



Habitat for Humanity – New York City Advocacy E-Newsletter
November - December 2008 - Issue No. 27

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1. Habitat – NYC News

Councilmember Gioia, Habitat-NYC protest rent-to-own pricing

On December 3, Councilmember Eric Gioia and Habitat-NYC Executive Director Joshua Lockwood held a press conference in Queens to protest predatory pricing schemes used by the rent-to-own industry. “We see exorbitant interest rates charged to lower-income communities of color,” Lockwood said. “We feel that it is reasonable for either government, and/or the industry itself, to proactively weed out any industry practices that harm the financial health of low-income consumers.”

Since 2007, Habitat-NYC has been active in consumer education and legislative advocacy on predatory industries like rent-to-own.

“[Rent-to-own] Protests Continue in Queens; 2 Arrested”

by Aron Guy

Dec. 4, 2008

<http://nyc.indymedia.org/en/2008/12/101912.html>

Loan Rangers outreach and family partner recruitment

We have a new volunteer opportunity for our hard-working Loan Rangers. You've all done an amazing job distributing information about predatory lending to low-income communities around the city, and we hope to renew that important work in 2009. But right now, we need your help to recruit more families for our Atlantic Avenue development. We have 38 out of 41 units filled, and there's only a few more to go – but we have to distribute about 200 applications for every successful homeowner placement. If you can commit to four days of outreach in one year, and if you like talking to people about Habitat-NYC, then please join us in finding our next generation of homeowners! **Our first training will be on January 8 at 6:30 PM. To register, or for more details, contact Paul Benecki at pbenecki@habitatnyc.org / 212-991-4000 x338.**

We are also piloting a new program to reach out to faith and community groups in low-income communities by sending associates out to speak to them about refund anticipation loans (RALs). RALs are short-term, high-interest predatory loans based on the value of tax refunds. **If your faith or community group would be interested in a 20-minute information session about what to watch out for this tax season, please contact Paul Benecki for details.**

2. City Housing News

HPD Commissioner Shaun Donovan to join Obama Administration

Commissioner of New York City's Department of Housing Preservation and Development (HPD) Shaun Donovan has been selected as secretary of housing for President Obama's cabinet. If confirmed by the Senate, he will head the Department of Housing and Urban Development.

Since his hiring in 2004, Mr. Donovan has been responsible for carrying out the Mayor's New Housing Marketplace Plan, which aims to create or preserve 165,000 units of affordable housing by 2013. He has received wide recognition for his efforts, especially for his emphasis on balancing government and private forces. HPD's New York City Acquisition Fund, a \$200 million revolving loan fund for purchase of land for affordable housing development, received a coveted award from Harvard this year for its innovative combination of private and public financing.

Mr. Donovan has longstanding ties to Habitat for Humanity – New York City. Under his direction, HPD donated the land for Habitat-NYC's Atlantic Avenue complex in Brooklyn, and Mr. Donovan joined Habitat-NYC director Joshua Lockwood at the complex in May as a volunteer construction worker. "HPD is proud to partner with Habitat for Humanity – New York City in providing land, financing and -- today -- the hands, to help build these fantastic new green affordable homes," said Commissioner Donovan.

Mr. Donovan plans to meet on Dec. 15 with the executive director of Habitat for Humanity International, Jonathan Reckford, to discuss how Habitat and the federal government can work together to address the nation's affordable housing crisis. Mr. Lockwood is working closely with Mr. Reckford as Habitat's relationship with Mr. Donovan transitions into a new, national arena.

“New York Housing Chief Is Chosen for Cabinet”

by Jackie Calmes

Dec. 13, 2008

<http://www.nytimes.com/2008/12/13/us/politics/13appoint.html?scp=3&sq=shaun%20donovan&st=cse>

“City’s housing commissioner joined staff to pick up tools and build Habitat for Humanity – New York City affordable homes in Brooklyn”

May 31, 2008

http://www.habitatnyc.org/pdf/events/HPD_Build.pdf

NYCHA selling land to raise funds

The New York City Housing Authority is selling underutilized land to developers in a bid to cover its yawning budget gap. The sites, all in the South Bronx, are being sold to affordable housing developers through a cooperative partnership with NYC’s Dept. of Housing Preservation and Development. The deal is expected to generate \$29 million for NYCHA and 6,000 new units of affordable housing for the city.

NYCHA’s properties are federally owned, and any redevelopment will be governed by HUD’s guidelines for review, not by New York City’s strict Unified Land Use Review Process (ULURP). This means that opportunities for citizen and stakeholder input will be much more limited than for other large proposals, such as the city’s Willets Point plan.

NYCHA is North America’s largest public housing authority, with 178,000 affordable units in five boroughs. Persistent federal and state under-funding has left the authority with a budget shortfall of \$170 million this year and almost \$200 million next year. This year, NYCHA reports that the time it takes to resolve emergency requests is up 63%; less than a quarter of its capital projects are on schedule, due to difficulty in finding bond financing; and its Section 8 waiting list is up by 36%, to 136,000 families.

For more background on NYCHA’s privatization and revenue-generation strategies, see Prof. Nicholas Dagen Bloom’s article in the *Gotham Gazette*, below.

“Can Private Methods Save Public Housing?”

by Nicholas Dagen Bloom

December 2008

<http://www.gothamgazette.com/article/housing/20081209/10/2778>

“NYCHA Propels New Development Process”

by Chris Narducci

Nov. 17, 2008

http://www.citylimits.org/content/articles/viewarticle.cfm?article_id=3654

2008 Mayor’s Management Report, pages 73-75

http://www.nyc.gov/html/ops/downloads/pdf/2008_mmr/0908_mmr.pdf

Defaults on commercial mortgages may hurt rental tenants

The Association for Neighborhood and Housing Development (ANHD) has published a new report on the potential for widespread defaults among new private equity owners of multiunit buildings. The report confirms and updates ANHD's earlier warnings about this emerging problem. ANHD estimates that the units at risk number some 54,000 citywide.

“This new commercial loan sub-prime crisis will have destructive, destabilizing effect on tenants, affordable housing, and communities in New York City because when an owner defaults on financing, a property very often falls into physical distress . . . This crisis may also have a destabilizing impact on local commercial loan markets, reducing the availability of healthy investment in affordable housing.”

ANHD calls for government assistance for finding rescue purchasers of properties in default, targeted code enforcement, stronger underwriting requirements for commercial loans, and careful observance of tenant protection laws.

“The Sub-Prime Loan Crisis in New York Apartment Housing”

Association for Neighborhood and Housing Development

October 6, 2008

<http://www.anhd.org/resources/The%20sub%20prime%20loan%20crisis%20in%20ny%20apartment%20housing.pdf>

“Mortgage Crisis is Foreseen in Housing Owned by Private Equity Firms”

by Charles Bagley

Oct. 5, 2008

http://www.nytimes.com/2008/10/06/nyregion/06default.html?_r=1&scp=2&sq=Association%20for%20Neighborhood%20and%20Housing%20Development&st=cse&oref=slogin

3. State Housing News

State senate leadership in limbo

After announcing a power-sharing arrangement with three dissident Bronx Democrats early in December, State Senate Democratic leader Malcolm Smith told reporters on Dec. 10 that the deal was off. Leadership for the 2009 session remains an unresolved question.

“Senate Democratic Leadership Deal Collapses”

by Danny Hakim

Dec. 10, 2008

<http://cityroom.blogs.nytimes.com/2008/12/10/senate-democratic-leadership-deal-collapses/>

Second state legislative session ends without closing budget gap

On Nov. 18th, Gov. Paterson asked the State Legislature to approve his proposal for cuts to close the state's looming \$1.5 billion dollar budget gap, but was rebuffed. As reported by *The New York Times*,

“... the collapse means that no action will be taken this year to grapple with this year's budget deficit, which continues to expand as tax revenues from Wall Street evaporate. It also means the state could find itself unable to pay some of its bills in the final months of the fiscal year, the governor warned.”

The special session was the latest in a series of measures the governor has taken to limit the state budget in a time of fiscal uncertainty, and the second time he has recalled the legislature this year. The last round of cuts ending in August totaled about \$1 billion (out of a total state budget of about \$120 billion).

"Albany Fails to Reach Deal on Budget Deficit"

by Jeremy Peters

Nov. 18, 2008

http://www.nytimes.com/2008/11/19/nyregion/19budget.html?_r=1&ref=nyregion

“More Budget Cuts for New York State”

by Dionne Searcey

Oct. 8, 2008

<http://wsj.com/article/SB122342312392213285.html>

“Crisis Puts \$1.2 billion Hole in Albany Budget”

by Danny Hakim

Oct. 3, 2008

<http://cityroom.blogs.nytimes.com/2008/10/03/crisis-puts-12-billion-hole-in-albany-budget/?scp=6&sq=governor%20paterson,%20special%20session&st=cse>

“Deal to slash state budget finalized”

by Kenneth Lovett and Glenn Blain

August 19, 2008

http://www.nydailynews.com/news/2008/08/19/2008-08-19_deal_to_slash_state_budget_finalized.html

4. Federal Housing News

Fannie and Freddie hold larger-than-expected nonprime assets

New information continues to emerge about the extent of mortgage finance companies Fannie Mae and Freddie Mac's involvement in the subprime crisis. According to recent testimony given by Edward J. Pinto, former chief credit officer at Fannie Mae, the two companies greatly increased their purchases of Alt-A and subprime loans beginning in 2005. Fannie and Freddie hid some of the exposure by defining these categories “loosely,” and built up vast quantities of low-grade debt, he alleges. Mr. Pinto claims that the two now hold or guarantee fully one-third of all subprime loans and two-thirds of all Alt-A loans on the U.S. market. According to *The New York Times*'

DealBook blog, a recent study by the American Enterprise Institute put Fannie and Freddie's total exposure to low-quality mortgages and mortgage-backed securities at \$619 billion.

In related news, the Federal Reserve has recently announced that it will spend up to \$600 billion to purchase mortgage-backed securities from the two agencies. The Fed states that the purchases are intended to increase the amount of capital available to finance mortgages, in order to keep interest rates low.

“Ex-Officer Faults Mortgage Giants for ‘Orgy’ of Nonprime Loans”

by Lynnley Browning

Dec. 9, 2008

<http://www.nytimes.com/2008/12/10/business/10fannie.html?scp=4&sq=fannie%20mae&st=cse>

“Airing the Depth of Troubles at Fannie Mae”

The New York Times DealBook

Dec. 9, 2008

<http://dealbook.blogs.nytimes.com/2008/12/09/airing-the-depth-of-troubles-at-fannie-mae/?emc=eta1>

“Feds will use \$800B to grease consumer lending”

by Jim Puzzanghera

Nov. 25, 2008

<http://www.chicagotribune.com/business/chi-biz-consumer-lending-nov25,0,7946339.story>

F.H.A. may be next victim of mortgage losses

Government mortgage insurance agency the Federal Housing Administration (F.H.A.) may be at risk of large losses due to fraud by some of the 1,800 mortgage companies it insures.

“As F.H.A.’s Role Grows, So Does the Risk of Fraud”

by Barry Meier

Dec. 9, 2008

<http://www.nytimes.com/2008/12/10/business/10fha.html?scp=2&sq=fha&st=cse>

Hope for Homeowners and FHA Secure showing limited results

Steven Preston, President Bush's Secretary of Housing and Urban Development, has announced that two of the president's key foreclosure prevention programs are not working as planned. FHA Secure, a program that allows subprime borrowers to refinance with FHA-insured mortgages, has helped only about 4,000 families; Hope for Homeowners, a program which offers to refinance loans at a loss to the original lender, has helped only 111.

FHA is changing Hope for Homeowners to allow for mortgage terms of up to 40 years, and refinance at up to 96.5% of current appraised value, in hopes of attracting more lenders.

“HUD Secretary Says Programs are Ineffective”

Associated Press

Nov. 19, 2008

<http://www.nytimes.com/2008/11/20/business/economy/20house.html?scp=6&sq=&st=nyt>

5. Housing Research

New Furman Center study on school performance of kids in public housing

The NYU School of Law's Furman Center for Real Estate and Urban Policy has published a citywide study of the dropout rates of high school students and the standardized test scores of fifth-graders, showing lower performance for public housing residents on all metrics. The study also finds that public housing residents are likely to attend high-minority-population schools with lower than average test scores. The New York City Housing Authority disputes the findings, saying that they are based on outdated data.

“Children Who Live in Public Housing Suffer in School, Study Says”

by Manny Fernandez

Nov. 23, 2008

http://www.nytimes.com/2008/11/24/nyregion/24children.html?_r=1&scp=1&sq=public%20housing%20education&st=cse

“Public Housing and Public Schools: How Do Children in NYC Public Housing Fare in School?”

Furman Center

Nov. 24, 2008

http://furmancenter.nyu.edu/documents/FurmanCenterandIESPPolicyBriefPublicHousingandPublicSchools_000.pdf

CSS reports on loss of subsidized housing

In “Closing the Door 2008: Subsidized Housing Losses in a Weakened Market,” Tom Waters and Victor Bach of the Community Service Society examine the reasons behind the steep decline in federally subsidized mortgage, federally subsidized rental, Mitchell-Lama, and limited-dividend rental units over the last two decades. They find a 30% drop in number of units in these programs from 1990 through 2007, due to a combination of physical deterioration and owner exit from public subsidy programs.

“Closing the Door 2008: Subsidized Housing Losses in a Weakened Market”

by Tom Waters and Victor Bach

Community Service Society

September 2008

http://www.cssny.org/userimages/downloads/CSS_Report_ClosingTheDoor_08.pdf

Brookings report warns of rising poverty concentration

A new report from the Brookings Institution warns that despite the declining poverty concentration of the 1990s, this decade shows signs of a disappointing about-face. “Reversal of Fortune: A New Look at Concentrated Poverty in the 2000s” describes an analysis of tax records showing rising numbers of working poor families living in high-working-poverty communities – those with 40% of households or more filing for the Earned Income Tax Credit.

With the rising rates of foreclosure and abandonment that have hit many low-income communities recently – factors that drive down real estate prices and discourage higher-income homebuyers – perhaps it is not unreasonable to speculate that this trend will continue over the next several years.

“Reversal of Fortune: A New Look at Concentrated Poverty in the 2000s”

by Elizabeth Kneebone and Alan Berube

October 2008

Brookings Institution

http://www.brookings.edu/~media/Files/rc/papers/2008/08_concentrated_poverty_kneebone/concentrated_poverty.pdf

Additional volunteer opportunities

Help the New York City Department of Consumer Affairs Office of Financial Empowerment (OFE) survey low-income tax filers, and help us get more information about refund anticipation loans in New York City! OFE is asking for volunteers to help with a survey of tax filers at Volunteer Income Tax Assistance (VITA) sites between mid-January to mid-April. The survey is designed to find out how they file their taxes – including the use and cost of refund anticipation loans, information vital to Habitat-NYC’s legislative work. Most VITA sites are open 3:30 PM - 7:30 PM on weeknights and all day on weekends; volunteers would be asked to go to a VITA site at least once a week for 2-3 hours and survey people who are waiting to have their taxes done. There are more than 50 VITA sites spread throughout each borough, so volunteers can go to sites convenient for them (although a willingness to travel to outer boroughs is a plus!). **To sign up, e-mail Janelle Richardson at the Office of Financial Empowerment at jrichardson@dca.nyc.gov.**

Habitat for Humanity – New York City transforms lives and our city by uniting all New Yorkers around the cause of decent, affordable housing for everyone.

This message was sent to members of Habitat for Humanity – New York City’s Housing Justice Action Network. If you were forwarded this e-mail and would like to join our mailing list, please click here!

<http://capwiz.com/habitatnyc/mlm/signup/>

If you believe in the mission of Habitat – NYC and would like to support our work with a financial contribution, please go to <http://www.habitatnyc.org/donate.html> to find out how you can help us help others.