

With 9% Rate Hikes Comes Need for Water Summit

The largest water rate increase in 13 years – 9.4% – took effect on July 1, 2006. The Water Board approved the increase in May, 2006 and the staff of the Department of Environmental Protection (DEP) indicates that the increase will raise the average water charge to \$625 per apartment per year (apt/yr).

In addition, the projected rate increases for the next few years did not get the press attention that they merited: 9.9% in 2007/08 – 9% in 2008/09 – 8% in 2009/10 – and 7.2% in 2010/2011. Based on these projections, we will see average water prices approaching \$900 per

apt/yr just four years from now. For community controlled housing, the water expenses will probably be even higher based on an analysis of 2005-06 expenses in a large sample of such housing that showed water costs to be already \$623 per apt/yr. Based on this number, DEP rate

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Since our forum, UNHP has been active in meeting with community groups involved with PACE, as well as groups who have experience using the CCRC, to discuss our research and policy recommendations. Our most recent meeting involved the community groups involved in PACE and a representative from HPD, to discuss specifically the inclusion of the CCRC in PACE. This idea was met with both enthusiasm and further questions as to what role the CCRC could play in New York. In response, UNHP is organizing a follow-up meeting that will include a representative from the CCRC to discuss the organization's abilities and

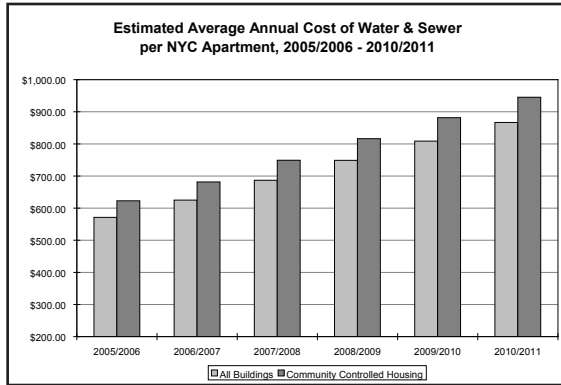
hike projections would put the cost of water for community controlled housing at \$945 per apt/yr in 2010/11.

Under the current procedures, all the operating, capital and debt service costs for the system are paid for by water rates. As capital costs and debt service rise, so do the rates and so does the impact on affordable housing.

UNHP has called for an overall review of the cost of water and its impact on housing at a Water Summit Meeting. The summit would involve representatives from housing, economic development, environmental protections and budget officials along with banking, real estate and community nonprofit representatives. UNHP is arranging a meeting with Water Board representatives to follow up on these concerns and to push the idea of the water summit.

how best New York City could utilize them.

As discussed at our forum, we believe that the inclusion of the CCRC in PACE has the potential to help expand the pilot program to neighborhoods like ours, which suffer from a lack of resources for homeowners in distress. UNHP will continue to work on this issue, as homeowners in our neighborhoods continue to fall victim to both predatory lenders and the creative financing that has risen up in recent years. Our report, "The State of Homeownership in the Bronx" is available on our website, www.unhp.org.



Notes

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Progress on Citywide Foreclosure Prevention Efforts

UNHP held its annual affordable housing forum this past April, entitled "The State of Homeownership in the Bronx." Focusing on the 1-4 family home market, UNHP presented research that heavily documented the increase in both sub-prime lending and foreclosures in the Bronx, including the Northwest Bronx where UNHP primarily works. Following the presentation, a panel discussion focused on the New York City anti-predatory lending and foreclo-

sure prevention pilot program known as PACE.

Through our forum, UNHP made recommendations on how to both improve the pilot and expand it to assist homeowners throughout the city, especially those living in underserved neighborhoods like those in the Northwest Bronx. Our proposal for expanding PACE without overburdening counseling groups involves utilizing the Credit Counseling

Resource Center (CCRC), a nonprofit call-in counseling group that has been used in other city-wide programs similar to PACE, including Chicago. Distressed homeowners would call either 311 or CCRC directly to be triaged. Homeowners who require more assistance than that which can be provided over the phone would be referred to participating community groups.

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Building Indicator Project Expands

In response to possible foreclosures and deteriorating multifamily building conditions in the Bronx, UNHP began work on a new research and organizing initiative in 2003 known as the Building Indicator Project (BIP). Until recently, the BIP database consisted of ownership, building size, housing code violation, city lien, and mortgage holder data for approximately 2,500 Bronx multifamily apartment buildings (6 or more units) financed by major multifamily lenders.

Using this information we compiled from free online sources, we have developed a scoring system that has been refined based on recommendations from a number of experts in the New York multifamily housing field. This final "BIP Score" helps us to identify properties that are physically and/or financially distressed.

In addition to referring problem buildings to other organizing and community groups in the Bronx, we have used this information as part of our

Multifamily Assistance Center that seeks to improve the conditions and prevent foreclosures in the Bronx multifamily housing market using our relationship with lenders.

In order to accomplish this, we have been meeting with most of the top Bronx lenders for about two years, discussing underwriting criteria and helping banks develop a protocol for dealing with problem properties. We have used the BIP database as a tool in these

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New Law Will Help Prevent Deed Theft

On July 27th, 2006, Governor Pataki signed into law the *Home Equity Theft Prevention Act*, after it had been unanimously passed by both the NYS Assembly and NYS Senate. The bill was originally drafted in response to an alarming rise in home equity theft, and owes much of its success to New Yorkers for Responsible Lending, a state-wide coalition of 121 organizations (including UNHP), which promotes fair and affordable financial services.

Because homeowners who are in foreclosure face serious risk from individuals and groups who offer them "foreclosure rescue," the bill was drafted to protect vulnerable homeowners from these scams which essentially strip them of their home equity. One common scam has been deed theft, in which groups trick homeowners into signing over their deed with the promise

that their troubles will be solved, only to find that they have lost not only their equity but their home as well.

"Deed theft is an epidemic in New York. Vulnerable homeowners lose all of their equity and are evicted from their homes, while unscrupulous speculators who are completely unregulated by the state steal millions," said Josh Zinner, Director of South Brooklyn Legal Services' Foreclosure Prevention Project.

To combat this and other scams, the new law will require writ-

ten disclosure to homeowners regarding the terms of the title transfer, and provide a right to cancel the deal for five days after signing the contract. It will also prohibit making false statements with intent to defraud the homeowner, and will establish both civil and criminal penalties for violating the law.

The law goes into effect in February 2007 and UNHP will be participating with other groups in the NYC Anti-Predatory Lending Task Force to help get the word out to the District Attorneys, realtors and title agencies.

BIP Expands *from Page 1*

meetings and discussions to identify potentially distressed properties to the participating lenders. This organizing tool has led to many repairs made to Bronx housing stock through increased pressure from the lenders on owners to improve and maintain their properties.

This summer, thanks to the efforts of UNHP interns and staff, we are nearing completion of an expanded BIP database that includes all 7,170 Bronx properties with at least 6 rental units, including those financed by smaller entities and those without mortgages.

There is the possibility that, at the request of a number of lenders, the BIP database will expand in the near future to include at least parts of the other boroughs, and may potentially expand citywide. If this happened, it would become an extremely powerful organizing and research tool.

Questions still remain as to the feasibility and funding of such an undertaking, as there are nearly 55,000 multifamily rental buildings in New York City (not including Staten Island or NYCHA properties). UNHP has begun discussing partnering on such an endeavor with a number of groups.

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available online at www.unhp.org/notes.html

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Despite Subsidies, Rents too High for Many Bronxites

Recently released data from the 2005 New York City Housing and Vacancy Survey (HVS) confirms that the neighborhoods in the heart of the Bronx* continue to be home to the poorest households in the City who, despite severe crowding and a large concentration of subsidized units, pay more of their income on rent for housing that is more likely to have maintenance deficiencies.

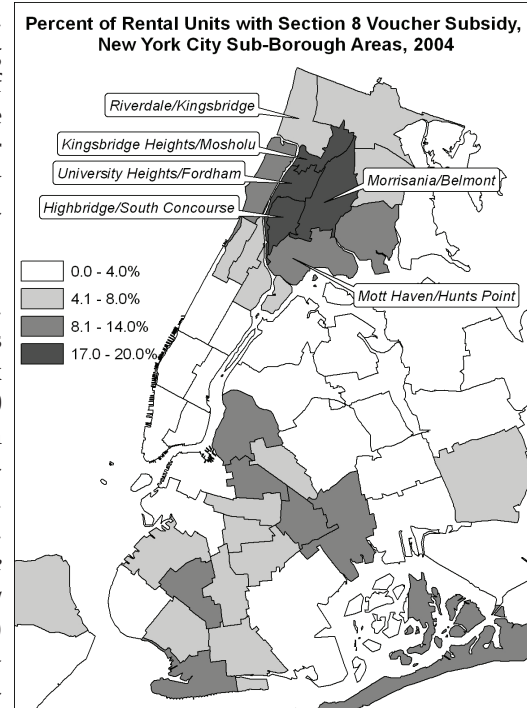
According to the 2005 HVS, the four sub-borough areas in the heart of the Bronx rank within the poorest 10 in the City with median household incomes ranging from \$16,800 to \$24,000. *Morrisania/Belmont* (\$16,800), *Highbridge/South Concourse* (\$21,280), and *University Heights/Fordham* (\$22,000) rank just behind *Mott Haven/Hunts Point* as the second, third and fourth poorest areas of the City. *Kingsbridge Heights/Mosholu* ranks ninth at \$24,000, nearly a 20% inflation-adjusted decline from the 2000 Census figure of \$29,892.

In addition, the poverty rates in *Morrisania/Belmont*, *Highbridge/South Concourse* and *University Heights/Fordham* range from 35.2% to 40.0%, ranking them

cent of income spent on rent in the City. In *Highbridge/South Concourse*, half of all renter households pay at least 45.9% of their income rent, while the figures are similar for *Morrisania/Belmont* (43.5%) and *Kingsbridge Heights/Mosholu* (42.4%).

These numbers come despite three of the areas ranking in the top ten for severe overcrowding and the highest concentration of Section 8 Rental Vouchers in the City; more than a quarter of the vouchers in the entire City are used in these four sub-borough areas. A full 18% of all rental units in the heart of the Bronx were occupied by households with a Section 8 Voucher in 2004.

At the same time, these four Bronx sub-borough areas rank in the top eight for the highest average number of housing unit maintenance deficiencies, including *Highbridge/South Concourse* and *University Heights/Fordham* which ranked first and second, respectively.



within the poorest four sub-borough areas in the City.

Despite relatively low rents, three of our sub-borough areas have the highest median per-

*Sub-borough areas are collections of census tracts that closely mirror community districts, and are used primarily for data aggregation in the triennial NYC Housing and Vacancy Survey performed by the US Census Bureau and available at www.nychanis.com. The four "heart of the Bronx" sub-borough areas are:

- Morrisania/Belmont (an approximated conglomeration of Bronx Community Districts 3 and 6)
- Highbridge/South Concourse (similar to Bronx Community District 4)
- University Heights/Fordham (similar to Bronx Community District 5)
- Kingsbridge Heights/Mosholu (similar to Bronx Community District 7)