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MAYOR BLOOMBERG AND HUD SECRETARY PRESTON ANNOUNCE FEDERAL APPROVAL OF \$24 MILLION FOR NEW YORK CITY TO PURCHASE, REHAB AND RESELL FORECLOSED HOMES TO INCOME-TARGETED NEW YORKERS

City's Neighborhood Stabilization Program Will Start with Homes in Staten Island, Queens and the Bronx, Ensuring Foreclosed Properties Do Not Become Sources of Abandonment or Blight

HUD Becomes First Federal Agency to Leverage New York City's 311 Customer Service Center upon Today's Launch of National Consumer Awareness Campaign on Foreclosures

Mayor Michael R. Bloomberg, United States Department of Housing and Urban Development (HUD) Secretary Steve Preston and City Council Speaker Christine C. Quinn today announced the approval of \$24 million in emergency assistance to allow New York City to buy, renovate and resell foreclosed properties. The first phase of the City's program – known as the Neighborhood Stabilization Program – will begin with four homes: two in Staten Island, one in Queens and one in the Bronx. In total, the program, one of 18 initiatives announced by Mayor Bloomberg and Speaker Quinn in October to help New Yorkers face current economic challenges, will result in the purchase and redevelopment of roughly 115 buildings, providing affordable homes for between 250 and 300 New York City families. Secretary Preston also launched "Keep Your Home. Know Your Loan," HUD's national consumer education campaign. In addition, the Mayor announced that in this campaign, the federal government will – for the first time – use the City's 311 Customer Service Center to promote and support its work in New York City, citing 311's superior data tracking capability and familiarity among New Yorkers. Joining the Mayor at Neighborhood Housing Services (NHS) of New York City in Manhattan where the announcement took place were Deputy Mayor for Economic Development Robert C. Lieber, Restored Homes Executive Director Salvatore D'Avola and NHS CEO Sarah Gerecke.

"We've worked hard over last seven years to build strong, safe neighborhoods, and we will not let the current mortgage crisis destabilize our communities and threaten our quality of life," said Mayor Bloomberg. "Through the Neighborhood Stabilization Program we will act quickly to stabilize those neighborhoods that have been hard hit by foreclosures by redeveloping foreclosed properties that might otherwise serve as a source of growing blight. HUD's new, national campaign will compliment our efforts to help people understand their finances and avoid foreclosures, and I'm glad HUD is able to use 311 to communicate to New Yorkers."

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“It is critical that we work closely with Mayor Bloomberg to put this money to work as quickly as possible to help these neighborhoods recover from the effects of foreclosure and declining property values,” said Secretary Preston. “Stabilizing neighborhoods is what this program is all about. HUD will continue to work closely with these communities to make certain these funds are targeted to neighborhoods with the greatest needs.”

“Stopping the foreclosure crisis means putting an end to the devastating effects it’s having on our neighborhoods before it’s too late,” said Council Speaker Christine C. Quinn. “By empowering the Neighborhood Stabilization Program with this emergency funding, we can turn vacant properties into new, ready-to-use units of affordable housing for hundreds of working families.”

“The programs put in place under the Mayor’s New Housing Marketplace Plan have improved the lives of tens of thousands of New Yorkers while reinvigorating neighborhoods across the City,” said Deputy Mayor Lieber. “During this time of financial crisis and increased foreclosure activity it is more important than ever to safeguard the health of our communities – from Staten Island to the Bronx. This grant of \$24 million from HUD will help us do just that – acquiring, repairing and reselling homes and making them affordable for moderate- and middle-income New Yorkers.”

The first four properties purchased through the Neighborhood Stabilization Program are on Grove Place and Blackford Avenue in Staten Island, Glassboro Avenue in Queens, and on Eastchester Road in the Bronx. Restored Homes closed on these four properties in mid-December in anticipation of the program’s approval, and renovations will begin by this spring. In addition, Restored Homes is working with Wells Fargo on the acquisition of two additional properties, one in Staten Island and one in Jamaica, Queens. Funding is targeted to areas of greatest need in New York City, including neighborhoods with the highest numbers of foreclosures, the greatest number of high-cost loans and areas identified as likely to face a significant rise in the rate of home foreclosures.

While HUD’s \$24 million grant represents the sum total of direct government subsidy used to purchase and/or rehabilitate the properties rescued through the Neighborhood Stabilization Program, the program will be supported by an expected \$32 million in private financing – money that will be paid back to lenders upon the buildings’ sale to income qualified homeowners – and \$6 million from the Battery Park City Authority Housing Trust Fund used to secure the private financing.

“This funding will allow the City to make the most of a bad situation,” said Council Housing and Buildings Chair Erik Martin-Dilan. “For the people left in neighborhoods where foreclosures are running rampant, only one thing matters – getting people back in those homes. With this funding, we do just that and create affordable housing in the process.”

“While New York has not been as devastated by the foreclosure crisis as the rest of the country, a few empty homes can still lead to disastrous problems for a community,” said Council Member Lewis Fidler. “By turning those properties into affordable housing, we can keep people in their neighborhoods and keep communities together.”

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“In Queens, I have seen communities that I grew up in and nurtured me, almost disappear overnight because of the mortgage foreclosure crisis,” said Council Member Comrie. “Long before Wall Street was in crisis, it was clear to anyone who cared that Main Street was in crisis. Queens has been ground zero for the foreclosure crisis in New York City as we’ve seen hundreds of homeowners fall vulnerable to predatory sub-prime mortgage lenders and are now on the verge of economic ruin. I want to thank the Mayor and Speaker Quinn for the leadership on this issue. It is my hope that this program will begin a bailout of people who are deserving of it-working class New Yorkers who need a helping hand to keep their homes.”

Although New York City’s foreclosure rate remains lower than many other major U.S. cities, the number of sub-prime and high-cost loans increased steadily between 2004 and 2006, with about one in three loans originated in 2006 identified as high-cost. This has led to a significant increase in foreclosure filings, particularly in neighborhoods such as Jamaica, Baychester, Bedford Stuyvesant and the North Shore of Staten Island. New York City saw nearly 15,000 *lis pendens* filings – legal notice of an intent to initiate foreclosure proceedings – in 2007, up from 7,000 in 2005. In 2008, the City has experienced a further 33 percent increase, with filings projected to hit 20,000 by the end of the year.

The Neighborhood Stabilization Program is being administered through a partnership between City’s Department of Housing Preservation and Development, the Center for NYC Neighborhoods and Restored Homes, a local nonprofit organization. Properties will be identified through coordination with the National Community Stabilization Trust, a multi-city intermediary that will receive a list of recent Real Estate Owned (REO) properties (properties owned by a bank after failing to sell them in a foreclosure auction). The Center for NYC Neighborhoods has provided a \$150,000, zero interest loan to Restored Homes to help support these acquisitions and has also secured a \$200,000 grant from Living Cities for Restored Homes to fund the implementation of the initiative. In addition to funding REO purchases, the Neighborhood Stabilization Program will also finance the rehabilitation of foreclosed rental properties identified by the City’s Alternative Enforcement and 7A programs.

HUD’s new financial literacy campaign targets homeowners who are three-to-six months from defaulting on their mortgage, facing a reset on their adjustable-rate mortgage, or are experiencing a family crisis such as unemployment or skyrocketing health care costs in 2009. HUD’s toll-free hotline, featured in the ads, can connect homeowners with housing counselors in their community. The City’s 311 hotline will be branded along with HUD’s 877 number in marketing materials throughout New York City, and 311 operators are ready to transfer calls to the Center for New York City Neighborhood’s new call center and housing counseling agencies equipped to offer no-cost counseling and assistance to help homeowners avoid foreclosure.

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