

10 years after US housing crash, remnants accompany recovery

AFP, Newburgh, USA

BOARDED-UP homes became a ubiquitous symbol of the US housing crash, with once-prosperous neighborhoods left to decay as mortgage defaults soared and no new buyers emerged. Some 10 years later, the national picture has improved and many places have boomed. Although the bricks and mortar of abandoned properties scar the streets of many states, suitors are lining up in some places where tumbleweed long ago outgrew the market.

Newburgh, in the Hudson Valley two hours north of New York City, is a minnow compared to cities in Florida and California that fell apart when the subprime mortgage bubble burst, culminating in a global recession.

The once thriving area of 30,000 people succumbed to rising interest rates, falling prices and local tax hikes all the same. Many families upped sticks without warning in 2007-08.

Rows of vacant properties remain, but Newburgh is on the up.

"It hit Newburgh particularly hard," says Stuart Sachs, an artist originally from Brooklyn, who bought a home close to his new city's main drag 14 years ago.

"Before the great recession most of these buildings were inhabited. All of them, from here to the corner, have been seized, which is truly terrible."

More than 700 homes are still empty -- about 10 percent of those in the town. Leaks, fire risks and rising crime exemplify the vast collateral damage.

To make matters worse, about 200 properties are so-called "zombie" homes, which are not only vacant, but have no real owner and sit in limbo.

Banks may have already started the long, drawn-out foreclosure process, but are yet to take ownership. Unattended, the homes fall into disrepair and are no longer habitable, a deadweight on a fully-fledged revival.

"Very often the banks start the process and realize that they're going to make less by selling the house," explains Helene Caloir, director of the New York State Housing Stabilization Fund.

"They don't really have an incentive to finish. They're in foreclosure but it never gets resolved."



AFP/FILE

A man walks past empty homes, with gray boards on the doors and windows, on May 30 in Newburgh, New York.

The city is leading a revitalization effort to fight the vacant home problem, with the help of subsidies managed by Local Initiatives Support Corporation, a non-profit organization.

- A hipster haven? -
The cash comes from banks who reached a deal with the state attorney general's office to cope with the after-effects of the crisis and avoid prosecution.

Newburgh city hall and Newburgh Community Land Bank, an independent but subsidized local entity, are working together. The city currently owns about 150 of the vacant properties and the bank around 80.

Together they are trying to breathe life back into the abandoned streets and put the empty homes back on the market.

Newburgh Community Land Bank has already sold 60 of its homes to buyers whose finances have been thoroughly investigated, says executive director Madeline Fletcher.

A few have been bought by people wanting to live in them, but most by investors, private companies or non-profit organizations. In 80 percent of those cases, investors charge moderate rents in exchange for a low purchase price.

"We feel that it's also part of our role to ensure that people here have opportunity that

their quality of life improves," says Fletcher.

Fortunes can change quickly. Hipsters are starting to appear in Newburgh.

While the city suffered job losses from a decline in manufacturing, new interest is drawn by the area's architectural riches and pretty -- if old -- brick homes.

"Every weekend we do get people in here from Brooklyn that can't believe they can buy a townhouse for \$40,000," says Mikey Jackson, co-owner of the 2 Alices cafe, which he opened three years ago.

"Business has been good. It's been growing," he says. "There's a very fancy restaurant, a couple of hip bars."

- 'Killing zombies' -
The average price for a home in Brooklyn is almost \$1-million. But Fletcher wants to avoid the rampant gentrification that transformed the New York borough, even if the brick homes are similar.

"I started in 1981 and this is the first time it's going in the right direction," says William Horton, deputy head of the fire department called out to a number of blazes at abandoned homes. But the difficulty remains trying to track down whoever could claim ownership of the "zombie" homes.

Embattled Uber CEO, Kalanick steps down

AFP, San Francisco

UBER said Wednesday that its embattled chief executive Travis Kalanick had agreed to step down from his job, as the company tries to clean up a corporate culture that has sparked charges of harassment and discrimination.

Kalanick had already been on a leave of absence aimed at restoring confidence in the scandal-plagued ridesharing giant.

The New York Times reported that five of the company's major investors had demanded his departure.

"I can confirm Travis has resigned," a spokesman told AFP in an email.

He also quoted from a board statement saying that "Travis has always put Uber first". "This is a bold decision and a sign of his devotion and love for Uber," the board said.

The pioneering company has been facing pressure to rein in a no-holds-barred management style led by Kalanick and to reform its workplace culture.

Kalanick is to stay on as a board member, Uber said.

The investors, who made their demand in a letter, include one of Uber's biggest shareholders, the venture capital firm Benchmark, The New York Times said.

In the letter, titled "Moving Uber Forward", the investors told Kalanick that he must immediately leave as part of a

necessary change in leadership, the Times reported.

Kalanick consulted with at least one Uber board member, and after long discussions with some of the investors he agreed to step down, the paper said.

"I love Uber more than anything in the world and at this difficult moment in my personal life I have accepted the investors request to step aside so that Uber can go back to building rather than be distracted with another fight," Kalanick said in a statement, quoted by The Times and confirmed by Uber.

Last week, Kalanick said one of the reasons for taking a leave of absence was the recent death of his mother.

Uber, which is the world's richest venture-backed startup, valued at some \$68 billion, operates in dozens of countries despite problems with regulators in many jurisdictions and protests from established taxi operators.

Kalanick had been seen as the driving force behind Uber despite a series of embarrassing missteps.

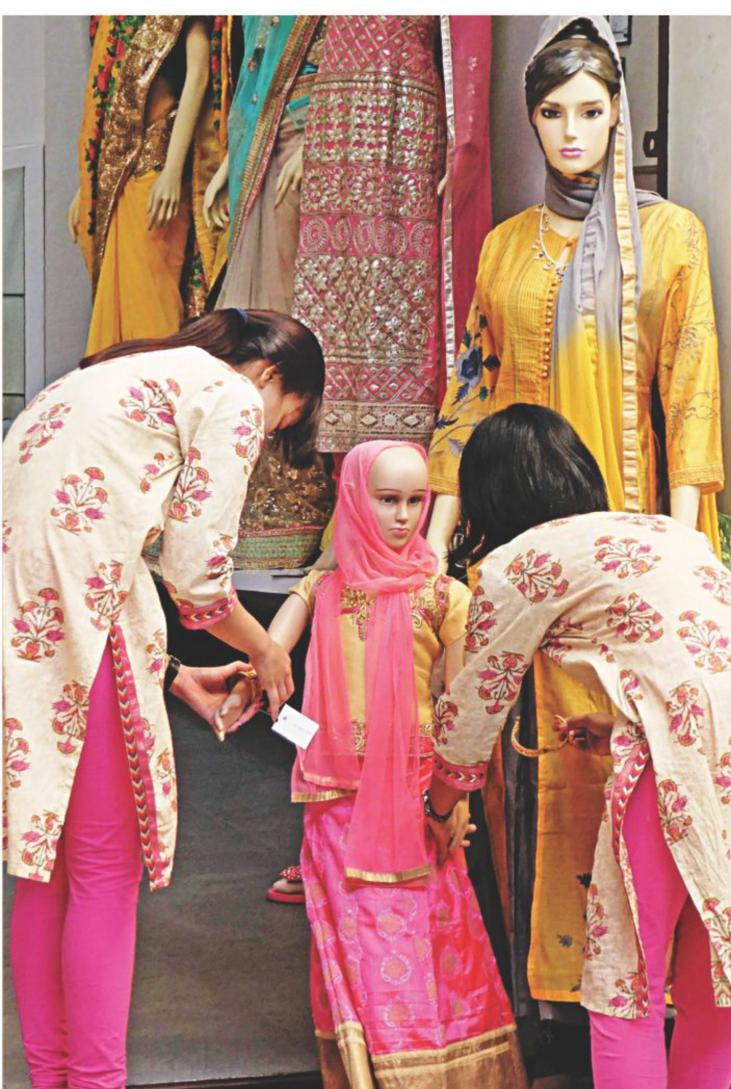
His departure comes a day after the company emailed its US drivers to say it would allow passengers to tip them, starting in three cities and rolling out across the country by the end of July.

Kalanick had reportedly been opposed to tipping.



AFP/FILE

Travis Kalanick, the outgoing CEO of the global ridesharing service Uber, attends a press conference in Beijing.



AFP

Shopkeepers prepare a mannequin as they open for business in Jakarta on Wednesday ahead of the Eid-ul-Fitr festival.

Airbag maker Takata dives 25pc on bankruptcy fears

AFP, Tokyo

Takata shares plunged again Wednesday, losing almost half of their value in just three days of trading on reports the troubled Japanese airbag maker will file for bankruptcy protection and sell its assets to a US company. Takata, at the centre of the auto industry's biggest-ever safety recall,

finished at 244 yen (\$2.20), tumbling by nearly 25 percent -- its maximum daily loss limit -- on the Tokyo Stock Exchange, after eye-popping falls on Monday and Tuesday.

The Nikkei business daily has said the company, with liabilities exceeding one trillion yen (\$9 billion), would make a formal decision about the bankruptcy filing at a board meeting this month.

Emirates looks at Saudi Arabia to make up for demand drop

REUTERS, Paris

Emirates, the Middle East's largest airline, is looking to the region's biggest economy, Saudi Arabia, to help make up for a drop in demand that has forced it to keep five aircraft grounded.

Emirates has redeployed eight aircraft elsewhere after grounding 13 jets as a result of cutting back on services to the United States since May, President Tim Clark told reporters at the Paris Airshow on Wednesday.

He said the airline was looking at Saudi Arabia's demand for charter flights for the aircraft that remain grounded.

Earlier on Wednesday, Saudi Arabia elevated Deputy Crown Prince Mohammed bin Salman, the architect of its economic reforms, to crown prince.

"It appears to us that the Saudi's are being a little bit more expansive, inclusive, call it what you like," Clark said. "I am optimistic that we will get more access to Saudi and that's quite important to us because that's a very powerful market."

Saudi Arabia attracts millions of Muslim pilgrims each year by land, sea and air to undertake Haj and Umrah.

The Haj is a pilgrimage to Mecca in Saudi Arabia and takes place once a year, with more than one million Muslims traveling by air, while the Umrah pilgrimage, also to Mecca, can be undertaken at any time of the year.

Gulf states prepare for VAT in time of crisis

AFP, Dubai

OIL-RICH Gulf countries, which for decades have attracted millions of foreign workers thanks to their reputation as tax-free havens, aim to introduce value-added tax in 2018 to plug budget gaps.

On top of administrative and technical hurdles, however, the project now faces an unprecedented diplomatic crisis after Saudi Arabia, the United Arab Emirates and Bahrain on June 5 severed all ties with Qatar, their partner in the Gulf Cooperation Council.

implementation of this envisaged tax reform to balance any spike in prices of commodities in the local markets."

If it goes ahead as planned, VAT is unlikely to tarnish the GCC reputation as a low-tax region or reduce its appeal to expatriates, according to Monica Malik, chief economist at Abu Dhabi Commercial Bank.

An introductory rate of five percent "looks to balance raising government revenue and still having a very attractive business environment, both for expatriates and corporations", she said.

"We believe the UAE and the Gulf

VAT cost due to low profit margins.

"I think five percent will be too much," said Obaid Tahiri sitting in his household appliances shop.

"For wholesale, we don't have five percent profit. Clients will not pay... I cannot increase the price for the customer."

Although the UAE has announced plans to introduce VAT in January next year, many wholesale traders in the souk seem unaware of it.

"Until now, the government has not told us anything about tax," said Abdullah al-Marzouqi, another trader. The introduction of VAT is part of measures being taken by the



REUTERS/FILE

People sit on the corniche in Doha, Qatar on June 15.

Saudi Arabia, the UAE and Qatar are due to introduce VAT in early 2018, with the other three GCC members -- Bahrain, Kuwait and Oman -- following at a later date.

In case of a prolonged crisis, Qatar would have to replace imports from Saudi Arabia and UAE, valued at \$4.55 billion annually, with "costlier" non-GCC goods, said M.R. Raghu, head of research at the Kuwait Financial Centre (MARKAZ).

"Implementing VAT in such a scenario would lead to inflationary pressures, especially in food-related items," he said.

"If the crisis is prolonged, then Qatar might want to delay the

will still overall be seen as a low-tax environment on a global basis."

VAT, a tax paid by the consumer, is also unlikely to deter businesses from setting up operations in the Gulf region, according to Jeanine Daou, indirect tax leader at PwC Middle East.

"From a business perspective, VAT should be neutral. What businesses are required to do is to collect tax on behalf of the government on their sales... It is not a corporate tax," she said.

She said that five percent would be "one of the lowest VAT rates across the globe". But in Dubai's old souk, a wholesale trader disagreed, expressing fear of having to bear the

energy-rich monarchies to reduce dependency on oil revenue and to diversify income.

"The governments' objective is to diversify their revenue sources. It is about fiscal sustainability for the future. So, implementing VAT is an important tool allowing government to generate more revenue," said Daou.

Although the five-percent rate is unlikely to address the fiscal pressure faced by Gulf governments, "it is a tool for future fiscal sustainability".

Malik said the introduction of VAT across the six nations is expected to provide revenues of up to 1.5 percent of total gross domestic product.