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Joe Courtney
Congress of the United States
2nd District, Connecticut

WASHINGTON OFFICE:
215 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
P (202) 225-2076
F (202) 225-4977

DISTRICT OFFICE:
101 WATER STREET, SUITE 301
NORWICH, CT 06360
P (860) 886-0139
F (860) 886-2974

77 HAZARD AVENUE, UNIT J
ENFIELD, CT 06082
P (860) 741-6011
F (860) 741-6036

November 6, 2008

The Honorable M. Jodi Rell
Governor, State of Connecticut
State Capitol
Hartford, CT 06106

Dear Governor Rell:

I am writing to express my deep concern with the State's draft plan to allocate the money provided for the Neighborhood Stabilization Program in the Housing and Economic Recovery Act (P.L. 110-289), enacted in July 2008. I cast my vote in support of this important bill so that states and localities could buy foreclosed houses, rehabilitate the properties, and restore home values in order to strengthen neighborhoods hit by the foreclosure crisis. As you know, the states were given latitude in submitting their proposed plans.

I am deeply troubled to learn that the State has proposed that eastern Connecticut towns will not receive any portion of the $25 million Neighborhood Stabilization Program funding allocated to Connecticut. It is my understanding that the following towns will receive the funding:

Bridgeport -- $6 million
Waterbury -- $3.6 million
New Haven -- $3.3 million
Stamford -- $2.9 million
Hartford -- $2.8 million
Meriden -- $1.8 million
New Britain -- $1.8 million

That leaves just over $2.5 million to be allocated to technical assistance, program administration and to communities that "exceed standards for timely performance." It is unclear whether that money is targeted to those seven towns as well.

A June 27, 2008 state report noted that the State of Connecticut has 77,000 active subprime mortgages totaling nearly $17 billion and that more than 11,000 of those loans were seriously delinquent. By September 2008, the number of mortgages in foreclosure or seriously delinquent was 16,500 statewide. Housing advocates claim that a foreclosure

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can reduce surrounding property values by $5,000 causing a serious detriment to our communities.

Everyday, nine households go into foreclosure in eastern Connecticut. Windham County had 23 foreclosure-related filings for every 1,000 households, compared with 17 in the state as a whole. The Town of Plainfield holds the highest foreclosure rate in the state at 3.5 percent or 35 homes for every 1,000. I have attached a map from a June 28, Hartford Courant article that clearly states, "The number of delinquent mortgages per 1,000 households is dominated by towns in eastern Connecticut."

It appears, however, that the $25 million was allocated not by the rate of foreclosure and delinquency but by sheer numbers so that some of the hardest hit towns in Connecticut, many of which are located in the eastern part of the State, will not be able to avail themselves of any of the Neighborhood Stabilization Program money.

I urge you to reallocate the money so that eastern Connecticut towns are able to rebound from the foreclosure crisis as well. I understand that a public comment period is open from November 7-21 before the state submits its plan to the U.S. Department of Housing and Urban Development (HUD) on December 1, 2008.

I thank you for your attention to this important matter and I look forward to a timely response.

Sincerely,

Joe Courtney

JOE COURTNEY
Member of Congress