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SUMMARY OF
MEETING OF MORTGAGE BANKERS AND CITY OFFICIALS
FEBRUARY 19, 1976

PARTICIPANTS

NATIONAL LEAGUE OF CITIES (NLC)

Tom Moody, Mayor of Columbus, Ohio
Arthur Holland, Mayor of Trenton, New Jersey
Ralph Perk, Mayor of Cleveland, Ohio
Walter Orlinsky, President, City Council, Baltimore, Maryland
Fred Davis, Councilman, Memphis, Tennessee
Pat Russell, Councilwoman, Los Angeles, California
Alan Beals, Executive Vice President, NLC
William Davis, NLC Staff
Karen Kerns, NLC Staff
Stanley Smigel, NLC Staff

MORTGAGE BANKERS ASSOCIATION (MBA)

Jerome L. Howard, Chairman of the Board & Chief Executive Officer, Mortgage & Trust, Inc, Houston, Texas
Bernard V. Dill, Executive Director, Massachusetts Purchasing Group, Boston, Massachusetts
Lawrence C. Humphrey, President, Premiere Mortgage Corporation, Detroit, Michigan
Kenneth J. Jackson, Vice President, Prudential Insurance Co. of America, Newark, New Jersey
Everett Mattson, Chairman of the Executive Committee, Lomas & Nettleton Company, Houston, Texas
Harvey R. Mitchell, President, Southern Trust & Mortgage Company, Dallas, Texas
Robert J. Spiller, President & Chief Executive Officer, Boston Five Cents Savings Bank, Boston, Massachusetts
Michael W. Young, Executive Vice President, Larson Mortgage Company, Plainfield, New Jersey
Oliver H. Jones, Executive Vice President, MBA
John M. Wetmore, MBA Staff
Miles L. Colean, MBA Staff

BACKGROUND:

This meeting was arranged to explore in some depth the extent to which the two groups had mutual interests and mutual willingness to cooperate in behalf of city improvement programs. The meeting had the knowledge and approval of policy officers in both organizations. From the NLC standpoint, this meeting was a concrete initiative to bring about

what is hoped will be a broad-based program of public/private sector cooperation and joint activity in resolving and ameliorating city problems. A key thesis of the meeting was that effective joint activity could lead to profits for both parties. For the city, the profits would be achievement of or progress toward physical, social or economic goals. For the private sector, improvement in the bottom line would be the major objective.

COURSE OF THE MEETING

The meeting began with four short presentations, 2 each of NLC and MBA, to provide some answers as to the basic nature and interest of the organizations. Mayor Moody began with an overview of broad national trends (e.g. post WWII movement of rural blacks into cities and the shift of affluent whites and industry out of central city). He sketched out the picture of the city as the end-location of a massive social revolution and population shift--the impact point for major national changes. Alan Beals picked up from the broad picture and reviewed general revenue sharing and the CD block grants of the Housing and Community Development Act of 1974, relating them to rising demands within the city and the new responsibilities shifted to the city under the New Federalism. Both NLC speakers flatly stated the strong interest of cities in new and effective joint activity with the private sector and their belief that such joint activity were essential if important progress is to be made toward solution of many city problems.

The first background speech on behalf of the MBA, an Overview of Mortgage Banking, was given by Jerome Howard, President of the MBA. He described their role of importing capital, making loans, servicing loans etc., including the differences in size and type of activity or operation among members.

Howard's overview was followed by a specific description, with figures and charts, of mortgage banking activity, showing their strong use of FHA, and contrasting mortgage bankers with other lenders in the housing and real estate market.

Following the four statements there was a lively give and take of questions and answers, explanatory statements and the raising of new issues. After a break for an informal lunch hosted by the MBA, discussion and elaboration of views and interests continued until the close of the meeting at approximately 3:45 p.m. From this interchange a number of important points emerges, viz:

a. Federal program continue strongly to favor new housing. Both parties agreed that this strong emphasis aids central cities relatively little and in many cases produces harmful results.

b. The MBA customarily does more than half its lending on existing housing. They are thus very interested in the central city. But in many cases there seems to be either poor or no delivery system in central cities either to make sites available or to channel lending into areas so as to achieve major beneficial impact. Establishing a dialogue and an effective system seems necessary to achieve local objectives.

c. Both parties agreed that a collection of success stories--achievements under way and working--would be very useful. One mortgage banker suggested, for example, that the $2 million rehab loan fund in Cleveland, by using the leverage principle used in Dallas (e.g. by guarantees instead of direct loans) could, bring about a total of $14 or $15 million in rehab loans.

d. Regional Seminars ("travelling road shows") to effect wider knowledge of possibilities and to create circumstances favorable for further progress were suggested as a possible desirable course of action.

e. Joint action toward common Federal legislative or regulatory goals was also felt to be a very logical course of action. The red tape associated with housing and community development programs might thus be reduced with gains to all. The MBA representatives also urged joint action in behalf of a revitalized FHA, arguing that an invaluable institutional aid to middle America has since 1968, become an inadequate tool for subsidized housing.

f. Both parties agreed that CD block grants provided insufficient funds to tackle all problems especially that of housing. CD funds can be maximized in their impact by using them to set-up the apparatus or delivery system to individual homeowners. A necessary apparatus or delivery system could be a joint public/private corporation.

g. Homesteading was mentioned as a possible program for some cities but discussion did not cover the topic well. There was some expression suggesting that homesteading could not work for most low-income families.

h. There was extensive discussion of rehab and the need for rehab programs in central cities. Both parties appeared to agree that both Federal and State support was merited. It was felt that little could be gained from piece-meal, scattered rehabilitation in areas already well along in decline.

i. Transportation's important relationship to viable neighborhoods was felt to require some attention.

j. The MBA participants noted their strong interest in city commercial and business properties, matters also of interest to city officials. Cooperative programs might well include these areas. Perhaps the concept should be land use and land use controls and not simply housing.

k. Federal tax policies as they impact on central city development, and perhaps as they could be made to impact favorably, was felt worthy of consideration.

CONCLUSIONS

It was agreed that the meeting had profitably exposed areas which should be seriously explored for joint action, both in national legislation and at local level. It was agreed, further, that the two staffs should jointly pursue the points raised in the meeting and develop some proposals, including alternatives, for a second MBA/NLC meeting.

Attachment:

-Agenda of February 19, 1976 meeting.