

JOB-LINK: AIMING FOR SUCCESS
John J. Plunkett, founder and president of Job-Link, stresses the importance of good employment opportunities. A job must be accessible (requiring no more than a one-hour, one-way commute from home to work); it must provide enough

take-home income after taxes and transportation costs to escape the clutches of poverty, as defined by the federal government; and it must provide a realistic opportunity for upward mobility.

To achieve these goals, Job-Link operates *Job Oasis*, a unique worker mobility center that provides an array of support services in its Bensenville (DuPage County) facility. This "suburban oasis," Plunkett explains, is a work-readiness and job-search site as well as a transit transfer point for Job-Link clients.

Oasis outreach to residents of West Side neighborhoods draws in job seekers through door-to-door recruitment, flyers posted at neighborhood businesses, block meetings, advertisements in community newspapers, and partnerships with community groups, social service agencies, and churches.

Aided by funding from HUD's national Bridges to Work demonstration program and grants from the John D. and Catherine T. MacArthur Foundation, Oasis clients receive intense one-week preparation for the workplace. Most find employment in entry-level warehousing or assembly-line jobs in a week's time. Typical positions pay about \$8 an hour with benefits.

Strategically located proximate to I-294 and Route 83 just west of O'Hare Airport, Suburban Job-Link employs a corridor-based transportation approach to serve its applicants and suburban employers. Several 15-passenger vans provide free shuttle rides between the Oasis facility and suburban employers during the job-search process.

Suburban Job-Link is committed



Joel Lerner. COURTESY PIONEER PRESS. ELK GROVE TIMES (March 6, 1997).

Chicago resident Donald Edgerson leaves a Suburban Job-Link bus en route to his job in the Elk Grove Industrial Park.

to the long-term success of the job seekers it aids. If Job-Link cannot ensure reliable transportation along its bus corridor routes to the suburban job, either by its own vehicles or in conjunction with a cooperating Chicago public transit provider, a match is not recommended. It is envisioned that a pilot program operated with Chicago's Pace Suburban Bus Company will expand reverse-commute transportation possibilities to a wider area of Chicago's West Side; potential job applicants currently must live within three blocks of two established Job-Link routes.

In 1970, Suburban Job-Link became the nation's first nonprofit organization to operate a market-based temporary employment contracting business. Job-Link's *CoreTemp* program, bolstered by a U.S. Department of Labor grant

administered by the Chicago Mayor's Office of Workforce Development, responds to the needs of the business community as well as TANF recipients. Employees gain valuable recent work experience, making them more attractive to prospective full-time employers. Three thousand Chicago-area firms have been served to date, for more than \$100 million in Job-Link sales.

Rounding out the circle of success, Suburban Job-Link's clients bring their paychecks home to Chicago's West Side and reinvest their dollars in the local economy.

John Plunkett is modest about the achievements of his Job-Link model. "We accept it as commonplace for suburbanites to commute to the city for work. Why should we be surprised at the notion of city residents commuting the other way?" ■

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