

The Gateway Cities Journal

News and information for leaders who care about Gateway Cities



A bill of goods on debt management

Gateway Cities were particularly hard hit by fraudulent mortgage lending in the years leading up to the 2008 housing market collapse. Born from the ashes of this crisis, there's a new predatory financial service hitting our communities: for-profit "debt management" or "debt settlement" companies. A bill before the state legislature could lead to their proliferation.

Debt management companies advertise mostly online, pitching the services of attorneys who can help borrowers find "freedom from debt." Studies have shown that these debt settlement companies aggressively promise outright debt forgiveness, while promoting a process whereby consumers stop paying their debts all together, and instead pay into an escrow account controlled by the company. For most participants, this process pushes households into default, with creditors sinking them with fees, higher interest rates, and collection lawsuits. This is in sharp contrast to the assistance that non-profit, low-fee, debt management provides offer to help consumers get on a payment plan in return for a reduction of fees and interest by lenders.

Local and national advocates and service providers that include The Midas Collaborative, The National Consumer Law Center, the Center for Responsible Lending, and others are concerned about the legislation in front of the Massachusetts House of Representatives, which would legalize for-profit debt settlement operations. A national banking regulator has deemed debt settlement "not a legitimate method of satisfying debts." The nation's Consumer Financial Protection Bureau has recently begun to [crack down](#) on these abusive debt settlement practices. And other states have declined similar attempts to authorize for-profit debt relief schemes. Exposing Gateway City residents to these questionable services is bad policy. If enacted, [H. 3659](#) would only serve to further weaken the most economically vulnerable families in our neighborhoods.

- Margaret Miley, The Midas Collaborative

ECONOMIC DEVELOPMENT

Writing for the *Boston Globe* [opinion](#) page, Alan Mallach, argues that Gateway Cities, like “legacy cities” across America, can springboard into a new era of prosperity “fueled by their powerful assets and historic can-do culture of achievement.”

The men’s fashion designer Joseph Abboud company in New Bedford has been [bought](#) by The Men’s Wearhouse for \$97.5 million. The deal reunites the company with its namesake founder, Joseph Abboud (Abboud is now the chief creative director of Men’s Wearhouse). Men’s Wearhouse pledges to keep the New Bedford factory open, and potentially add more jobs at the factory as the product reaches a larger market.

The Chicopee City Council voted unanimously to [rezone](#) the former Uniroyal plant parking lot. A developer hopes to build an office building in the new space.

TRANSPORTATION

The transportation finance issue was finally resolved today with the Legislature overriding Gov. Patrick’s veto. Good news for Regional Transit Authorities, who have been anxious to have some [finality](#) on forward funding. But the conversation continues. The *Berkshire Eagle* [editorializes](#) in favor of bringing back the Western tolls and the estimated \$15 million in revenue they would produce.

With half of its buses failing to run on time, the Worcester Regional Transit Authority changes its bus schedule, the *Telegram & Gazette* [reports](#).

An internal DOT [report](#) proposes consolidating 30 Registry of Motor Vehicle branches into 12 regional centers, sparking controversy and ire amongst residents and local legislators who feel their communities will be poorly served by the fewer branches.

POLITICS

Gubernatorial candidate Joe Avellone [tells](#) Attleboro’s *Sun Chronicle* that Gateway Cities need support attracting job-creating industries.

The last day to pull papers has passed and the [list](#) of Fall River office-seekers is final: 20 candidates for city council and six candidates for mayor have officially entered the race.

CASINOS

Leominster Mayor Dean Mazzarella [tours](#) a Maryland casino as he considers whether to support a \$200 million slots parlor.

CREATIVE PLACEMAKING

This Friday, the city of Lawrence will celebrate the [official opening](#) of the 3.5 mile Spicket River Greenway, a newly-completed network of welcoming green spaces and walking paths along Lawrence's stretch of the Spicket River. The \$10+ million project, first conceived by Lawrence residents 30 years ago, has brought together community groups, local businesses, non-profit organizations, city, state and Federal government in a massive joint planning effort.

For a great profile of an established organization's steady contribution to creative placemaking in Lawrence, see the *Eagle Tribune's* [story](#) on the Essex Art Center, which boosters call "the heart and soul of the city."

Meanwhile, the Gateway City press continues to provide spirited reporting on the cultural festivals bringing the fun and building community in Gateway Cities across the state: From Pittsfield, where they celebrated the 57th annual [Polish Picnic](#), to Fall River, where [Block-A-Palooza](#) brought out blues and swing fans, and to Springfield, where Indian motorcycle enthusiasts [celebrated](#) an American classic.

EDUCATION

The state receiver overseeing the Lawrence public schools and the union representing teachers are at [loggerheads](#), with the union filing its third unfair labor complaint against the receiver and the receiver implementing work rules resisted by the union. *CommonWealth* took [an in-depth look](#) at the turnaround plan for Lawrence last fall.

State Education Commissioner Mitchell Chester issues a warning to the Salem Community Charter School, but school officials say they are making progress with their program targeting dropouts, the *Salem News* [reports](#).

The Brockton Summer of Work and Learning paid internship program is [helping](#) nearly 100 high school aged students gain valuable work experience and develop professionally. The program has worked for 20 years to help prepare students for professional careers.

The Holyoke Fire Department is [supporting](#) city's Early Literacy Campaign by providing free books to parents who have a car safety seat installed at the fire station starting August 1.

COMMUNITIES/PEOPLE

Haverhill brought out a second [water cannon](#) to help residents beat the heat wave.

Supported by a \$35,000 Smith Family Foundation grant, volunteers (including the second graders who campaigned for the project) [came together](#) to build a new playground at the Alma del Mar Charter School in New Bedford.

ENERGY/ENVIRONMENT

Worcester and Taunton were two of 11 cities to receive part of \$3.6 million in federal funds from the EPA to [clean up and redevelop](#) brownfield sites. The cities were chosen because of their past successes in redeveloping these areas.

The Massachusetts Clean Energy Center [announced](#) that it is contributing \$1 million in grants to support energy efficiency upgrades to affordable housing. CEO and Executive Director of MassCEC said the initiative will focus on the post-industrial, mid-sized Gateway Cities — including Holyoke, Pittsfield, Springfield and Worcester — because they're more likely to have older, less energy efficient affordable housing stock.

HEALTH CARE

The new Saint Anne's Hospital [addition](#) is open today in Fall River. The \$30 million project added a patient pavilion with 40 private rooms, a state of the art telemetry unit, and a medical-surgery unit.

The new Holyoke Medical Center CEO, Spiros Hatiras, [says](#) he's committed to working with the city's public and technical schools.

For a full list of Massachusetts Gateway Cities, [click here](#).

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