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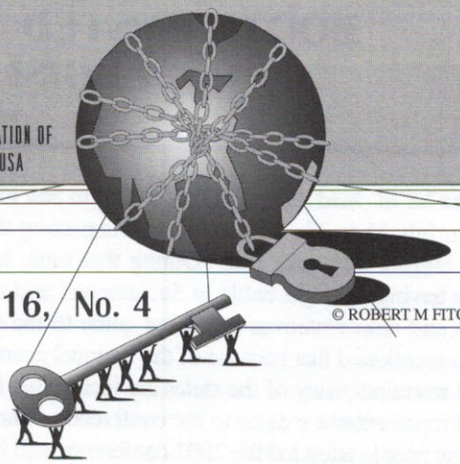

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AFFORDABLE CITIES: BRINGING THE COST OF LIVING DOWN TO EARTH

At the Council of Georgist Organizations conference in Bridgeport, CT, on July 18, 2003, two highly qualified authorities addressed the theme, "Affordable Cities: Bringing the Cost of Living Down to Earth."

"The State of Our Cities, Problems Created by Tax Policies" was addressed by Bob Kantor, Director of Fannie Mae's Connecticut Partnership Office, which is one of 54 of such offices that Fannie Mae has opened around the country since the mid-1990s. My role, as I see it, he said, is to interface with the communities around the state, cities and suburbs and small rural towns, to try to stem the tide of disinvestment and to try to promote investment as best we can. Though Fannie Mae is a housing entity and doesn't invest in small businesses, it interfaces with a lot of that. He commented that small businesses especially that serve communities cannot succeed unless there is a healthy community with people with wealth and people with income. So through the development of targeting housing initiatives Fannie Mae works to stimulate reinestment and revitalization, by focusing on several types of initiatives. "It is no longer just the inner cities' issue of disinvestment that we are facing," says Kantor, "but it keeps growing into the inner ring suburbs and the historical suburban communities that have been around for quite some time."

Kantor then commented on some of the demographics that affect cities, including those of his home state of Connecticut, observing:

"Those of you on the bus tour around Bridgeport yesterday got a glimpse of what our neighborhoods and real estate looks like. Bridgeport is not too atypical of most of our cities in Connecticut. We have very old manufacturing based cities, the core of large manufacturing firms, multi-family row houses that housed the workers at those plants back in the late 1800s and early 1900s and some of them were standard suburban type developments of single family development on the outer core of our cities. That is pretty much how all of our cities are organized from a real estate structural investment point of view. Most of our cities were fully built up in the 1940s and '50s, so these are old communities and tired communities, and it calls for a lot of revitalization and reinvestment, especially with the housing stock, to attract new investors and attract new residents."

He has been working with the city manager from the city of Hartford, a city councilman, the mayor and others on a major home ownership initiative for the city of Hartford. In Hartford the mayor has announced a major home ownership initiative geared toward diversifying the income base and improving housing stock. "Connecticut is a study in contrast in terms of wealth versus poverty," he said, "with the highest wealth, mostly in Fairfield county but also in other areas as well, and some of the poorest communities, from a relative basis, in the country." Kantor pointed out that Connecticut is one of the most conflicted from an asset point of view in the country, according to a report last year from the Corporation for Enterprise Development Study, a Washington, DC based organization which studies all the states and demographics information. For years Connecticut ranked at the top as having the highest medium income among the states, and in terms of the mean income, the average income, as of 2001 when this data came out, was 6th of the 50 states. In terms of mean home value, this 1998 data ranked Connecticut tenth of all the 50 states, though there was a pretty severe real estate crisis in the early 1990s, and we are just coming out from that.

Kantor said that Connecticut is a pretty healthy state in terms of education and all the other indicators of social health, ranking at the top of the states. However, the disparity of income is quite high. Whites have 1.6 times the income of blacks, but in terms of assets whites have 3.5 times the assets of all minorities in the state. The home ownership rate in Connecticut ranked 42 out of 46 states that were measured in the report, and by college education, Connecticut ranked 42 out of 46 states. In the minority entrepreneurial rank Connecticut was 32 of 50 states. In poverty by race Connecticut ranked at the bottom of all states. So that tells you that poverty and lack of income or lack of access to income between whites and minority population are difficult issues for the state. "That is what we at Fannie Mae are in a small way trying to tackle," he added. "And tax policy definitely is an issue. The state is very dependent on property taxes to fund education. It is no surprise that most of our inner cities are considered to have the poorest performing schools compared to the suburbs who have less reliance on property taxes."

[Note: In conjunction with this (cont'd on page 11)

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public forum, a web site was developed bringing together an enormous amount of demographic and economic data on the state of Connecticut. The home page for this website can be accessed at http://www.geocities.com/cgoconfct2003]

Edward Dodson, a Senior Housing & Community Development Business Manager, in Fannie Mae's regional office in Philadelphia, works with Bob Kantor, providing analytical support in the development of initiatives for local implementation. Dodson prepared a research paper, "The Wealth of our Nation and our Cities" for discussion at the Conference and presented highlights from his paper (which is available on the conference website at http://www.geocities.com/cgoconfct2003/dodson_the_wealth_of _our_nation.html).

Dodson's research focused on national statistics and demographics. He stated that contrary to a sort of mythology in the history of the United States, from the very beginning, there has been a great deal of income and asset inequality. We have a Jeffersonian ideal of what it was like to live in Colonial America, he noted, but as historian Jackson Turner Main wrote in his book, "The Social Structure of Revolutionary America:"

"The revolutionary class structure can now be described in terms of occupational groups. Each occupation had its exceptional men, but in general the laborers were poorly paid and acquired little property. Artisans earned somewhat more and became small property holders. Most farmers were in the same position, though some became wealthy. Professional men and shopkeepers received good incomes and had substantial estates, while merchants were characteristically well-to-do and rich."

So it was a very diverse society from the beginning. It is almost the same today. In every category of occupation there are people that are doing very well and others are doing moderately well and others are barely getting by. There were people in this country in the very beginning who had no property at all and lived by their labor and barely did so.

The first category of data that Dodson looked at was asset ownership and income. About the emerging of the economic boom in the United States during the second half of the 20th century, he observed that it is pretty clear from the data that this was less of a result of the economic engine than the fact that during the second World War there was enormous savings accumulated without anything to buy. Then, after the war, the pool of savings went into the economy and was the basis for fueling consumption. Federal programs, like the GI Bill and Federal Housing Administration programs, also contributed to the rise in home ownership. In the 1950s you were able to buy a house with no or little money down, resulting in an immediate increase in home ownership. Today, however, in order to be part of the nation's top 20% of income based population, your income would have to be $70,000 and above. If you make over $100,000, you are in the top 4%. That tells you a lot of people are making ends meet on lot less.

Dodson continued to present data and respond to questions from the audience. The top 1% of the U.S. population - fewer than 3 million people - control assets of greater value than the bottom 95%, and have greater incomes than the 100 million people at the bottom. The top 1% of families own 38% of total household wealth and 47% of total financial wealth.

The rise in housing values and land values over the last couple of years has been extraordinary. Individual net worth increased but proportionally those with the greatest share to begin with experienced the greatest increase in upward rise. The number of millionaires increased 54% between 1989-98; those with $5 million or more doubled; those with $10 million or more quadrupled(attributable to the surge in stock prices between1995-1998). Those with the highest level of net worth have increased at a far greater rate than those in the millionaire ranks. We have individuals in the country worth $1 billion (e.g., Warren Buffett, Bill Gates, Paul Allen). Between 1983-97, only the top 5% of households experienced an increase in net worth.

Although the rate of homeownership reached 66.3% in 1998, the net equity in owner-occupied housing fell from 23.8% in 1983 to 18.2% in 1998. One of the reasons is that in 1989 real estate values plummeted. Today, over half of all the households in the United States have no financial assets or owe more than they own. They own no house; these are renters and they have no stocks or bonds; they might own an automobile, but their indebtedness is greater than their asset value.

There are still many inner city neighborhoods in the country that have not experienced property appreciation. Some of those neighborhoods may have continued to experience declining housing values. On the other hand, home ownership in those neighborhoods tends to be pretty low, sometimes as low as 10%-15%. Of the homeowners, seniors are the largest percent who tend to have the most home equity, so even if the property has not increased in value, it is unlikely that it has decreased in value to the extent where they have no equity.

A recent national study concludes that none of America's elementary school teachers, licensed practical nurses, police officers, retail sales persons or janitors would qualify to purchase a median priced home based on the median income. So if they are not already a home owner and they don't have the equity to use to purchase another home, it is unlikely that they would be able to buy a home in the neighborhood in which they live. Median annual salaries for each of these above occupations fall short of the nearly $50,000 necessary in order to qualify for a median priced home of $156,000.

Most households that enjoy an increase in incomes do so because more than one adult works full time.

Consumer debt stood at $1.7 trillion at the end of the first quarter of this year, with revolving debt at $711 billion of that amount. While that sounds extraordinary and would put the economy somewhat at risk, on the other hand, the low interest rate environment has enabled people to refinance their homes and pay off about $2 billion of equity loans or credit card debt. (continued on page 12)

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Another part of the statistics is that last year 1.5 million people filed for protection under personal bankruptcy laws.

Here are some of the statistics on non-minorities and minorities nationally. The U.S. is now home to 20 million foreign born residents. In 1998 these foreign born individuals sent $16 billion of their disposable income back to help out their families in their countries of origin.

Nationally, African Americans own 3.6% of all businesses, but most of these businesses have a revenue of less than $25,000. Over 31% of African American households have zero or negative net worth. African Americans own about 1% of the total net worth of all U.S. households. Some 26% of African Americans, 26% Hispanics and 10.2% of Asian Americans and Pacific Islanders fall below the official poverty line.

When you look at the situation of children, there are also some staggering statistics, as 11.7 million children below age 18 live below the poverty line. This is greater than 25 to 30 years ago although it is down from the high of 15.7 million in 1993. Child poverty rates by racial and ethnic groups are roughly as follows: 30.2% of African Americans, 28% of Hispanics, 11.5% Asian Americans and Pacific Islanders, and 9.5% of non-Hispanic Whites. Of children in poverty, 74% live in a family where someone works full time or at least part time for part of the year. One out of 3 poor children lives with someone who works full time year round. So there is a very high percentage of families with children in poverty who have a full time job, but they just don't make enough income in order to rise above the formal Government poverty level.

Taking a look at housing and home ownership in the country, the current home ownership rate is now at 68%, perhaps a record high. For African Americans and Hispanics, the rate is around 48%-49%. At Fannie Mae, getting that rate of home ownership up is a national commitment that our chairman has made and we are aggressively working toward that objective to reach out to minority communities in various ways to try to raise the home ownership rate. A major area of public policy concern as well is to get the rate of home ownership up for minorities. It is very clear that home ownership is a key element in neighborhood and community stability.

In 1998, 9,000 residential properties in the country sold for $1 million or more. The number probably tripled or quadrupled in 2002. Land costs have become so high that the developer might have to pay $100,000 or more for a quarter acre lot. The ratio of total property price to land cost used by housing developers is usually 4 to 1, so the kind of home being built on that quarter acre lot would have to sell for $400,000 in order to warrant the initial investment in site acquisition and development (including all the fees you have to pay as a developer). So what we see in many communities is a lot of existing housing being acquired, torn down and being replaced by "McMansions" and larger homes. Thus the character of many residential neighborhoods is changing dramatically. Regarding new construction, between 1970 and 2000 the average size of new homes has gone up from 1500 square feet to 2200 square feet. Part of the increased cost of housing is that housing is much better. Almost every house built today has central air conditioning, has one or two car garages, has a lot of other amenities that weren't included in the home in the 1970s.

Responding to a question, Dodson said it is true that, partly due to high land prices, you have to put up bigger high value homes because of the high price of land parcels. Also, it is market demand, and in those neighborhoods where land costs have reached that level, potential buyers have a much higher income than perhaps many of the existing residents. People are willing to pay that higher cost so they can be closer to mass transit if they are commuting into the city for their job. As an example, Bridgeport is now a major residential community for people commuting to Manhattan. Distance now is measured by time and not by miles. If people can get to their job in the same amount of time by mass transit as when they had to drive, people are willing to live much further away. At the same time, people who are living in Bridgeport and working in Bridgeport may not have the same household income and so their ability to compete for existing housing stock is stressed. Wages being paid to people working in Bridgeport - whether city or county government or the industry and businesses - doesn't compare to what people can earn in Manhattan. It is a complex market dynamic and presents a lot of challenges for those of us who are trying to stimulate investment in communities while also trying to keep them affordable.

Responding to another audience comment that near the railroad the largest houses are built on small parcels, Dodson said that consumer taste and consumer motivation are hard to measure. In terms of geography, what is happening is that there was a lot of building on very large lot sizes in more distant suburban communities, 2, 3, 5 acre lots. A lot of people that bought those lots and built big houses now feel isolated, and also the time and energy to maintain those properties is enormous. So there is a certain rethinking that seems to be occurring in terms of development and in terms of buying habits. Developers might be able to acquire the acreage further out to offer homes on large parcels, but they seem to be building on smaller lots because people still want the amenities and the 3,000 sq. ft. home, but they are not so demanding about being isolated from their neighbors and are happy with less ground to care for. It certainly is occurring in higher density communities. In a rural area where the community requires that the single family lot size be a minimum of 2-3 acres, some of that is the not-in-my-backyard syndrone where exclusivity is an asset in the eyes of many of the members of the existing community, and they may reluctantly give a developer a variance to divide up a 5-acre site into 1-acre or 1/2 acre parcels. So the politics can make community values change from community to community. One of the trends, at almost every household level with the expectation of buying a home, is that there is a minimum type of amenity that is going (cont'd on page 13)

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to be provided. It is hard to sell an older home that has what is called functional obsolescence.

Commenting on a question that proximity to better paying jobs in New York could make north Philadelphia a valuable commuter area, Dodson noted that north Philadelphia is extremely depressed and characterized by a large number of vacant houses. The demand is not there on the part of people that have options to acquire a home in a stable neighborhood with excellent schools, with low crime rates, and all those amenities, and it is unlikely that they are going to choose to locate in a neighborhood close to the city that does not have any of those amenities. That is why in order to turn around some of the most distressed communities, there needs to be a strong public- private partnership to do large scale reinvestment.

In response to a question about gentrification of inner city neighborhoods which increases rents and pushes low income residents out, Kantor responded there needs to be a balance, and in Hartford it is the intention to do mixed income development. He added that Bridgeport has a very unique opportunity. The median sales price in Bridgeport today is probably about $160,000. As soon as you go over the line to the Town of Fairfield, the same county, three miles away, the median sales price is double that, $320,000. At least in west Bridgeport you are able to take advantage of that. In Bridgeport taxes are much higher than Fairfield. But those are the kind of experiments that have to be undertaken.

Dodson continued that in terms of efforts to provide affordable housing to people of more modest incomes, the general thought is to try to build housing using public funds to try to subsidize the construction costs but then impose resale restrictions so those homes remain affordable to households with a median income of generally 100% or 80% of the area median or below. That resale restriction may be forever or it may be for a limited number of years but the current thinking seems to be to use this kind of investment to stimulate the market and stabilize neighborhoods so that private investment will eventually come in but, again, to do what we can to preserve economic diversity. How successful it is differs community by community and some communities have a large resistance to any kind of infill development that is called affordable, and so part of the challenge is to make that housing stock indistinguishable from the rest of the housing stock so that no one knows who is living in housing with some sort of subsidy or not. Gentrification and displacement are still serious issues particularly for lower income renters. As the market changes one thing we see, for example, is a decline in the percentage of building owners participating in the Section 8 Program. (Section 8 is the government program that provides support for people with lower incomes to afford rental housing). Many property owners are pulling their properties out of that program because they see greater potential profit in converting their properties into market rate rental housing for renters not elibible for government housing assistance.

Continuing with data from his paper, Dodson said housing demand now is enormous, partly due to population increase and creation of additional households, but that doesn't mean it is affordable to everyone looking to buy a house or who needs one. Between 1992-1999, 11.5 million new homes were put up in the country. However, 15 million units are forecast to be lost between now and 2025 while the population increases by 30 million households. In city neighborhoods like north Philadelphia, many houses every day are falling out of the housing stock for lack of repair and from other kinds of damage and just simply becoming so old that no one is investing any money into them. That is happening in many of the cities across the country, so the challenge is to replace those 15 million units somehow and to house 30 million new households. Half of the U.S. households now headed by someone over age 45 possess assets of at least $100,000, with 35% of their wealth being equity in their primary residence. This was a 1999 statistic.

Commenting on a question about the alternative way of providing homes through sweat equity programs, Dodson said that corporately Fannie Mae has supported the Habitat for Humanity program, which is probably the most well known across the country. However, as good as Habitat is and as positive as that program is, and all the other similar programs are in the U.S., it still only impacts a very small percentage of households seeking home ownership. One of Fannie Mae's important initiatives, he said, is to work with faith-based organizations, which is one of President Bush's initiatives with regard to housing.

Kantor noted that Fannie Mae is just starting its outreach to some of the churches; the Ministry Alliance is having those discussions. "One of things we are trying to do," Kantor stated, "is get more employers to understand, to enlightened self-interest, that investing in employees and enabling them to get access either to rental or home ownership is a good thing because it stimulates better job satisfaction and more corporate loyalty in terms of the longevity of that employee and that employee's desire to move within the company." He continued that individual development accounts have been talked about and Fannie Mae is doing a lot about that in Connecticut and getting corporations to match those funds. It is an asset building program for those low income people, who typically don't have the assets to take on asset building strategies, but who want to buy or start a business or get a higher education. It is a program of financial literacy and training, and over a 2-year period they commit to save $5, $10, $15 a week or a month whatever their capacity is. And at the end of the 2 or 3 years it gets matched between 1 and 4 times, so they have potentially $4,000, $5,000, or $6,000 saved which they can then use to go to higher education, community college typically or some state schools, or use for a down payment or start a business.

Fannie Mae has an employer assisted housing program for its own employees under a certain level, Kantor continued. It is not a silver bullet but it is another piece of the puzzle and it is linking the jobs to where people work. The state is very concerned about traffic congestion, an example being I-95, and it is a big issue for long term economic growth in (continued on page 14)

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this area. Transit based housing is something that is just starting to be talked about especially by people at the southeastern end of the state of Connecticut and employers can play a big role in that. Hospitals typically, and especially with the nursing shortage, are big users of employer assisted housing, and also colleges and universities. Yale has probably one of the best benefits in the country, a $7,000 lump sum at the time of purchase and $2,500 a year for 10 years to offset the high property taxes to live in the city of New Haven is really what it is for, but the employee can use it for whatever he or she chooses. It has been very successful. I think they have done about 500 transactions during the 8-9 years the program has been operational, Kantor noted .

Commenting on a question that the real estate sections of newspapers and magazines typically report a rise in housing prices as a positive thing, Dodson noted that there is a general awareness that the pace of the market is creating haves and have nots and is creating challenges of who benefits. The fact that housing values have increased has enabled many people to refinance mortgages, take cash out, pay off credit card or installment debt or equity lines of credit that might have been at double digit rates of interest and in fact lower their total debt load, or enable them to take a 30-year mortgage obligation and refinance it with the same payment for 10-15 years. So the efficiency of the financial market today is very good in the United States. And that is evidenced by how much foreign capital is attacted to the U.S. markets. Our corporation benefits, our competitor benefits, the banks benefit in the United States by the fact that foreign investors are very willing to acquire our stocks and bonds and purchase mortgage backed securities, and so the flow of funds into the U.S. financial services industry helps keep interest rates low and that benefits millions and millions of households. But we have obviously recognized that the concurrent downside is that for some segments of the population housing becomes less and less affordable.

Highlighting more data from his paper, Dodson said about 14 million households spend more than half of their income on housing, and housing costs are growing faster than incomes. And that is primarily the rental segment of the market. It does mean that if you are renting, it is more and more difficult for you to become a home owner without some kind of outside assistance. If you have children entering the family formation age, you may have refinanced your home to get cash out in order to help provide the down payment for your child to acquire a home. That distribution of net worth from generation to generation has other implications as people approach retirement age, as giving your net worth to your children may leave less net worth for you to live off of during retirement.

A discussion question was raised that as people are able to and do borrow because the potential rental value of their property is going up, the rental value then has to go to the bank. In New York apartments are sitting empty and yet New York City raised taxes 18%, creating a payments problem. Dodson agreed that there is a problem in terms of property tax increases and the effect on many households. In New Jersey there is now a movement afoot for a constitutional convention to reform the property tax and part of that is because of many seniors who are living on fixed incomes. The Wall Street Journal recently talked about the decline in income that seniors are receiving because they invested a lot of their discretionary assets in fixed income bonds or money market funds, and instead of getting a thousand dollars a month in interest income, they may now be down to $200 or $150. That is a down side for that segment of the population in terms of low interest rates and as their property taxes go up they are squeezed There are people in northern New Jersey and New York that are paying $12,000, $13,000, $14,000 in annual property taxes for a fairly modest residential property. I don't know how that is going to impact us long term, Dodson commented. On the other hand, the people that have no mortgage debt on their $400,000 property can always sell and move comfortably into another property somewhere. One option that people in that situation have is a reverse mortgage where you can give up some of the equity in your property for a regular income supplement. Those people that have the greatest equity can benefit from that the most.

Responding to a comment that land prices go up and who benefits from housing programs, Dodson agreed that what is happening in the market is that the imputed rental income stream is being capitalized into higher land prices which translates into higher housing prices. "Some of what we do mitigates some of that impact," he observed, "but what we do is not going to alter the market. The market is operating according to the existing structures."

Continuing with an analysis of market conditions, Dodson noted that if your household income is increasing faster than your annual rate of increase for obligations for housing and other expenses, you are one of those in the top 5%. If your household income is not increasing faster than the annual rate of increase of all your expenses, then you are worse off than you were, unless you have wealthy parents who convey some of their net worth to you. In our roles we are immersed in these issues every day, and we are battling in the trenches to try to come up with ways to outpace what is happening in the market and to stimulate the market in ways to contribute to reinvestment in the Cities.

The role of the banks is changing. There is now a whole group of financial intermediaries in existence throughout the country called community development financial institutions and their role is community reinvestment, to bring funds back into communities that have suffered disinvestment. We are involved with supporting some of their programs. They have a different charter, a different role than commercial banks do. But even there, after the long period of mergers and acquisitions, there are commercial banks we work with that have demonstrated that they are very committed to try to help bring jobs and investment (continued on page 15)

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back into cities like Bridgeport and Hartford, etc. There is a lot of energy going in to try to resolve the problems of why the cities have continued to lose population, lose investment. Part of the discussion is how to marry that interest and that commitment to public policies that work in tanden with market dynamics.

Dodson next referred to the statistics in his paper on homelessness. Many people are living in substandard housing and in our inner cities the rent they are paying for housing, perhaps even without electricity or heat, sometimes is a high percentage of their monthly income. Homelessness is a problem that has not gone away, has not been mitigated and continues to grow. The homeless population looks like this: basically 40% of the homeless are men, families with children make up another 40%, single women 12%, and teenage youth another 2%-4%. One-third of the homeless suffer from some degree of substance abuse. Nearly one-fourth of the homeless are considered to be mentally ill. Tragically one in ten of the homeless is a veteran of the U.S. military.

Citing a couple more statistics, Dodson said the country today has a shortfall of 3.3 million units of affordable housing for the very poor, which means that the very poor are probably living together, probably multiple generations and several families together in substandard housing or inadequate housing. The income of low income working families would need to double in order to afford a 2-bedroom apartment in most communities.

Statistics on land ownership include that the federal government controls 28% of the nation's land area from a high of 96% in Alaska to a low of 2% in Rhode Island. State and local governments control another 9% of land area. Trust lands for indigenous tribal groups comprise another 2%. The remainder, 1.4 billion acres is in private hands. Cities occupied 72 million acres and cities are expanding, probably through annexation, at the rate of 1.4 million acres annually. Another 73 million rural acres are being developed for non-farm residential use - outside the city limits, the suburbs, the exurbs. Yet land for housing takes up only 1% of the nation's land area. This rises to 5% when you add in all industrial and commercial purposes. Agricultural land is owned mostly by whites; 96% of agricultural land area and 97% of agricultural land value is owned by whites. There are now 2 million family farms in operation and this is down from just under 7 million in the 1930s. In 1999 the aggregate value of all agricultural land was estimated to be $1.283 trillion. Of this total, 58% of the acres were owned by owner operators. So that is 42% of farms owned by corporations or some other investor that is leasing the farm to farmers. Some 15% of the land area in our cities is now described as vacant, and that is underserved open space all the way to abandoned contaminated brownfields. That is a national average; however, cities in the northeast report the lowest percentage of vacant land but the highest percentage of abandoned structures which creates its own challenge for reinvestment and redevelopment if you first have to tear down a large abandoned structure before you can develop a new use.

This leads us to the funding challenges from our local, state, and federal governments, as some of these statistics impact what kind of funds are available to channel into cities which are so desperately in need of reinvestment. The U.S. government debt is over $6 trillion and rising. A large percentage of that is held by foreign investors, raising a confidence question. If foreign investors start to think of the U.S. government debt as high risk, might they abandon the U.S. government obligations in favor of higher yielding government securities from other countries and what impact that would have on our national budget. Finally, for states losing revenue sources, will the federal government borrow more and channel funds to the cities to keep economic development and housing programs alive? Or will they pursue another course of action to raise that revenue and simply abandon the cities because neither policy option is chosen.

Responding to the final question of who owns our cities, Dodson said every city is different. Philadelphia, for example, has one of the highest rates of home ownership, and about 25% of the housing in the United States is owned free and clear. That means those home owners have no mortgage payments. Every city is going to have a different statistic. New York City has about 30% home ownership, but most of its value is not residential, it is in office buildings. Who owns the office buildings? Corporations, domestic and foreign. Who owns America? Everyone owns America. The concentration of ownership again is in that 1%. That top 1% has its highest proportion of net worth in real estate and owns much of the real estate.

(Ed Dodson offers that anyone who would like a copy of his powerpoint presentation to adapt for their own use may email him at EJDodson@comcast.net)

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