



Notes

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Jumping on the Bubble Bandwagon

For several years now, UNHP has suggested that we are experiencing a speculative real estate bubble in multi-family prices in the Bronx. Since our first workshop on the subject back in 2000, real estate values have soared even higher and at a faster pace than the previous several years. Our updated research released this past spring continues to suggest that our concerns about a bubble are justified. As prices continue to rise, more and more people are joining in the real estate bubble debate.

Federal Reserve Chairman Alan Greenspan has begun to express concern over risky interest home mortgages, warning that there could be severe consequences should home prices begin to drop or interest rates rapidly rise (*NY Times*, July 21). The *Washington Post* has reported that other prominent economists have begun to predict the inevitability of significant corrections in housing prices (June 4), and the *NY Times* has reported that many economists are expecting a housing bubble to soon burst, giving the economy as well as homeowners a significant down-

turn (July 26). Other prominent news sources joining in the housing bubble talk include the May 23 issue of *New York* magazine, and the May 30-June 5 and July 11-17 issues of *Crain's*.

UNHP is not anticipating a bubble bursting with a loud bang. We are anticipating popping sounds as individual building bubbles pop. Those buildings with high prices, high rehab needs, deferred maintenance and very tight margins will be the sources of those sounds. And this is the time when the banks, the City and the community need to be preparing.

That is why UNHP has been devoting so much time and energy to our reports, from which our idea of a Multi-Family Assistance Center has emerged. Our meetings with lenders and the City of New York have been aimed to keep these buildings from being thrown into a speculative cycle that has been all too common in the Bronx over the past 30 years: legal threats, quick sale or foreclosure, repair problems, and intermittent service.

Banks that may be involved with these deals can walk away if they merely get their mortgages satisfied while the buildings they made the loans on deteriorate and decline. We need the banks to be responsible partners looking for solutions that improve the buildings and make it more appealing to the people currently living there. Lenders can act proactively by looking closely at new mortgage applications with an eye to the repair and rehab needs of the building and by monitoring their existing portfolios closely to pick up problems before they become crises.

UNHP has begun to meet with major multi-family lenders in the Bronx to look over their portfolios and visit some of their buildings with high violation counts and/or a high city lien. We will continue to help banks monitor potential problem buildings in their portfolios by updating data available to us. It is our hope that as talk of a real estate bubble increases, so too will the efforts of all parties involved to prevent any bursting from having a negative effect on tenants and their surrounding community.

Foreclosure Prevention Counseling Coming to 311

New York City Mayor Bloomberg has proposed a program in which residents who are facing mortgage difficulties can call the city's 311 hotline and be referred to local non-profits who offer mortgage counseling and, when predatory lending is involved, legal services. The organizations spearheading this endeavor are HPD's Division of Anti-Abandonment, the Parodneck Foundation, the Neighborhood Economic Development and Advocacy Project, and South Brooklyn Legal Services. This service will begin as a pilot program in September, serving central Brooklyn and southeast Queens. In April, the northeast Bronx and parts of Staten Island will be added to the targeted areas, with the ultimate goal of extending the service to the entire City.

We applaud the City and these organizations for working towards creating a streamlined approach to helping homeown-

ers maintain their homes in sound physical and financial condition. At the same time, it would be beneficial for all parties involved to look at what has happened in Chicago with their 311 program. There, over the last two years, Neighborhood Housing Services of Chicago (NHS) has launched a Homeownership Protection Initiative in conjunction with other non-profits, the City of Chicago and different lenders. A significant aspect of this initiative has utilized the city's 311 hotline to promote the "Every Minute Counts" mortgage default help-line.

Upon calling 311 in Chicago, the homeowner is referred by the operator, who conducts an initial screening, to a credit counselor for a phone counseling session. Through this counseling, a homeowner action plan is developed, designed to utilize available city and local non-profit resources, as well as to connect the homeowner with her lending institution, all done in order to prevent a possible foreclosure. The program has demonstrated its effectiveness, and a recent report released by NHS shows that only around 20% of the Chicago residents who have completed counseling through the 311 hotline have actually gone into foreclosure.

While there are blatant similari-

ties between how 311 will work in the two cities, there are striking differences as well. While in NYC callers will be referred directly to non-profits (or at least in the beginning, to the Parodneck Foundation), non-profits in Chicago, due to concerns about organizational capacities to handle a multitude of calls, opted to have callers routed to the Credit Counseling Resource Center, an outside agency which has the resources and capabilities to offer expansive counseling services to a high volume of callers. This has been made possible in part by funding from the City of Chicago, multiple lending institutions and numerous non-profits themselves.

Ideally, the 311 mortgage counseling program in NYC will be able to flourish as vibrantly as the one in Chicago. If capacity proves to be a hindrance to the NYC 311 homeownership line, it will be helpful to look to Chicago's experience. Regardless of certain program protocols, 311 in NYC will need strong support and continued commitment from both the government and the lenders, in addition to the non-profits. In addition, the program must address the need for quality local foreclosure prevention counseling that many neighborhoods such as the Northwest Bronx lack.

Notes is a publication of University Neighborhood Housing Program: working to create, preserve and finance affordable housing in the Northwest Bronx.

available online at www.unhp.org

Please direct comments, questions and suggestions to:

2751 Grand Concourse
Bronx, NY 10468
(718) 933-3101
mail@unhp.org

Census Shows the Bronx Outpacing Other Boroughs

Recently released county population estimate data from the U.S. Census Bureau shows that the Bronx has added significantly to its population since the 2000 census. Annual population estimates shows that while Staten Island grew at a faster rate than the other boroughs during the four year time period ending in July 2004, the Bronx was second in growth rate and first in the total number of new residents added.

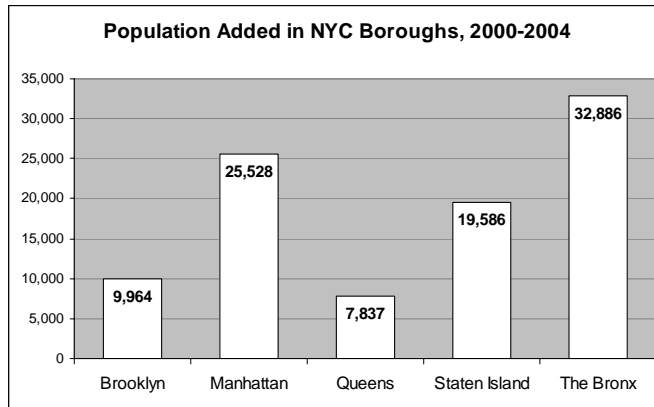
In 2000 the Bronx population was 1,332,650 and is now estimated at 1,365,536, an increase of nearly 2.5% - or almost 33,000 people. The citywide growth rate was

less than half of the Bronx's for this same period, at 1.2%. Amongst all counties in NY State, only Suffolk County added more residents than the Bronx.

The data also shows that the New York City population actu-

ally fell from 2003 to 2004, the first estimated drop since 1997. Although just a modest drop of 5,547 people, the *Gotham Gazette* is reporting that City officials are contesting the figures, as they could result in a loss of hundreds of millions of dollars in funding. Instead of relying mostly on tax forms that young adults and immigrants are less likely to file, the City would like the Census Bureau to focus more on building permits and other data that would count these traditionally under-counted populations more accurately.

The City actually successfully contested a slight drop in population last year as well, resulting in an increase in the population estimate for 2003.



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Update from Capitol Hill

Within the last two months, a flurry of political activity has taken place in Congress surrounding important affordable housing issues that have significant relevance to both the Bronx and New York City as a whole. On June 30th the House approved the Fiscal Year 2006 spending bill H.R. 3058. Among other aspects, the bill funds the Department of Housing and Urban Development (HUD) at \$37.5 billion, \$1.547 billion more than FY2005 and \$4.32 billion above the President's request. During the floor debate, several amendments to the bill were approved as well, which granted increased funding to initiatives such as CDBG, HOPWA, HOPE VI, and Section 8.

On June 29, Democrat and Republican senators, including Senator Hillary Rodham Clinton (D-NY), introduced the Housing America's Workforce Act of 2005 (S.1330) which would support employer assisted housing through tax incentives for employees, tax credits for businesses and grants for non-profit organizations and local governments. Representative Nydia Velázquez (D-NY) also introduced companion legislation in the House (H.R. 3194).

Most recently, the Senate Banking Committee missed a chance to create an Affordable Housing Fund in a bill that would create a new regulator

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for Fannie Mae, Freddie Mac and the Federal Home Loan Banks. Coming out of committee, the bill (S. 19) does not include an affordable housing amendment, although Senators on both sides hope to work out some type of an amendment during the August recess that would give the bill bipartisan support when it comes to the Senate floor.

UNHP will continue to provide updates to current housing legislation on the *Alerts* page on our website (www.unhp.org/alerts). For more detailed and up-to-date information, visit the websites of the National Housing Conference (www.nhc.org) and the National Low Income Housing Coalition (www.nlihc.org), from where this information was gathered.

Two Upgrades on Webster Avenue through FCAP

Five vacant lots and one boarded up building on a 300 yard stretch of Webster Avenue have begun a complete transformation. The long-time abandoned property at 2241 Webster Avenue (pictured here) has recently undergone a gut-renovation and will provide 9 units of affordable housing. Ground broke on the five contiguous lots (four of which were city-owned) recently for the construction of 63 units of affordable housing and early childhood education space in what will be known as "Jacob's Place," named after the late Crotona community leader Astin Jacobo.

Both properties are being developed by the Fordham Bedford Housing Corporation with technical assistance and financial investment from University Neighborhood Housing Program through the Fordham Community Action Plan (FCAP). Groundbreaking and ribbon cutting ceremonies for both properties were held on Wednesday, August 3.

2241 Webster Avenue has many environmentally friendly (or "green") features, including hardwood floors made from bamboo, argon treated "low-e"

windows, Energy Star dishwashers, and a green roof that acts as insulation, reduces rain water runoff, and provides all of the air quality benefits of any planted space. The Bronx Initiative on Energy and the Environment (BIEE) provided funding to reduce the cost of these environmentally sound upgrades. In addition to funding from BIEE and UNHP, the Community Preservation Corporation and New York City's Department of Housing Preservation and Development (HPD) have provided significant financing to the project.

Jacob's Place, in addition to providing affordable housing, will ease school overcrowding in the area by housing six early childhood education classrooms on its first floor. A playground, community garden and open space will adorn the rear of the building.

Funding for the project is coming from low income housing tax credits syndicated by the Enterprise Social Investment Corporation (ESIC), low interest money from HPD and the City's Housing Development Corporation (HDC), and credit enhancement from JPMorgan Chase. The office of Bronx Borough President Adolfo Carrion is also providing grant support for the classroom space.

